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THE WORLD BANK  
Washington, D.C.

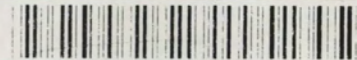
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McNamara Papers

1975 (Jul.)

The World Bank Group  
**Archives**



**1771941**

A1995-252 Other #: 4 309649B

President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 54

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WBG Archives

492/3/295

July 30, 1976

MEMORANDUM FOR MR. CHADENET

I had long hoped that at some time we could arrange for Mr. Soejima to join the Bank staff. I understand he might be ready to do so about the end of this year. Do you believe we would have a position open for him either then, or within a year or two after that date?

*RMcN*

Robert S. McNamara

cc: Mr. Bell

RMcN:bmm

492/3/294

JUL 30 1976

Dear Admiral Khan:

Thank you for your letter dated July 24, 1976.

I wish to assure you that I shall continue to take keen personal interest in Bangladesh's efforts to develop its water resources. Mr. Stern will be writing to you separately with our comments on the proposal for a Ganges Barrage Project which we discussed briefly. I appreciate the importance of an assured water supply to Bangladesh but, as I said to you in Washington, it is our view that quiet and persistent diplomacy would be the best means at present to bring the parties to a fruitful discussion of the immediate and longer term problem. I would appreciate your keeping me informed of the results of the efforts your Government makes.

As we indicated, we would be happy to meet your request for a meeting of Aid Group member countries to discuss requirements for assistance to the transport sector. I understand Mr. Weiss has already been in touch with you on this and that a meeting will be convened when specific proposals for the various subsectors have been prepared.

I also look forward to meeting with you and your colleagues in Dacca in November.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Rear Admiral M. H. Khan  
Deputy Chief Martial Law Administrator  
Government of Bangladesh  
Bangladesh Secretariat  
Dacca 2, Bangladesh

cc: Mr. Blobel o/r  
Messrs. Dunn/Brigish

RBrigish/EStern:ls  
July 29, 1976

1516 JUL 27 11:27

Distributions

Mr. McNamara  
Mr. Stern ✓

TO: INTBAFRAD WASHINGTON DC  
FROM: INTBAFRAD DACCA

CONFIDENTIAL

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1272, JULY 27 FOR MCNAMARA, COPY STERN.

SUBSEQUENT TOMY MEETING WITH ADMIRAL KHAN REPORTED MY 1257, HE SENT ME COPY OF FOLLOWING TEXT OF HIS LETTER TO YOU OF JULY 24:

+I WAS HAPPY TO HAVE DETAILED DISCUSSIONS WITH YOU ON 13TH JULY, 1976. YOU WOULD PERHAPS APPRECIATE THE EMPHASIS WE ARE LAYING ON THE GANGES BARRAGE PROJECT DUE TO VARIOUS REASONS WHICH NEED NOT BE FURTHER CLARIFIED, BUT I THOUGHT THAT IT WOULD BE APPROPRIATE TO BRING TO YOUR NOTICE THAT THE GOVERNMENT OF INDIA HAVE IN ADDITION TO THE OPERATION OF THE FARAKKA BARRAGE, UNDERTAKEN BUILDING DAMS ON TEESTA, MAHANANDA AND GUMTI.

+I SHALL BE GLAD, IF YOU KINDLY TAKE A PERSONAL INTEREST IN THE MATTER AS TO HOW BANGLADESH CAN BE ASSISTED IN SO FAR AS HARNESSING OF SURFACE WATER RESOURCES IS

CONCERNED.

+IN THE MATTER OF FARAKKA DISPUTE I AM CONFIDENT  
• THAT CONCERTED DIPLOMATIC ACTIONS WILL GO A LONG WAY IN  
BRINGING ABOUT AN INTERNATIONAL OPINION TO BEAR UPON  
APPROPRIATE QUARTERS TO DEVELOP THE GANGES BASIN AND BUILD  
STORAGES IN THE AREA FOR MUTUAL BENEFIT OF THE COUNTRIES  
IN THE REGION.

+IF THIS AGREEMENT IN PRINCIPLE COULD BE ACHIEVED,  
AN INTERIM SOLUTION OF SHARING WATER COULD BE ARRIVED AT  
TILL THE STORAGES ARE BUILT.

L +WHILE I WAS TALKING TO YOU I MENTIONED ABOUT A  
CONSORTIUM MEETING IN DACCA TO FIND WAYS AND MEANS TO  
ASSIST IN DEVELOPING TRANSPORT SYSTEM FOR BANGLADESH,  
(RAILWAY, WATER TRANSPORT, SHIPPING, ROADS AND TELE  
COMMUNICATIONS ETC.). I SHALL BE GLAD IF MEETING COULD  
BE ARRANGED BY THE WORLD BANK AS SOON AS POSSIBLE AND  
INVITE ALL DONOR COUNTRIES IN DACCA.

+I SHALL BE LOOKING FORWARD TO SEEING YOU IN NOVEMBER.

SD/- READ ADMIRAL M.H. KHAN.+

REGARDS WEISS

492/3/293

JUL 30 1976

The Honorable  
E. (Kika) de la Garza  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. de la Garza:

Thank you for your letter of July 21, 1976 commenting on statements made in a recent Bank Staff Working Paper entitled, "Possible Effects of Trade Liberalization on Trade in Primary Commodities."

This is one of a series of Bank studies on commodities which assist the management in planning our agricultural lending program, which last year financed projects totalling \$1.85 billion in 40 poor countries. The staff study was initiated at the time the new round of international discussions on trade were beginning (the so-called Tokyo Round). In this context, it has been recently reported in the press that the U.S. is proposing certain tariff cutting measures. Moreover, last November President Ford signed an Executive Order giving generalized system preferences for imports from poor countries.

The Bank's study was an effort to analyze the possible effects of the removal of tariff and non-tariff barriers in OECD countries on the consumption, prices and trade flows of nine internationally important primary commodities. The main focus was on defining the total expansion of consumption and the extent of benefits likely to accrue to the developing countries if a program of gradual liberalization was started. The results are theoretical in nature and imply no endorsement of any specific policy or pattern of production on the part of the Bank management. The Bank plays no role in trade arrangements and we take no official position on this question. As you know, all loans as well as statements of policy are submitted to our Board of Executive Directors on which the United States has a prominent seat.

The Bank has financed citrus production in the following countries, none of which is exported to the United States:

Iran	--	\$500,000
Israel	--	\$3.6 million
Iraq	--	\$3 million
Morocco	--	\$7.5 million
Turkey	--	\$2.3 million
Jamaica	--	\$900,000

.../

The Honorable  
E. (Kika) de la Garza

-2-

Proposals for agricultural credit projects with a component for citrus production are being considered for:

Egypt	--	\$5.4 million
Turkey	--	\$215,000
Jamaica	--	\$700,000
Colombia	--	\$400,000

One common characteristic of all these projects is that they provide a cash crop to small farmers (whose average income is slightly more than \$600 annually and whose land holdings range from 2 - 10 hectares) allowing them to participate more fully in the market economy.

With regard to your inquiry about a further study, the Bank is undertaking a Fruit and Vegetable Study to assess the market outlook in Europe, the Middle East and North Africa. In addition, a survey will be made of existing marketing arrangements and practices in selected EEC countries.

I might point out that it is the policy of the Bank to review periodically the world commodity situation. On occasion in the past we have refused to finance the production of certain commodities (e.g. sugar, coffee, tea) at times when there has been a burdensome world surplus. Any future lending for citrus would take such considerations into account.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

PBRiddleberger:pam

Clearances:

Mr. Kenji Takeuchi, Econ. Analysis & Projections  
Mr. Richard Frank, Projects, EMENA  
Mr. Paul Goffin, Projects, Lat. Am. & Car.  
Mr. John E. Merriam, I & P A



JUL 30 1976

692/3/292

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support of its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I was pleased to hear that recently visiting Bank staff encountered much interest in this subject, and in the prospect of an early visit by Mr. Weiner. As the August dates originally suggested for this visit have not proved feasible, the most convenient way of initiating contact on this subject will be during the Bank's next Annual Meeting in Manila. I have suggested that Mr. Bell bear this in mind when arranging meetings with members of your delegation and I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Tengku Razaleigh Hamzah  
Minister of Finance  
The Treasury  
Kuala Lumpur, Malaysia

Cleared and cc. Messrs: Thavil, Bell  
cc: Mr. Knapp  
cc: Mr. Kapur

492/3/291

JUL 30 1976

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Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Cesar E.A. Virata  
Secretary of Finance  
Office of the Monetary Board  
Central Bank of the Philippines  
Manila, Philippines

Cleared with cc: Messrs: Thavil, Bell  
cc: Mr. Knapp  
cc: Mr. Kapur

492/3/290

JUL 30 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

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Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Sawet Piamphongsant  
Minister of Finance  
Ministry of Finance  
Grand Palace  
Bangkok 2, Thailand

Cleared and cc: Messrs. Thavil, Bell  
cc: Mr. Knapp  
cc: Mr. Kapur

492/3/289

JUL 29 1976

Dear Mr. Chairman:

The parallel Resolutions of the Boards of Governors of the Bank and the Fund establishing the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (Development Committee), which were adopted on October 2, 1974, provided that "At the end of two years from the effective date of this Resolution, the Boards of Governors of the Fund and the Bank shall review the performance of the Committee, and shall take such action as they deem appropriate." Pursuant to the request made by the Development Committee at its meeting in January 1976, the Executive Directors of the Bank and the Fund have prepared a report concerning the review of the Committee's performance and this report was sent to the Development Committee on July 23, 1976.

The report recommends that the Board of Governors should review the performance of the Committee at the end of four years from the effective date of the parallel Resolutions, i.e., October 2, 1978. In accordance with this recommendation, I am transmitting herewith a proposed Resolution that has been prepared by the Executive Directors.

Sincerely,

Robert S. McNamara

Enclosure

The Honorable Mohammed El-Charif  
Chairman, Boards of Governors  
The World Bank Group  
Ministry of Finance  
Damascus  
Syrian Arab Republic

bcc: Mr. M. M. Ahmad, Development Committee Secretariat  
Mr. E. Sturc, IMF

EStern/l  
July 28, 1976

**DRAFT RESOLUTION**

**Review of Performance of the Development Committee**

**WHEREAS** the Board of Governors at its 1974 Annual Meeting adopted Resolution No. 294 entitled "Establishment of Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries"; and

**WHEREAS** paragraph 7 of that Resolution provides that at the end of two years from its effective date the Boards of Governors of the Fund and the Bank shall review the performance of the Committee, and shall take such action as they deem appropriate; and

**WHEREAS** the period of operations of the Committee has been brief, and affected by special events,

**NOW, THEREFORE,** the Board of Governors hereby **RESOLVES:**

**THAT** four years shall be substituted for two years in paragraph 7 of Resolution No. 294 of the Board of Governors adopted on October 2, 1974.

492/3/288

July 28, 1976

Mr. Bradford Morse  
Administrator  
United Nations Development Programme  
One United Nations Plaza  
New York, N.Y. 10017

Dear Brad:

I am replying to your letter of May 26, inviting an expression of views regarding the future role of the Inter-Agency Consultative Board and the future of technical cooperation. I understand you were agreeable to having replies deferred until after the recent meeting of the Governing Council, so that account might be taken of any relevant developments at that meeting.

You have posed very large questions to your IACB colleagues, and I am afraid that I cannot be very helpful to you, particularly as regards the role of the IACB. The context of that role was prescribed by the Governing Council in the "Consensus" adopted in 1970: that the IACB was to be "the forum for inter-agency consultation and coordination related to the UNDP programme." Within that context, it would seem to me that the role to be played by the IACB should be very much what you want it to be, and that it is for you to suggest the way in which the IACB may be most helpful to you. In short, I would see the IACB as essentially a body advisory to the Administrator, its members being available to give him the benefit of their experience and views on issues confronting him, and on policy options or operational approaches open to him on which he must take decisions.

Some years ago, I urged that at least one IACB meeting each year devote time to discussion of questions of substance. These might well include, might even be limited to, matters directly related to UNDP operations, since there are other fora in which to discuss major trends in development or broad development issues. But whatever the topic, the discussion is unlikely to prove useful unless it is well prepared by the UNDP itself. By that I mean that it should take place

July 28, 1976

against the background of documentation made available to members of the IACB sufficiently in advance of the meeting to make it possible for them to have given some thought to the issues on which their views and advice are sought. In the absence of a common point of departure, or of proposals to which each participant can react, the IACB discussion will not be a discussion at all; it will instead consist of the presentation of a series of individual points of view, likely to be of minimal assistance to you.

The future of technical cooperation is an even larger question. I realize that there will be a paper on this subject for consideration at the October IACB meeting. Nevertheless, I would have welcomed some indication of what you see, preliminarily, as desirable. At this stage, I can offer only a few general comments. We would all agree, I am sure, that the resources available to the U.N. system for technical assistance fall far short of meeting the needs. That makes it imperative that the funds at the disposal of the system be used as effectively as possible. This in turn dictates that we try to assure that the assistance we provide is directed to agreed priority objectives, that overlapping and duplication of effort is minimized if not avoided, that costs are controlled, and that the benefits of external assistance are enhanced and extended through the commitment and involvement of the governments concerned.

My view of the priority objective for technical cooperation is no different from my view of the end to be achieved by financial assistance. But whatever the agreed objective, I believe the agencies and organizations of the system could profitably from time to time review and appraise what has been accomplished in relation to the goal. In this respect, I would commend the steps you have recently taken to embark on an evaluation of UNDP-financed projects, including exploration of the possibility of a joint UNDP/Bank approach to the evaluation of planning projects for which the Bank has been Executing Agency.

July 28, 1976

As for the cost of the services provided, while all practicable possibilities of reducing costs and achieving saving should be pursued, I would hope that this would not become an end in itself. As our Unesco colleague remarked at the April IACB meeting, the U.N. system must emphasize quality, and quality necessarily implies cost. Moreover, we should keep in mind that funds expended by the system often support or lead to much larger investments by governments and other investors. It would be false economy if emphasis on seeking savings at the preinvestment stage were to lead to delay in, or less than satisfactory, project preparation or were to reduce the potential return on subsequent project investment.

The recent initiatives which UNDP has taken to facilitate direct execution of UNDP-financed projects by governments and government agencies are a potentially significant advance in the evolution of development assistance. As you know, the implementation of Bank-financed projects is primarily the borrower's responsibility. Thus the steps you have taken could well reinforce the mutual support of capital and technical assistance. We must, however, recognize that this approach will present new problems of coordination for UNDP and the agencies and may well have cost implications.

I hope that these comments, general though they are, may be of some use.

Sincerely,

Robert S. McNamara

VJRiley/SBoskey:tsb  
July 27, 1976

cc: Office of the President (2) /



X  
492/3/1287

THE HONORABLE HENRI KONAN BEDIE  
CHAIRMAN, DEVELOPMENT COMMITTEE  
MINISTER OF ECONOMY AND FINANCE  
ABIDJAN  
IVORY COAST

JULY 28, 1976

2395

TELEX

DEAR MR. CHAIRMAN: I WAS SORRY TO HAVE MISSED YOU DURING YOUR WASHINGTON VISIT. LIKE YOU, I CONTINUE TO ATTACH VERY GREAT IMPORTANCE TO THE VOLUME OF CAPITAL FLOWS TO THE DEVELOPING COUNTRIES, INCLUDING IMPROVED ACCESS TO COMMERCIAL MARKETS, EXPANDED ACTIVITY BY THE INTERNATIONAL LENDING INSTITUTIONS AND SUBSTANTIAL INCREASES IN BILATERAL CONCESSIONAL ASSISTANCE. AS YOU KNOW, WE HAVE BEEN ASSISTING THE SECRETARIAT IN ITS WORK ON ACCESS TO CAPITAL MARKETS AND WILL CONTINUE TO DO SO. THE PAPER ON THE USE OF EXISTING GUARANTEE AUTHORITY WILL BE SENT TO THE WORKING GROUP SHORTLY. AS YOU KNOW, WE HAVE SAID REPEATEDLY IN THE WORKING GROUP THAT THE GUARANTEE AUTHORITY CAN BE ONE TOOL AMONG SEVERAL TO ASSIST DEVELOPING COUNTRIES TO OBTAIN AN INCREASING FLOW OF CAPITAL FROM A VARIETY OF SOURCES. HOWEVER, THERE ARE COSTS TO THE USE OF THE GUARANTEE AUTHORITY WHICH COUNTRIES WILL HAVE TO CONSIDER CAREFULLY. PRESENT LIMITATIONS ON OUR LENDING PROGRAM IMPOSED BY THE APPROVED CAPITAL PLUS RESERVES MAKE THE USE OF GUARANTEE AUTHORITY PARTICULARLY UNATTRACTIVE. CONSIDERATION OF THE FUTURE USE OF THIS AUTHORITY MUST BE AN INTEGRAL PART OF THE DISCUSSIONS RELATING TO THE GENERAL CAPITAL INCREASE OF THE BANK. WITH BEST REGARDS,

ROBERT S. MCNAMARA

Ernest Stern

EStern:mp

VP, ASN

cc: Mr. M.M. Ahmad



DEVELOPMENT COMMITTEE  
OFFICE MEMORANDUM



TO: Mr. Robert S. McNamara

DATE: July 16, 1976

FROM: M. M. Ahmad *mm*

SUBJECT: Development Committee

The following is the text of a cable which the Chairman, Mr. Konan Bédié, has asked me to transmit to you:

During my brief visit to Washington last week I tried to reach you to tell you about my conversations in Europe and the USA with some of my colleagues/Members of the Development Committee. I consulted with them about the general work of the Committee and, in particular, about the problem of access of developing countries to the private capital markets of the industrialized nations. Special interest was expressed on the possibility of using the guarantee authority that now exists with the World Bank and other international financial institutions as the vehicle for new multilateral guarantees. Since it is my understanding that your staff is producing a paper on the subject for consideration by the Working Group on Access to Capital Markets next month, I thought that this information might interest you. Interest was also expressed in the possibilities of a more active participation by international financial institutions, particularly IFC, in the field of technical assistance in the general area of access. Even though other areas were covered, these are the ones where action can be expected in the immediate future and for which your cooperation is essential. Best regards, Henri Konan Bédié.

692/3/286

July 28, 1976

Ms Ingrid W. Reed  
Administrative Director  
Rockefeller Public Service Awards  
Princeton University  
Woodrow Wilson School of Public and  
International Affairs  
Princeton, New Jersey 08540

Dear Ms Reed:

This is in response to your letter of July 7 concerning the nomination of Russell E. Train for a Rockefeller Public Service Award for outstanding work in the area of international protection of environments and resources.

I have known Mr. Train personally and professionally for many years, beginning with his association with the World Wildlife Fund and in 1965 as President of the Conservation Foundation. Later, I was to come to know him better in his roles as Under Secretary of the Interior, as Chairman of the Council on Environmental Quality and, of course, in his present post as Administrator of the U.S. Environmental Protection Agency.

Through all those assignments I have been impressed with his dedication to the extremely difficult tasks of preserving and protecting the environment and its resources while at the same time recognizing that economic development must, of necessity, go forward. Seeing, for example, in 1959, that Africa's wildlife resources were threatened as a result of increasing economic development activities in the countries of that continent, he founded and became the first president of the African Wildlife Leadership Foundation. Following this initial entry into international environmental matters, his record has been one of increasing interest and service. In 1974, he led a U.S. delegation which visited Japan and initiated the extensive program of cooperation on environmental problems between the two nations. For the past five years he has represented the United States in the NATO Committee on the Challenges to Modern Society. He successfully negotiated the important Great Lakes Water Quality Agreement between the United States and Canada, thereby initiating a long-term program for the improvement and protection of these important international bodies of water. In 1972, he headed the United States delegation to the U.N. Conference on the Human Environment in Stockholm,

where he actively supported the creation of the now established U. N. Environment Programme. In the wake of this singularly important event, Mr. Train worked diligently to bring about international agreements on whaling and ocean dumping. He co-chaired the U.S.-U.S.S.R. Joint Committee on Cooperation in the Field of Environmental Protection, and headed the U.S. delegation to the Washington Conference on Rare and Endangered Species. This latter conference successfully concluded a convention for the control of international trade in endangered species due, in great measure, to Mr. Train's skill in negotiating conflicting national interests.

This is an enviable record of solid accomplishments, demonstrating that Mr. Train has consistently put forward new concepts and innovative initiatives for bringing about collaborative action at the international level.

In his successive roles, Mr. Train's achievements have enhanced both the quality of the environment and human life. That these achievements have been recognized can be seen in the many honors and awards bestowed upon him over the years.

It is with great personal enthusiasm that I support the nomination of Russell E. Train as a deserving and worthy candidate for the Rockefeller Public Service Award.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JALee:RMcN:mss

492/3/283

July 27, 1976

MEMORANDUM FOR MR. RYRIE

I have considered your suggestion that a paper be prepared on the financial consequences for the Bank and IDA of replacing the 1944 dollar with the SDR, and on certain related matters, and believe it has much merit.

Accordingly, I have asked the staff to prepare the draft of such a paper. The work has already been put in hand, and I believe it will be possible to complete the paper in time to circulate it to the Board during the month of August. I would then be happy to arrange for an informal meeting on it, as you suggested, if that should be the wish of a significant number of Executive Directors.

(Signed) Robert S. McNamara  
Robert S. McNamara

cc: Executive Directors  
Mr. Broches  
Mr. Cargill  
Mr. Damry

RJGoodman:plc

492/3/282

X

DEUTSCHE BANK AG  
JUNGHOFSTRASSE 5-11  
6000 FRANKFURT/MAIN

JULY 26, 1976

4295

GERMANY

TELEX

FOR DR. GUTH

THANK YOU VERY MUCH FOR CONFIRMING THE SIGNING OF OUR 8 PERCENT NOTES  
OF 1976 IN THE AMOUNT OF DM 150 MILLION STOP WE ARE MOST APPRECIATIVE  
OF YOUR EFFORTS AND THE VALUABLE SUPPORT WE ARE RECEIVING FROM YOU  
AND YOUR INSTITUTION STOP WITH KINDEST REGARDS

(Signed) Robert S. McNamara

ROBERT S. MCNAMARA  
PRESIDENT  
INTBAFRAD

Robert S. McNamara

President

HMoya/JFuhrig:br

cc: Mr. McNamara (2), Mr. Cargill

Messrs. Goodman, Rotberg and Hittmair

INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION INTERNATIONAL DEVELOPMENT ASSOCIATION

Washington, D.C. 20431

492/3/281

July 23, 1976

(Actually signed  
by LMCN 7/26/76)

The Honorable  
Henri Konan Bédié  
Chairman, Development Committee  
Ministry of Economy and Finance  
Abidjan, Ivory Coast

Dear Mr. Chairman:

Pursuant to the request made by the Development Committee at its meeting in January 1976, the Executive Directors of the Bank and the Fund have prepared a report concerning the review of the performance of the Committee. The report, which has been prepared in collaboration with the Acting Executive Secretary of the Committee, recommends that the Boards of Governors should review the performance of the Committee at the end of four years from the effective date of the parallel Resolutions, i.e., October 2, 1978. Enclosed, for distribution to the members of the Committee, is the report of the Executive Directors together with a draft Resolution for consideration by the Boards of Governors at the meetings in Manila.

Very truly yours,



H. Johannes Witteveen  
Managing Director  
International Monetary Fund

(Signed) Robert S. McNamara

Robert S. McNamara  
President  
International Bank for  
Reconstruction and Development

cc: Mr. M. M. Ahmad  
Acting Executive Secretary  
Development Committee

Enclosure

LT

<sup>26</sup>  
JULY 25, 1976  
2635

492/3/280

EXCELLENCE HENRI KONAN BEDIA, MINISTRE DE L'ECONOMIE ET DES FINANCES  
ABIDJAN, COTE D'IVOIRE

VOUS REMERCIE DE VOTRE DU 23 JUIN ET DEVOT MESSAGE TELEX DU 16  
JUILLET RELATIFS AU PROJET DE DEVELOPPEMENT URBAIN D'ABIDJAN. SUIS  
TOUT A FAIT D'ACCORD AVEC VOUS AU SUJET DE LA GRANDE IMPORTANCE A  
ACCORDER A CE PROJET QUI VISE A L'AMELIORATION DES SERVICES URBAINS  
ESSENTIELS EN FAVEUR DES CATEGORIES SOCIALES A FAIBLE REVENU. COMME  
VOUS LE SAVEZ, LES RESSOURCES DISPONIBLES AU TITRE DU TROISIEME  
GUICHET SONT EXTREMEMENT LIMITEES PAR CONSEQUENT LE MONTANT TOTAL DES  
FONDS PROVENANT DU TROISIEME GUICHET QUI AVAIT ETE ENVISAGE POUR LA  
COTE D'IVOIRE S'ELEVAIT A 10 MILLIONS DE DOLLARS. JUSQU'ICI  
L'AFFECTATION DE CETTE SOMME AVAIT ETE PREVUE POUR LE PROJET  
D'ADDUCTION D'EAU. AI L'HONNEUR DE PORTER A VOTRE CONNAISSANCE QUE  
SUIS DISPOSE A RECOMMANDER A NOTRE CONSEIL D'ADMINISTRATION DE PORTER  
LE MONTANT TOTAL PREVU POUR LA COTE D'IVOIRE AU TITRE DU TROISIEME  
GUICHET A L'EQUIVALENT DE 14 MILLIONS DE DOLLARS ET D'INCLURE CETTE  
SOMME ENTIEREMENT DANS LE CADRE DU PROJET DE FINANCEMENT DE 44  
MILLIONS DE DOLLARS POUR LE PROJET DE DEVELOPPEMENT URBAIN D'ABIDJAN.  
HAUTE CONSIDERATION. McNAMARA. PRESIDENT. INTBAFRAD.

(Signed) Robert S. McNamara

IVC: URBAN PROJECT

PEigen/PKoenig : Lmc

Cleared with and cc: Mr. Chaffey  
cc: Messrs. Knapp  
Jaycox

Robert S. McNamara  
President

Singh, Eigen  
Mr. McNamara's Office (2 ccs)



----- UNOFFICIAL TRANSLATION -----

HIS EXCELLENCY  
HENRI KONAN BEDIE  
MINISTER FOR THE ECONOMY AND FINANCE  
ABIDJAN  
IVORY COAST

THANK YOU FOR YOUR LETTER OF JUNE 23 AND YOUR TELEX OF JULY 16 REFERRING TO THE ABIDJAN URBAN DEVELOPMENT PROJECT. I AGREE FULLY WITH YOU IN ATTACHING GREAT IMPORTANCE TO THE PROJECT WHICH AIMS AT IMPROVING ESSENTIAL URBAN SERVICES FOR THE POOR (DES CATEGORIES SOCIALES A FAIBLE REVENU). AS YOU KNOW THE RESOURCES AVAILABLE FOR THIRD WINDOW OPERATIONS ARE EXTREMELY LIMITED THEREFORE THE TOTAL AMOUNT FROM THE THIRD WINDOW ALLOCATED TO THE IVORY COAST WAS US\$10 MILLION. UP TO NOW THIS AMOUNT WAS SCHEDULED TO BE USED FOR THE WATER SUPPLY PROJECT. I AM PLEASED TO INFORM YOU THAT I AM PREPARED TO RECOMMEND TO OUR BOARD OF DIRECTORS AN INCREASED IN THE TOTAL THIRD WINDOW ALLOCATION FOR THE IVORY COAST TO US\$14 MILLION EQUIVALENT AND TO INCLUDE IT ENTIRELY AS PART OF THE PROPOSED BANK FINANCING OF US\$44 MILLION FOR THE ABIDJAN URBAN DEVELOPMENT PROJECT. SINCERELY.

(Signed) Robert S. McNamara

MCNAMARA  
PRESIDENT  
INTBAFRAD

TRANSLATION  
RE: Abidjan Urban Development Project

R. Assa/fcd  
July 20, 1976

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INCOMING TELEX

ATTENTION PRESIDENT MAC NAMARA

ON THE EVE OF NEGOTIATIONS FOR THE URBAN DEVELOPMENT PROJECT AND FOLLOWING MY LETTER OF JUNE 23 1976 I WISH TO DRAW YOUR ATTENTION TO THE IMPORTANCE OF THIS PROJECT WHICH AIMS AT PROVIDING ESSENTIEL URBAN SERVICES FOR THE POOR SUCH AS NEIGHBORHOOD IMPROVEMENTS - PUBLIC TRANSPORTATION - HOUSING STOP DUE TO THE SOCIAL NATURE OF THIS PROJECT IT SHOULD BE PROVIDED WITH RESOURCES FROM THE THIRD WINDOW FOR AN AMOUNT WHICH I BELIEVE SHOULD BE EQUIVALENT TO 20 MILLION DOLLARS STOP I RELY ON YOUR PERSONAL ACTION TO ENSURE THAT THE RESOURCES TO BE MADE AVAILABLE FOR THE FINANCING OF THE URBAN DEVELOPMENT PROJECT SHOULD COME TO A LARGE EXTENT FROM THE THIRD WINDOW

SINCERELY YOURS

(signed)

H. KONAN BEDIE

MINISTER OF FINANCE

248423 WORLDBANK

INCOMING TELEX

DELEFIM 620970F  
(Telex No.)

FROM: PARIS

DISTRIBUTION:

Mr. de la Renaudiere ✓  
Mr. MacNamara  
Mr. Chaufooumier  
Mr. Thalwitz

1976 JUL 15 14 2 43

COMMUNICATIONS  
SECTION

ATTENTION MONSIEUR LE PRESIDENT MAC NAMARA

A LA VEILLE DES NEGOCIATIONS RELATIVES AU PROJET URBAIN ET  
COMME SUITE A MA LETTRE DU 23 JUIN 1976 J AI L HONNEUR  
D ATTIRER VOTRE ATTENTION SUR L IMPORTANCE DU PROJET DONT LA  
REALISATION PERMETTRA DE METTRE A LA DISPOSITION DES CATEGORIES  
SOCIALES A FAIBLE REVENU DES SERVICES ESSENTIELS : AMENAGEMENT  
DES QUARTIERS - TRANSPORT EN COMMUN - HABITAT  
LE CARACTERE SOCIAL DE CE PROJET DEVRAIT LUI FAIRE BENEFICIER  
DES RESSOURCES DU TROISIEME GUICHET POUR UN MONTANT QUE J ESTIME  
EQUIVALENT A 20 MILLIONS DE DOLLARS  
JE COMPTE SUR VOTRE ACTION PERSONNELLE AFIN QUE LES RESSOURCES  
A METTRE EN PLACE DU FINANCEMENT DU PROJET URBAIN PROVIENNENT  
POUR UNE LARGE PART DU TROISIEME GUICHET

CONSIDERATION DISTINGUEE

H. KONAN BEDIE  
MINISTRE DES FINANCES

49213/279



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON, D.C. 20433, U.S.A.

JUL 26 1976

Mr. G.K. Bouey  
Governor  
Bank of Canada  
Ottawa K1A 0G9  
CANADA

Dear Mr. Bouey:

This is to thank you for your letter of July 5 and the invitation extended to the World Bank to be represented at the XIII Meeting of Technicians of Central Banks of the American Continent in Ottawa. We are pleased to accept this invitation and welcome the opportunity to participate in this meeting. Mr. Rotberg, the Treasurer of the World Bank, will contact the Secretary of the Bank of Canada concerning the details of our participation and he or Mr. Hittmair, the Deputy Treasurer, would be available to attend the meeting at the end of October.

I am confident that contacts between central bank officials and World Bank staff will contribute to a better understanding of the common problems and questions we have to face and would be of benefit to the parties concerned.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

492/3278

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program on which World Bank support increasingly is being focussed.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard affective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Chaufournier bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

The Honorable  
Asuzoh Ete Ekuinam  
Federal Commissioner for Finance  
Federal Ministry of Finance  
Private Mail Bag No. 12591  
Lagos, Federal Republic of Nigeria

Cleared and cc: Messrs. Thahane, Chaufournier  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/277

Monsieur le Ministre,

le 26 juillet 1976

Vous vous souviendrez peut être que les Administrateurs de la Banque Mondiale ont décidé à la fin de 1974 de créer au sein de notre institution un nouveau poste de Directeur général responsable de l'évaluation ex-post des opérations et qu'ils ont désigné, à la fin de 1975, Monsieur Mervyn L. Weiner comme premier titulaire de ce poste. Monsieur Weiner, un citoyen canadien au service de la Banque depuis 1951, exerçait précédemment les fonctions de Vice-Président régional pour l'Asie du Sud.

Monsieur Weiner s'est entretenu avec moi de ses projets d'ouverture d'un dialogue avec les principaux gouvernements emprunteurs membres de la Banque au sujet de l'évaluation ex-post des projets de développement. L'objet de son initiative serait de deux ordres: premièrement, vous tenir au courant ainsi que vos collaborateurs de l'évolution de la fonction d'évaluation des opérations à la Banque et savoir si cette activité s'est traduite jusqu'ici par un avantage sensible pour votre gouvernement; deuxièmement, étudier la manière dont votre gouvernement souhaiterait prendre une part plus active avec nous au processus d'évaluation des résultats concrets obtenus dans le cadre des éléments de votre programme de développement qui ont bénéficié du concours de la Banque Mondiale.

J'ai encouragé Monsieur Weiner à donner suite à ses projets car, comme je l'ai maintes fois mentionné aux Administrateurs de la Banque, je considère l'évaluation effective des opérations comme extrêmement importante pour notre travail. En effet, la Banque ne saurait atteindre son objectif primordial qui consiste à fournir l'appui le plus efficace en faveur des efforts de développement de ses pays membres sans connaître les résultats, bon ou mauvais, des projets et programmes à la réalisation desquels nous avons participé par le passé, ainsi que les raisons qui expliquent ces résultats. Je suis persuadé que votre gouvernement ne saurait avoir d'autre objectif pour sa propre planification du développement.

J'ai suggéré à Monsieur Wiener que les pourparlers à ce sujet pourraient utilement être engagés au cours de la prochaine Assemblée annuelle de la Banque à Manille, et que Monsieur Chauffournier en prenne bonne note lors de l'organisation des réunions qu'il aura avec les membres de votre délégation. Je prendrai certes connaissance avec intérêt des résultats des discussions de Monsieur Weiner.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence  
Monsieur Ousmané Seck  
Ministre du Plan et de la Coopération  
Building Administratif  
Dakar, Sénégal

MLW/RAssa/fcd

Cleared and cc: Messrs. Kpognon, Chauffournier

M. Knapp

July 22, 1976

M. Kpognon (OED)

492/3/276

le 26<sup>th</sup> juillet 1976

Monsieur le Ministre,

Vous vous souviendrez peut être que les Administrateurs de la Banque Mondiale ont décidé à la fin de 1974 de créer au sein de notre institution un nouveau poste de Directeur général responsable de l'évaluation ex-post des opérations et qu'ils ont désigné, à la fin de 1975, Monsieur Mervyn L. Weiner comme premier titulaire de ce poste. Monsieur Weiner, un citoyen canadien au service de la Banque depuis 1951, exerçait précédemment les fonctions de Vice-Président régional pour l'Asie du Sud.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence  
Monsieur Henri Konan Bédié  
Ministre de l'Economie et des Finances  
B.P. No. 1766  
Abidjan, Côte d'Ivoire

MLW/RAssa/fcd

Cleared and cc: Messrs. Knagmon, Chauffournier

July 22, 1976

H. Knapp  
H. Kapur (OED)

492/3/75

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective Operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Please bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honourable  
Dr. Q.K.J. Masire  
Vice President and Minister  
Finance and Development Planning  
Private Bag 008  
Gaborone, Botswana

Cleared and cc: Messrs. Thahane, Please  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)



492/3/274

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

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Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
D.T. Matenje  
Minister of Finance and Minister  
of Trade, Industry and Tourism  
P.O. Box 30099  
Lilongwe 3, Malawi

Cleared and cc: Messrs. Thahane, Please  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/273

July 26, 1976

Dear Mr. Minister:

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I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and know that Mr. Bell will wish to use the occasion of his meetings with members of your delegation to introduce Mr. Weiner and discuss this subject. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Yong Hwan Kim  
Minister of Finance  
Ministry of Finance  
Seoul, Republic of Korea

Cleared and cc: Messrs. Bell, Thavil  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/272

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

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Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Rachmat Saleh  
Governor  
Bank Indonesia  
P.O. Box 422  
Jakarta, Indonesia

Cleared and cc: Messrs. Bell, Thavil  
cc: Mr. Knapp  
Mr. Kapur (OED)

492/3/271

July 26, 1976

Dear Mr. Minister:

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I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and know that Mr. Krieger will wish to use the occasion of his meetings with members of your delegation to introduce Mr. Weiner and discuss this subject. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

A Sua Excelencia  
Sr. Prof. Mario Henrique Simonsen  
Ministro da Fazenda  
Ministerio da Fazenda  
Brasilia (DF), Brasil

Cleared and cc: Messrs. Espinosa, Krieger  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/270

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia. I understand that he is well known to you from his involvement in Bank activities in Mexico some years ago.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

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Sincerely,

((Signed) Robert S. McNamara

Robert S. McNamara

Su Excelencia  
Sr. Mario Ramon Beteta  
Secretario de Hacienda  
y Credito Publico  
Palacio Nacional  
Mexico 1, D.F., Mexico

Cleared and cc: Messrs. McCullough, Krieger  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/269

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Marvyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

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Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honourable  
Mwai Kibaki, M.P.  
Minister for Finance and Planning  
The Treasury  
P.O. Box 30007  
Nairobi, Kenya

Cleared and cc: Messrs. Thahane, Please  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/268

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Please bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

The Honourable  
A.H. Jamal  
Minister for Finance and Planning  
Ministry of Finance and Planning  
P.O. Box 9111  
Dar es Salaam  
United Republic of Tanzania

Cleared and cc: Messrs. Thahane, Please  
cc: Mr. Knapp  
cc: Mr. Kapur (OED)

492/3/267

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Benjenk bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Mohammed El-Charif  
Minister of Finance  
Ministry of Finance  
Damascus, Syrian Arab Republic

Cleared and cc: Messrs. Bart, Al-Atrash  
cc: Messrs. Knapp, Kapur (OED)



4012/3/266

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia and is thus well known to you.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Stern bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

The Honorable  
C. Subramaniam  
Minister of Finance  
Ministry of Finance  
North Block  
New Delhi, India

Cleared and cc: Messrs. Stern, Sen  
cc: Messrs. Knapp, Kapur (OED)

492/3/265

July 26, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia and is thus well known to you.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Stern bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Rana Mohammad Hanif Khan  
Minister for Finance, Planning  
and Economic Affairs  
Government of Pakistan  
Islamabad, Pakistan

Cleared and cc: Messrs. Stern, Sen  
cc: Messrs. Knapp, Kapur (OED)

492/3/264

July 25, 1976

Dear Mr. Minister:

You may recall that the World Bank's Executive Directors decided late in 1974 to establish in the Bank a new position of Director-General, Operations Evaluation, and in late 1975 appointed Mr. Mervyn L. Weiner to be the first holder of this post. Mr. Weiner, a Canadian national who has been with the Bank since 1951, was most recently Regional Vice President for South Asia.

Mr. Weiner has been discussing with me his plans for opening a dialogue with the Bank's major borrower member governments on post-evaluation of development projects. The purpose of his initiative would be twofold: first, to inform you and your associates of the evolution of the operations evaluation function in the Bank and to learn whether this activity thus far has been of perceptible benefit to your Government; second, to explore how your Government would wish to become more actively involved with us in the process of assessing the actual results of those parts of your development program which have received World Bank support.

I have encouraged Mr. Weiner to pursue these plans for, as I have told the Bank's Executive Directors more than once, I regard effective operations evaluation as of the utmost importance for our work. The Bank cannot realize its central objective of providing the most effective support to its members' development efforts without knowing the results, good and bad, of past projects and programs and the reasons for them. I am sure your Government seeks no less for its own future development planning.

I have suggested to Mr. Weiner that the most convenient way of initiating contact on this subject may be during the Bank's next Annual Meeting in Manila, and that Mr. Benjenk bear this in mind when arranging meetings with members of your delegation. I look forward to hearing from Mr. Weiner in due course about the results of his discussions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Dr. Mohamed Zaki Shafel  
Minister of Economy and Economic  
Coordination  
8 Adly Street  
Cairo, Arab Republic of Egypt

Cleared and cc: Messrs. Bart, Al-Atrash  
cc: Messrs. Knapp, Kapur (OED)

492/3/263

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Y

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 393-6360 • Cables: INTBAFRAD

July 23, 1976

Price Waterhouse & Co.  
1801 K Street, N. W.  
Washington, D.C. 20006

Dear Sirs:

With respect to the financial statements of the International Bank for Reconstruction and Development as listed in the Table of Contents on page 14 of the Prospectus relating to the offering of the 8% Deutsche Mark Notes of 1976, in the principal amount of DM 400 million, we confirm that, to the best of our knowledge and belief, the statements made in our letter of July 25, 1975, relating to the annual audit of the Bank's accounts for the fiscal year ended June 30, 1975, and in our letter of June 29, 1976, relating to the public issue, in the United States, of \$ 750 million, are correct as of this date (except that payments due to the Bank under loan agreements but unpaid as of July 22, 1976 are as shown in the attached list).

There have been no developments since our last letter of June 29, 1976, which would materially affect these financial statements, and in addition, we know of no event since this date, which, although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

Sincerely,

(Signed) Robert S. McNamara  
President

(Signed) A. Broches  
Vice President and General Counsel

Controller

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

List of Payments Due but not Received Under Loan Agreements

As of July 22, 1976

<u>Loan No.</u>	<u>Due Date</u>	<u>US \$ Equivalent</u>
944 LE	March 15, 1976	\$ 264,554
877 LE	April 1, 1976	24,570
690 JM	July 1, 1976	32,695
1121 BO	July 1, 1976	213,717
986 SYR	July 1, 1976	262,460
986-1 SYR	July 1, 1976	58,767
1144 SYR	July 1, 1976	427,500
989 TUN	July 1, 1976	109,361
522 SU	July 1, 1976	855,155
1014 TA	July 1, 1976	95,560
515 IN	July 1, 1976	2,640
1235 TR	July 15, 1976	4,958
486 TR	July 15, 1976	24,261
497 TR	July 15, 1976	16,120
830 CY	July 15, 1976	3,575
1064 EGT	July 15, 1976	187,500
1023-1 TU	July 15, 1976	1,737,375
1023-2 TU	July 15, 1976	353,125
593 CM	July 15, 1976	271,078
427 UNI	July 15, 1976	124,025
898 TH	July 15, 1976	16,375
988 PAK	July 15, 1976	372,260
	Total	<u>\$ 5,457,631</u>

492/3/262

July 23, 1976

Dear Mr. Regan:

Thank you very much for your letter in which you set forth Merrill Lynch's performance in the Bank's \$750 million offering of June 28.

First, let me congratulate you on a job well done. I was impressed by the substantial sales to small and medium-size institutions, the geographical distribution of the bonds and notes, and the variety of institutional investors who purchased our obligations.

You are quite right when you observe that sensitive questions arise in any issuer's deliberation on adding a co-manager. As you know, we are currently examining this question. I would very much like to talk to you again after we have studied this matter further and, in particular, after we have received and had an opportunity to examine the performance reports from our co-managers with respect to our recent offering. I would expect that this information and the supporting analyses would be available to us during the fall.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Donald T. Regan  
Chairman of the Board  
Merrill Lynch, Pierce,  
Fenner & Smith Inc.  
One Liberty Plaza  
New York, N. Y. 10006

EHRotberg:RMcN:mss

492/3/264

July 22, 1976

Mr. Maurice J. Williams  
Chairman  
Development Assistance Committee  
Organisation for Economic  
Cooperation and Development  
2 rue Andre Pascal  
Paris 16<sup>e</sup>, France

Dear Maury:

I have thought about your suggestion that IDA might contribute \$10 - 15 million to IFAD in the hope that this would stimulate others to bridge the present gap of \$60 million. I can understand your concern, which I share, that the lack of such a relatively small sum should be holding up the provision of an additional billion dollars for agricultural development; particularly since, as you say, a portion of the new funds would probably be made available to the Bank Group.

However, there are substantial difficulties in the way of our adopting the proposal which I need mention only briefly. First, it would mean a further reduction in IDA's commitment authority which has already been eroded by exchange losses and the recent defeat of the Swiss loan by the electorate. Even assuming that the present shortfall in the U.S. appropriation for IDA 4 will eventually be made up, and that the Italian contribution will be confirmed, we estimate that only \$1260 million will be available for commitment this fiscal year, against an average of \$1613 million in the first two years of the Fourth Replenishment. Our Part II members would almost certainly object to the diversion of even a small fraction of the available funds to another agency, even if it could be demonstrated that in the aggregate they would benefit.

Secondly, I understand that the problem, quite specifically, is to get more money out of the OPEC countries in order to achieve "rough parity" between OPEC and OECD, this being particularly important in view of the fact that the IFAD Charter provides for equal voting power between these two groups. It is not clear to me how \$10-15 million of IDA money could "leverage" an additional contribution from Saudi Arabia and Kuwait. If it were regarded as an indirect contribution by the OECD countries, it would surely compound the problem of achieving rough parity between OPEC and OECD. In any case, I have the distinct impression that if the parity problem were resolved, it would not be imperative to put together a total package of \$1 billion.

Peter Cargill, who as you know is conducting the IDA 5 negotiations on behalf of the Bank Group, does not believe that a decision by IDA to assist IFAD would strengthen his hand in the negotiations.

I am sorry that my reaction to your suggestion has to be a discouraging one.

Best regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

RJGoodman:mss



492/3/260

President's Office

July 22, 1976

Dear Mr. Ambassador:

Will you please convey to Ambassador Jolles my thanks for his letter of the first of July, which you kindly forwarded to me, informing the International Development Association officially of the results of the referendum rejecting the proposed Swiss loan to IDA of Swf 200 million. Would you also accept my thanks for your own offer of assistance in case we should decide to make a public announcement on this subject.

I followed with keen interest the public campaign that preceded the referendum, and am aware of the efforts made by your authorities and the news media to ensure that the Swiss people were fully informed about the objectives of IDA and its vital role in assisting the poor countries. It was therefore with much sadness that I learned of the decision of the Swiss people not to join their fellows in the wealthy countries in a common effort to help raise the living standards of the many millions who dwell in great poverty. It is these, the poorest and most vulnerable of our fellowmen, who will bear the brunt of this action.

I share Ambassador Jolles' hope that this decision will not affect the good relations that have existed for so long between Switzerland and the Bank Group, and that appropriate ways may be found in which Switzerland can continue its support of our efforts to promote development in the poorer countries.

With that end in view, I have asked Mr. Cargill, our Financial Vice President, to visit Berne at some mutually convenient time after the summer holidays to consult with your authorities and to advise me about future relationships between Switzerland and IDA, including in particular the difficult problem of procurement by IDA borrowers in Switzerland.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

His Excellency  
Raymond Probst  
Ambassador of Switzerland  
Washington, D. C.

cc: Messrs. Knapp, Clark, Nurick, Goodman

RGoodman/RSMcNamara:bmm  
July 22, 1976

*The Ambassador of Switzerland*

July 6, 1976

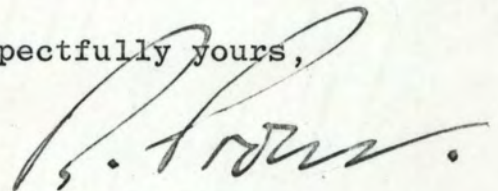
Dear Mr. McNamara,

I refer to the visit I had the honour to pay you on June 14 after the Swiss people cast their negative vote against a Swiss contribution of 200'000'000 Swiss francs to the 4th replenishment of the resources of IDA.

Please find enclosed the letter by which Ambassador Paul R. Jolles, Director of the Division of Commerce, informs you accordingly that the Swiss Federal Council, very much to its regret, is not in a position to ratify the envisaged agreement.

Should you still be considering, as I believe you were shortly after our meeting, to issue a public statement in reaction to the enclosed communication from my authorities, I wish to confirm that I remain, of course, at your disposal if you feel I may be of any assistance in this matter.

Respectfully yours,



R. Probst

attachment

Mr. Robert S. McNamara  
President of the World Bank-  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Berne, le 1<sup>er</sup> juillet 1976

Monsieur le Président,

Dans ma lettre du 31 octobre 1973 adressée au Vice-Président Sir Denis Rickett, je vous avais informé que le Conseil fédéral s'était déclaré prêt à rechercher l'approbation des Chambres fédérales pour une participation de la Suisse à la Quatrième Reconstitution des ressources de l'Association. Par sa décision du 20 juin 1975, le Parlement avait autorisé le Conseil fédéral à conclure et à ratifier un accord avec l'IDA relatif à l'octroi d'un nouveau prêt sans intérêts de 200 millions de francs à celle-ci. Dans les délais constitutionnels, un référendum a été lancé contre cet arrêté fédéral qui a abouti. En conséquence, le peuple suisse fut appelé le 13 juin 1976 à se prononcer sur ce sujet. Par une nette majorité (550'557 oui contre 713'855 non), le souverain s'est refusé à suivre la décision des autorités fédérales législatives et exécutives.

Dans ces circonstances, le Conseil fédéral n'est pas en mesure de conclure l'accord envisagé avec votre Association. Il m'a chargé de vous en exprimer son grand regret. Dans une démocratie directe l'information du citoyen sur les différentes méthodes d'aide au développement, leur interaction, leur efficacité et les moyens de contrôle n'est, certes, pas une tâche aisée. Le Conseil fédéral continuera cependant à oeuvrer dans ce sens.

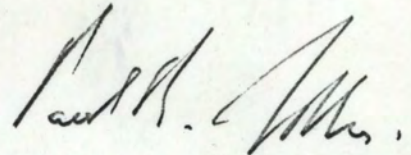
Le Conseil fédéral souhaite que les bonnes relations et les nombreuses formes de coopération entre la Suisse et le Groupe de la Banque Mondiale soient maintenues. La Suisse continuera, tout en respectant le résultat du scrutin du

Monsieur Robert McNamara  
Président de  
l'Association internationale  
de développement

Washington D.C. 20433

13 juin 1976, à soutenir, de manière appropriée, les efforts des institutions de Bretton Woods en faveur des pays en voie de développement.

Je vous prie de croire, Monsieur le Président, à l'expression de mes sentiments très distingués.

A handwritten signature in dark ink, appearing to read "Paul R. Jolles". The signature is fluid and cursive, with a large initial "P" and "J".

Ambassadeur Paul R. Jolles

492 / 3 / 259

JUL 22 1976

Dear Mr. Hannah:

Thank you for your letter of July 8, with which was enclosed the report of the second session of the World Food Council.

We shall be giving careful consideration to the recommendations endorsed by the Council which are addressed to the World Bank, and to the extent to which, and the way in which, it proves feasible to give effect to them. As you suggest, consultations between the staff of the Bank and the staff of the Council will be useful.

I am pleased that the Bank staff has been able to be of assistance to the Council. I am sure you can count on continued cooperation.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. John A. Hannah  
Executive Director  
World Food Council  
Via delle Terme di Caracalla  
00100 Rome, Italy

SB:tsb

July 21, 1976

Cleared with and cc and cc of incoming: Mr. Yudelman  
cc: Office of the President (2)  
cc: Incoming and reply, together with report: Mr. Burney

492 / 3 / 250

July 21, 1976

Dear Mr. Demeksa:

Thank you very much for your letter of July 7, 1976. It was good to hear from you and to know of your present responsibilities with the United Nations Development Programme. I have no doubt that you are making a valuable contribution to the work of the UNDP and I congratulate you on this.

However, I also understand your wish to return to the World Bank. We, too, would like to see you back here. I have asked our Personnel Department to try to find a way to bring this about. They will get in touch with you directly in this regard.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. Bulcha Demeksa  
United Nations Development Programme  
One United Nations Plaza  
New York, N. Y. 10017

cc: Mr. McNamara's Office (2)  
Front Office, Personnel (Log No. 16092)

Cleared with: Mr. Chadenet

BQLan:RMcN:mss

492/3 1257

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 393-6360 • Cables: INTBAFRAD

P  
Y

July 16, 1976

Price Waterhouse & Co.  
1801 K Street, N. W.  
Washington, D.C. 20006

Dear Sirs:

With respect to the financial statements of the International Bank for Reconstruction and Development as listed in the Table of Contents of the Prospectus relating to the offering of the 7-1/2% Deutsche Mark Bonds of 1976, in the principal amount of DM 300 million, we confirm that, to the best of our knowledge and belief, the statements made in our letter of July 25, 1975, relating to the annual audit of the Bank's accounts for the fiscal year ended June 30, 1975, and in our letter of June 29, 1976, relating to the public issue, in the United States, of \$ 750 million, are correct as of this date (except that payments due to the Bank under loan agreements but unpaid as of July 15, 1976 are as shown in the attached list).

There have been no developments since our last letter of June 29, 1976, which would materially affect these financial statements, and in addition, we know of no event since this date, which, although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

Sincerely,

(Signed) Robert S. McNamara

\_\_\_\_\_  
President

(Signed) A. BROOKS

\_\_\_\_\_  
Vice President and General Counsel

\_\_\_\_\_  
Controller

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

List of Payments due but not Received Under Loan Agreements

As of July 15, 1976

<u>Loan No.</u>	<u>Due Date</u>	<u>US \$ Equivalent</u>
944 LE	March 15, 1976	\$ 264,554
877 LE	April 1, 1976	24,570
694 UNI	May 15, 1976	12,045
1181 GH	June 15, 1976	33,250
1182 GH	June 15, 1976	42,750
938 IVC	June 15, 1976	60,452
690 JM	July 1, 1976	49,620
1121 BO	July 1, 1976	213,717
224 IT	July 1, 1976	10,855
986 SYR	July 1, 1976	262,460
986-1 SYR	July 1, 1976	58,767
1144 SYR	July 1, 1976	427,500
989 TUN	July 1, 1976	109,361
866 SE	July 1, 1976	36,650
522 SU	July 1, 1976	855,155
1014 TA	July 1, 1976	95,560
1087 BD	July 1, 1976	18,825
515 IN	July 1, 1976	2,640
	Total	<u>\$ 2,578,731</u>



492/3/256

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The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 393-6360 • Cables: INTBAFRAD

July 16, 1976

*(Actually signed by R McN 7/20/76)*

Price Waterhouse & Co.  
1801 K Street, N. W.  
Washington, D.C. 20006

Dear Sirs:

With respect to the financial statements of the International Bank for Reconstruction and Development as listed in the Table of Contents of the Prospectus relating to the offering of the 7-1/2% Deutsche Mark Bonds of 1976, in the principal amount of DM 300 million, we confirm that, to the best of our knowledge and belief, the statements made in our letter of July 25, 1975, relating to the annual audit of the Bank's accounts for the fiscal year ended June 30, 1975, and in our letter of June 29, 1976, relating to the public issue, in the United States, of \$ 750 million, are correct as of this date (except that payments due to the Bank under loan agreements but unpaid as of July 15, 1976 are as shown in the attached list).

There have been no developments since our last letter of June 29, 1976, which would materially affect these financial statements, and in addition, we know of no event since this date, which, although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

Sincerely,

(Signed) Robert S. McNamara

\_\_\_\_\_  
President

(Signed) A. Broches

\_\_\_\_\_  
Vice President and General Counsel

\_\_\_\_\_  
Controller

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

List of Payments due but not Received Under Loan Agreements

As of July 15, 1976

<u>Loan No.</u>	<u>Due Date</u>	<u>US \$ Equivalent</u>
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866 SE	July 1, 1976	36,650
522 SU	July 1, 1976	855,155
1014 TA	July 1, 1976	95,560
1087 BD	July 1, 1976	18,825
515 IN	July 1, 1976	2,640
	<u>Total</u>	<u>\$ 2,578,731</u>

492/3/1255

JUL 16 1976

Dear Mr. Yoshida:

I much appreciate your thoughtfulness in writing to me about your retirement from the civil service and your nomination as a candidate for the presidency of the Asian Development Bank. I had, of course, heard about Minister Ohira's decision to put your name forward, and I am delighted that President Inoue's probable successor will be a man of such wide financial and international experience.

I have always regarded the World Bank and the regional development banks as being partners in the common task of improving the conditions of life in our developing member countries, and I have greatly valued the close working relations which have been built up during the years among our institutions. In view of the great distances that separate Washington from Asia, it has been particularly helpful to us to know that we have an active collaborator in the area whose approach to development parallels our own.

I look forward therefore with much pleasure to continuing the warm personal relations which I have had with Mr. Watanabe and Mr. Inoue, and to as frequent opportunities for an exchange of views as circumstances permit. I hope that the next opportunity for us to meet will be in the course of our forthcoming Annual Meeting in Manila, assuming that you will be accompanying your Minister on that occasion.

With warm regards and congratulations on your nomination to this very important post.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Taroichi Yoshida  
Special Advisor to  
the Minister of Finance  
Ministry of Finance  
Tokyo 100, Japan

RJGoodman/rf

492 | 3 | 253

JUL 16 1976

Dear Brad:

Thank you for your letter of June 24, setting out some preliminary thoughts on proposals which you might make to IFAD for UNDP/IFAD cooperation and asking for my reaction.

As you know, the management of IFAD has not yet been installed. I have no reason to believe that I shall be asked for my views on what IFAD's mode of operation should be. However, if I am asked, I will take the line which underlies the proposals you contemplate making, that it would be advantageous for IFAD to draw on capabilities and information available elsewhere within the U.N. system.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Bradford Morse  
Administrator  
United Nations Development Programme  
One United Nations Plaza  
New York, N.Y. 10017

SBoskey:tsb  
July 15, 1976

Cleared with and cc: Mr. Yudelman  
cc: Office of the President (2)

2012/3/252

JUL 16 1976

Office of the President

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow fifty million dollars (\$50,000,000) from the Saudi Arabian Monetary Agency.

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 proposed borrowing by the Bank and to agree 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  
William E. Simon  
Secretary of the Treasury  
Treasury Department  
Washington, D.C. 20220

cc: Mr. Charles A. Cooper, Executive Director  
Mr. Hal F. Reynolds, Alternate Executive Director  
Mr. Robert S. Watson, U.S. Treasury  
Mr. Bernard Zimman, U.S. Treasury

Cleared and cc Mr. Patrick Heininger, Legal Dept.

cc: For Mr. McNamara's Office (2)  
Mr. I.P.M. Cargill, Vice President-Finance  
Mr. Rothberg, Treasurer  
Mr. Hittmair, Deputy Treasurer  
Mr. Georg Gabriel, Controller  
Mr. Deely/US\$ Bonds

JRadifera/mcf  
1-1- 14 1076

492/3/251

JUL 16 1976

His Excellency  
Momcilo Cemovic  
Federal Secretary for Finance  
Federal Secretariat for Finance  
Bulevar Avnoja 104  
11070 Belgrade  
Yugoslavia

Dear Mr. Cemovic:

Thank you for your letter of June 29, 1976 in which you inform me of the desire of the Federal Government and of the Republic of Montenegro that the World Bank provide financing of \$30 million for the Cemovsko Polje component of the proposed second Agro-Industries project.

The question of the extent to which the Bank can participate in the financing of each project is one that has arisen in connection with most recent and current operations in Yugoslavia. As you are so well aware, Mr. Minister, the resources available for Bank lending are now strictly limited and, consequently, the amounts that can be allocated to meet Yugoslavia's very substantial needs are also limited. In view of this and of Yugoslavia's wish to have our continued involvement in a number of sectors, it is not possible for us to finance a large proportion of the costs of each individual project, which tend to be significantly larger now than in earlier years. In fact, it is no longer possible for us to participate in excess of the foreign exchange requirements, except in very special circumstances.

However, Bank staff have been considering whether the original allocation of \$15 million for the Cemovsko Polje component, made on the basis of earlier cost estimates and resource availability, could be revised so as to cover its foreign exchange costs. I understand that the 2,000 ha. component is estimated to cost about \$59 million, with a foreign exchange component of approximately \$20 million. It would thus be possible to increase the proposed Bank participation to the level of \$20 million, which would leave an amount of about \$40 million to be found by the Yugoslav authorities from other sources. In the light of the constrained availability of both Yugoslav and Bank resources, the Bank's appraisal mission had also considered a reduced but viable project of 1,300 ha. with total costs estimated at about \$45 million and a foreign

His Excellency  
Momilo Cemovic

- 2 -

exchange component of about \$16 million. Should it prove difficult to meet the local financing requirements of the 2,000 ha. project, the authorities in Montenegro may wish to consider proceeding with a smaller project which would require a slightly smaller Bank participation commensurate with the reduced foreign exchange costs, but which would considerably reduce the local financing requirements.

Although we hope to be able to increase our financing for this relatively small project so as to cover its foreign exchange costs, I wish to emphasize that under the current conditions of scarcity of Bank resources even this level of participation may not be possible in all projects in Yugoslavia, especially for the larger ones. We shall therefore have to look to significantly increased Yugoslav contributions in the projects and to funding from other external sources. As you know, the Bank would be happy to assist in finding such external resources.

There is one other consideration that we had in mind in making the original allocation to the Cemovsko Polje component and which you may wish to bring to the attention of the Federal and Montenegrin authorities. This is the distribution of Bank lending to the various regions of Yugoslavia. Bank lending to Montenegro for the period, FY67 to FY76, amounted to over \$170 per capita, which compares to the Yugoslav average of \$49 per capita, \$62 for Kosovo (the least developed region), and an average of \$64 for four least developed regions. The proposed Bank lending of \$20 million for Cemovsko Polje will increase the Montenegrin share to \$210 per capita. In the end, of course, increased lending for one region can only be at the expense of others, and I am sure that this is a matter you will wish to bear in mind when considering financing proposals for all future projects.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Copy to Mr. Witte, Executive Director, World Bank

Cleared with and cc: Mr. Frank, Acting Assistant Director, EMENA Projects

cc: Mr. Knox

GKaji/NHorsley:11j  
July 13, 1976

492/6/247

Le 15 juillet 1976

Monsieur le Président,

Je vous remercie de votre lettre du 11 juin 1976 concernant l'organisation de SODEPALM. Nous avons pris note des décisions que vous avez prises et des intentions du gouvernement ivoirien au sujet de cet important programme. Nous nous enquerrons auprès de vos collaborateurs de certains aspects financiers de la réforme qu'il nous est nécessaire de connaître pour apprécier pleinement les conséquences sur les projets que nous envisageons de financer, des nouvelles dispositions dont nous comprenons parfaitement les objectifs.

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

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence  
Félix Houphouët-Boigny  
Président de la République  
Abidjan  
COTE D'IVOIRE

Cleared with (in substance) and cc: Messrs. Eigen and Simsolo  
cc: Messrs. van Gigch  
Chaffey (o/r)  
Berg (o/r)  
Razafindrabe

Xde la Renaudière/sml  
July 14, 1976



49216/246

Office of the President

JUL 14 1976

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow one hundred million dollars (\$100,000,000) from the Banque Nationale de Yougoslavie.

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 proposed borrowing by the Bank and to agree 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  
William E. Simon  
Secretary of the Treasury  
Treasury Department  
Washington, D.C. 20220

cc: Mr. Charles A. Cooper, Executive Director  
Mr. Hal F. Reynolds, Alternate Executive Director  
Mr. Robert S. Watson, U.S. Treasury  
Mr. Bernard Zinman, U.S. Treasury  
Cleared and cc Mr. Antoine Maffei, Legal Dept.  
cc: For Mr. McNamara's office (2) ✓  
Mr. I.P.M. Cargill, Vice President-Finance  
Mr. Rotberg, Treasurer  
Mr. Hittmair, Deputy Treasurer  
Mr. Georg Gabriel, Controller  
Mr. Deely/US\$ Bonds

AMaffei/fad  
July 12, 1976

692/3/245  
X

July 13, 1976

RIGHT HONOURABLE  
DENIS HEALEY  
11 DOWNING STREET  
LONDON  
ENGLAND

2466

FULL RATE

ON MY RETURN I WOULD LIKE TO THANK YOU FOR SPENDING SO MUCH OF ~~YOUR VERY~~  
~~BUSY~~ TIME WITH ME IN DISCUSSION WORLD BANK PROBLEMS CMA AND FOR THE  
SYMPATHETIC ATTITUDE I HAVE COME TO EXPECT FROM YOU STOP

MARG AND I VERY MUCH ENJOYED SEEING YOU AND EDNA AGAIN AND WE SEND  
YOU ALL GOOD WISHES STOP TILL WE MEET AGAIN IN MANILA

ROBERT S. McNAMARA

Robert S. McNamara

President, World Bank

WDClark:umh

492/3/244  
X

July 13, 1976

HIS MAJESTY  
THE KING OF THE BELGIANS  
LAECEN PALACE  
BRUXELLES  
BELGIUM

2466

FULL RATE

ON OUR RETURN MY WIFE AND I WISH TO SEND YOUR MAJESTIES OUR WARMEST THANKS  
FOR YOUR KIND HOSPITALITY TO US STOP I PARTICULARLY ENJOYED OUR PRIVATE  
CONVERSATION WHICH WAS THE PRELUDE TO SOME VERY USEFUL EXCHANGES WITH YOUR  
MINISTERS STOP

MAY I REPEAT MY HOPE THAT YOU WILL SOME DAY VISIT THE WORLD BANK AND  
ALLOW US TO GIVE YOU SOME PICTURE OF OUR WORK IN WHICH YOU HAVE DEMONSTRATED  
SO MUCH INTEREST STOP.

WITH MY HIGHEST REGARDS

ROBERT S. McNAMARA

Robert S. McNamara, President  
World Bank

WDClark:mmh

492/3/243

JUL 12 1976

His Excellency  
Mobutu Sese Seko  
President of the Republic of Zaire  
P.O. Box 2697  
Kinshasa Gombe  
Zaire

Dear Mr. President,

The evolution of Zaire's economic situation during the last few years has been a matter of great concern to me. Since we met last in October 1973, I have discussed my concerns during the last two Annual Meetings of the World Bank Group with your Finance Minister, and my associates have maintained an almost continuous dialogue on economic matters with your authorities. However, the situation now is such that I feel I should write to you personally.

When we decided, in 1970, to station a Resident Representative in Kinshasa and, in 1973, to expand the office to a Resident Mission with seven experts, we had done so in view of the great need of Zaire for financial and technical assistance to develop its enormous potential, and of your determination to confront the problems of development with authority and energy. We had expected that within the context of a well-conceived development program the Bank Group could assist Zaire in three major ways: by expanding significantly Bank and IDA financial assistance for well-prepared projects in priority sectors of the economy, by providing technical assistance to your Government in the area of general economic policies and planning as well as project preparation and implementation, and by assisting your Government in presenting its case for development support in a systematic manner to the Consultative Group which comprises countries and institutions interested in giving development aid to Zaire.

Since 1970 the Bank Group has given to Zaire one Bank loan of \$100 million for the Gecamines Expansion Project and nine IDA credits totalling about \$160 million for projects in transport, education, agriculture and industry. In the earlier years the shortage of sufficiently well-prepared projects was the major constraint to a larger lending program. The substantial amounts we lent in 1975 (\$152 million) and approved to date in 1976 (\$42.5 million) reflect a significant change in that situation, and I understand that as a result of a close working relationship between your authorities and the Bank staff at the project level, aided significantly by our Resident Mission, a pipeline of projects suitable for financing is being prepared.

It is most unfortunate that at the same time the general economic situation of Zaire has deteriorated to such a degree that I am forced to review the scope of the Bank Group's lending activities in your country. I am fully aware that the drastic deterioration of Zaire's terms of trade and the heavy fluctuations of the copper price have had a deplorable impact on the economy, especially the foreign exchange position, and that the developments in neighboring countries have contributed to Zaire's financial and logistical problems. However, these external events could have such a severe impact only because they were accompanied by deficiencies in Zaire's economic management.

Among these deficiencies, please allow me to note particularly the following:

- The absence of a sound and well-balanced policy of economic development which has resulted in a deep dissatisfaction in the rural areas, a rural exodus that is more than just worrisome, a major decrease in export earnings from agricultural products and a regrettable increase in imports of staple goods (such as meat, rice, maize or fish) that could have been largely produced locally.
- The absence of an adequate economic planning mechanism and of a sound procedure for the review and selection of investment projects. This deficiency has led to the adoption of certain investment projects of questionable economic justification, unfortunately encouraged by suppliers' credits which were thoughtlessly offered. The high cost of these projects, besides seriously worsening your country's external indebtedness, has also severely affected its borrowing power, thus forcing the deferral of projects with high economic priority.
- The absence of sound budgetary policies and discipline, which has led -- for several years in a row -- to budgetary deficits of considerable proportions.
- The absence of sound external debt management which in addition to the significant arrears in payments incurred during the last 18 months has led to a situation of great confusion in the servicing of debt, including repeated delays in the payment of debt service to the Bank Group.

All these factors combined have led to the most serious economic and financial crisis which Zaire has faced since independence. The Stabilization Program which you prepared in consultation with the International Monetary Fund and initiated earlier this year would, if fully implemented, relieve some of the short-term pressures on the country's economy. To achieve

improvements for the longer term and to set Zaire firmly on the road to development will require the early definition and strict implementation, over the next few years, of an action program which will dramatically depart from past policies.

I wish to assure you that the Bank Group stands ready to give its financial and technical support to any effort on your part to rectify the deficiencies of economic management. However, I regret to advise you that the expansion in the Bank Group's lending activities, which started in 1975 and which seemed justified by the needs of your country as a whole, and the poverty of its rural population in particular, cannot continue, and the future program will have to be limited to relatively small amounts of IDA funds (and even those may have to be reduced further) unless a major improvement in the economic management takes place. I would like you to know that this reduction does not indicate diminishing interest of our institution in your country. My associates and I are deeply concerned that the development effort in Zaire continue to be supported as strongly as possible. However, the institutions of the Bank Group themselves face a serious resource constraint, and we have no choice but to take into consideration, in the allocation of these limited resources, the development effort the recipient countries themselves make. I hope sincerely that in the not too distant future your Government's economic performance will improve to the point where we can once again plan for sustained growth of our lending activities, in line with your aspirations and the great needs and potential of Zaire.

In line with the adjustment of our lending program, we will also have to reduce somewhat the size of our Resident Mission in Zaire which was geared to a much larger level of activities. In the expectation that this adjustment is a temporary one, we will for the time being maintain an office of four experts in Kinshasa, headed by a Resident Representative, who will continue to work with your authorities as closely as possible.

I would like to take this opportunity to advise you of the appointment of Mr. Attila Sonmez as the Bank's Resident Representative, who will take over from Mr. Serge Guetta when the latter returns to Washington in mid-July. Mr. Sonmez has for several years been familiar with the economic problems of Zaire and is well known to your close associates.

Mr. Sonmez and his staff, as well as other Bank staff members based in Washington, will continue to offer their full cooperation and help to your Government in addressing development problems. In addition, as you know, a team of qualified economic experts organized by the Bank and financed by the United Nations Development Programme has for almost two years now been at the disposal of your Service du Plan; in the past the Team has not been utilized as effectively as I am sure you and I had expected when we discussed this project in November 1972, but in the hope that their utilization will be strengthened, I have decided to leave the Team in Zaire for the time being.

Finally, I believe the time has come for another meeting of the Consultative Group on Zaire. At the last meeting held in November 1973, a cycle of 18-24 months between meetings was envisaged. During the last 12 months Zaire's current problems, especially those related to the servicing of external debt, were so acute that a meeting of the Consultative Group probably would not have been able to focus on development problems. Now that a debt rescheduling agreement with governments has been successfully concluded, and negotiations with private creditor institutions are, I hope, well underway, a new Consultative Group meeting should be called before the end of the year. The Bank, as in the past, is prepared to call and chair such a meeting. The success of the meeting -- in terms of renewed development assistance to Zaire -- will depend very largely on the extent to which Zaire will achieve the objectives of the Stabilization Program and the efforts it makes towards improving economic performance and development. Again, our staff will help your authorities prepare for the Consultative Group meeting to the fullest extent possible. In addition, the Planning Assistance Team in the Service du Plan should be fully involved by your Government in these preparations. I have asked Mr. Michael H. Wiehen, Director of Country Programs in Eastern Africa, to discuss the timing and arrangements for this Consultative Group meeting with your associates during his forthcoming visit to Zaire. If well prepared, that meeting of the Consultative Group could mark the beginning of a new phase in the development of your great country.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. McNamara's Office (2)

SGuetta/MHWiehen:cj  
July 7, 1976

492/3/240

JUL 1 1976

Dear Mr. Horowitz:

Thank you very much for your letter of May 23.

I have read with great interest your memorandum on aid to the least developed countries. I agree with you that the problem of poverty, particularly in the countries with per capita incomes of less than \$200, needs the immediate attention of the international community. I also agree with you that, for this problem to be solved in any meaningful way, we will have to increase the food output of these countries and work towards a reduction in the growth of their population. It is also clear that because of extreme poverty, these nations cannot undertake this massive effort on their own. They need a great deal of capital assistance from more prosperous parts of the world.

As you know, I have already touched upon some of these ideas in my annual speeches. The World Bank Group has a vital interest in poverty alleviation and has in fact, in recent years, taken a number of steps to move our lending so as to reach a greater number of poor people.

I should be very grateful if you would send me the background research on which your ideas are based so that these can be studied carefully by the Bank staff.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
David Horowitz  
Chairman, Advisory Council and  
Committee, Bank of Israel  
Jerusalem, Israel

SBurki:mb

Cleared with and cc: Mr. Chenery  
cc: For Mr. McNamara's office (2)