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MANAGING COMMITTEE EXC/MC 84

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THE WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

Date: October 10, 1984 EX/MC/84-28

To: Managing Committee

From: Shahid Javed Burki, Acting VPE AS for

Subject: World Bank's Presentation at the Spring Meeting of the Development Committee

The form of presentation:

1. We propose that the World Bank's presentation to the Development Committee should be in the form of a President's Report. This approach has proved to be very effective in the past. Once again, we should attempt to provide a cogent, clear and precise statement of the Bank's view of the subjects to be covered. Such a statement would help ministers focus on those issues and policy actions on which we would like to see some concrete progress.

The substance of the President's Report:

2. The issues the U.S. has suggested might be addressed at the spring Development Committee meeting were listed by Secretary Regan in his statement to the Committee (see Annex 1 for the U.S. list). To be prepared for the Interim and Development Committees, the Fund has also drawn up a list for internal consideration (see Annex 2).

3. We propose that our own paper to the Development Committee focus on two main subjects: (i) the medium-term growth prospects of developing countries and, in this context, specific policy initiatives or approaches which would enhance these prospects and which the Committee could endorse; (ii) the future role of the Bank in the light of developing countries' development prospects and needs.

(i) Medium-term Growth Prospects

(a) Review of the growth prospects in various groups of developing countries in the light of their current policies and present levels of indebtedness, the outlook for economic activity in industrial countries, and the prospects for capital flows and international trade; consider in this context the implications for developing countries growth of alternative policy scenarios in industrial countries.

(b) Analyze the process of adjustment as it has occurred up to now in various groups of developing countries, with emphasis on those which have encountered debt servicing difficulties, and consider additional policy steps needed to accelerate the process of adjustment and enhance the conditions for growth and development.

(c) Review approaches and concrete steps that would enhance developing country trade prospects. In this context, examine specifically:

- the incidence and impact of industrial countries' policies which restrain access to their markets through non-tariff barriers;

- alternative approaches for multilateral trade liberalization within the framework of the GATT.

(d) Examine the structure of capital flows to developing countries and specific measures to enhance the volume and impact which they can have on the needed adjustment process and the revival of growth. In this connection, consider such issues as:

- how to stimulate the flow of direct private investment as well as maximize its impact on development;

- how to forge a more effective link between restoration of developing country creditworthiness, restructuring of outstanding debt and the flow of new commercial bank lending;

- whether there are actions which official export credit agencies and developing countries can take to increase the developmental impact of such credits;

- the prospects of increasing ODA to the low income countries, particularly in Sub-Saharan Africa in light of the Development Committee's discussions at the September meeting, and how these prospects affect their medium-term growth outlook.

(ii) <u>The Role of the World Bank</u>: Emphasis on its future product and its contributions to long-term development and medium-term adjustment; the Bank's role as a catalyst in promoting policy reforms as well as stimulating and coordinating additional capital flows; and, in this context, the scale of its future operations.

Responsibility for generating materials for the report:

4. The background material for the report will come from ERS (WDR 85 and the work program being developed on trade policy reform and debt), from Operations for the analysis of the adjustment process and the debt situation at the country level, from Finance for the future role of the Bank, and from the Legal Department for private direct investment and equity capital.

5. While the International Relations Department will have the responsibility for writing the President's Report, the preparation of it should be overviewed by an inter-departmental steering group composed of the following:

Shahid Javed Burki, Director, IRD (Chairman)
David Bock, Director, FPA
Luis de Azcarate, Director, CPD
C. Michalopoulos, Director, Economic Policy Analysis and Coordination, ERS
T.M.C. Asser, Assistant General Counsel, Finance

Schedule:

6. The Development Committee is scheduled to meet on April 18-19, 1985. We will have to follow the following schedule to prepare for the meeting:

o Draft President's Report sent to the Managing Committee:	February 15, 1985
o Managing Committee discussion:	February 25, 1985
o Distribution of the paper to the Board:	March 4, 1985
o Board discussion:	March 19, 1985
o Distribution to the Development Committee:	March 25, 1985

The Steering Group will have to establish tight deadlines for the early stages of this work to assure this schedule is met.

Cleared in substance with Mrs. Krueger and Mr. S. Husain

Attachments (2)

Annex 1

The U.S. List:

Secretary Regan presented "an illustrative but not definitive listing" which included:

- Economic growth and attendant financing in developing countries.
- Relative role and realistic prospects for ODA, commercial banks, and direct investment flows over the medium and longer term.
- Medium-term prospects for restoration of developing country creditworthiness and the maintenance/expansion of the syndicated market for new credits.
- Protectionism and recommendations to the GATT for a new round of trade liberalization and/or for a GATT work program concerning performance requirements, Voluntary Restraint Arrangements and the like.
- Realistic prospects for a direct exchange of external debt in developing countries for direct private investment to foster employment, economic growth, and lessen their debt service requirements.

Annex 2

The IMF List:

The IMF's list -- still tentative and to be finalized after internal consultations -- includes the following:

1. World Economic Outlook until 1990;
2. Review of various debt adjustment proposals;
3. Commercial capital flows -- issues as to the revival of voluntary flows to the high debt countries;
4. Export credits -- issues as to the revival of cover to high debt countries;
5. Trade and its relationship to capital flows and debt servicing;
6. Fund surveillance.

For MC Consideration Jan. 14/85
RECORD E-1227

EXC/MC84-10

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

A. W. CLAUSEN
President

December 12, 1984

Dear Jacques:

Just a note to thank you for the copy of your summary statement at the recent Executive Board discussion on Bank/Fund Collaboration and the Adjustment Process. We will indeed circulate it to our Executive Directors and will also keep you posted on the upcoming discussion with the Board on this topic.

Warm regards.

Sincerely,

Tom

Mr. Jacques de Larosiere
Managing Director
International Monetary Fund
Room 12-300C
Washington, D.C. 20431

bcc: Managing Committee

DEC's
suite?

INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

1340

December 10, 1984

To: Mr. A. W. Clausen

From: J. de Larosière Larosière

I am attaching for your use the text of my summing up at the conclusion of the recent Executive Board discussion of the Fund/Bank Collaboration and the Adjustment Process. It would be quite agreeable to us if you saw fit to circulate this summing up among the Executive Directors of the World Bank for their information.

In due course, I hope to hear from you in connection with the examination soon to be given to this subject by the Executive Directors in the Bank.

May I add that the questions contained in the concluding remarks were specifically addressed to our dual Directors.

Attachment

December 6, 1984 - 84/195

The Chairman's Summing Up at the Conclusion of the Discussion on Fund-Bank Collaboration and the Adjustment Process - Issues for Consideration
Executive Board Meeting 84/171 - November 28, 1984

I think it is fair to say that Directors generally indicated broad agreement with the thrust of the two staff papers on collaboration between the Fund and the World Bank (Fund-Bank Collaboration and the Adjustment Process - Issues for Consideration (SM/84/242, 10/30/84), and Fund-Bank Collaboration - A Further Progress Report (SM/84/210, 8/27/84; and Cor. 1, 11/15/84)). The papers had been shown to the World Bank staff and incorporated their comments, as appropriate.

Although there were some differing views about the intensity and scope of the desired increase in collaboration between the two institutions, Executive Directors agreed that the guidelines drawn up in 1966 and 1970, and reaffirmed in 1980, continue to provide an appropriate and relevant framework in which collaboration between the Fund and the Bank can continue and can be further developed.

I shall make a few general remarks before taking up specific suggestions put forward.

1. While both institutions obviously work to promote growth and economic prosperity, Directors stressed that the Fund and the Bank have different mandates, different functions, different financial structures, and different expertise. In this respect, a number of Directors stressed that the Fund's focus on balance of payments management is not restricted to its lending activities, but also extends to the surveillance that it conducts with all its members in accordance with Article IV. The task of surveillance places on the Fund Executive Board the responsibility of formulating an international view on the appropriate mix of balance of payments adjustment and financing in each country and throughout the system. The international community as a whole must guard against severing the consensus on this important subject that has been so laboriously forged over the years. In current circumstances, in which balance of payments difficulties persist in many member countries, it is particularly important for the Fund to continue to discharge its lending and surveillance responsibilities in order to help in restoring a viable balance of payments position in member countries.

2. Beyond the particular domains of responsibility of the Fund and the Bank, there is a large area where their concerns overlap, and where close cooperation is of the utmost importance. Directors emphasized the deep complementarity between many of the activities of the two institutions. Strengthening the balance of payments and restoring growth require sustained implementation of the right policies in certain areas--exchange rate, monetary, fiscal and foreign borrowing--but correct policies in these areas are not always enough; other structural and supply-oriented policies can

be crucial in reinforcing a balance of payments adjustment program. The process of adjustment in some countries also requires financial support from other sources on appropriate terms, as well as the implementation of appropriate policies in the Bank's sphere of interest. It was generally emphasized that complementary action, coordinated with that of the Fund, is often required in such matters as the design of investment programs, policies on individual domestic prices, institutional reform, systems of protection, the development of financial systems, and the rehabilitation of public enterprises, to cite a few examples. In addition to its work in supporting development projects, the Bank's structural adjustment and sectoral lending can provide vital policy support for Fund programs. Furthermore, the Bank's efforts to ensure new, additional flows of finance on terms compatible with the development process can provide major underpinning to balance of payments adjustment.

3. Directors stressed the need to avoid crossconditionality, although they agreed on the importance of complementarity and mutually reinforcing assistance from the two institutions. As Directors noted, the lending activities of each institution must be in accordance with the standards laid down in their respective Articles and by their respective Executive Boards; they cannot and must not be subject to veto by the other institution. At the same time, it was recognized that shared concerns should not be equated with crossconditionality, especially in a world where the concerns of the Fund and the Bank in countries are so often parallel and of paramount importance. Executive Directors, in reaching decisions on specific matters, should be fully informed of the circumstances surrounding the relevant decisions of the other Board. But Directors agreed on the need to preserve the principle of separate accountability to their respective Boards of Governors and membership for any decision on the use of the resources entrusted to each organization.

4. As some Directors noted, collaboration between the Fund and the Bank is not an end in itself; it is designed to allow each institution to be more effective in helping members to resolve their problems. It is particularly important not to lose sight of this fundamental objective in focusing on the mechanics of day-to-day procedures in an attempt to improve collaboration. Efforts to coordinate the activities and diagnoses of the Fund and the Bank should not of course become a substitute for, or detract from, the need to respond quickly and efficiently to members' problems. While that is not the intention, it must nevertheless not become the byproduct of an intensified procedural collaboration.

5. A number of Directors recognized that, in the circumstances of the last few years, there has already been a considerable degree of effective daily cooperation between the two institutions. Full justice has perhaps not been rendered in the discussion today to the intensification of cooperation under present procedures, for which I can vouch personally, without wishing in any way to sound complacent and at the same time recognizing that there is room for the more intensified application of these procedures that Directors are seeking.

I come now to more specific suggestions.

Although the Board agreed in principle on the specific suggestions put forward in the staff paper, I shall touch briefly on the suggestions made by Mr. Wicks in the attachment to his statement, to which a number of Directors have alluded.

Mr. Wicks has referred in paragraph 7 of his statement to the harmonization of diagnoses, the complementarity of the contributions of each institution, and collaboration in mobilizing financial resources. Many Directors--and I myself--can broadly support the important concept underlying that paragraph. As a further gloss on that paragraph, I would also note Mr. Joyce's comment, echoed by a number of other Directors, to the effect that harmonization of diagnoses should not become a requirement in and of itself: what matters is that the reasons for possible differences in analysis should be clear and that there should be no incompatibility between the policy advice given by either institution. I can assure you that management will see to it that if, after contact between the staff of the two institutions, there remains a fundamental incompatibility in diagnoses and recommendations in a particular case, the matter will be ironed out between the two managements. I have not seen, in the six years of my tenure, one instance where such a fundamental difference could not be resolved, but if there should be such a case, after the two managements have talked it over, I would immediately bring it to the Board.

There has been no consensus on sharing the preparation of and participation in missions as normal practice. Rather, Directors encouraged the practice of Fund or Bank staff participating in missions of the other organization as appropriate. The fact that recourse to such cross-participation has been relatively limited was regretted by a number of Directors. Although it would be impractical to make it systematic, more active use could be made of such crossparticipation, allowing for the different nature and length of Bank and Fund missions.

There was not much support for the suggestion that joint missions should become standard practice. The idea had appealed to me in the first years of my tenure, but over time, I have recognized the rigidities of that method, and the imposition that it entails on the member country; thus, the practice should be used cautiously but not be discarded.

As for the better coordination of the programming of missions, the two institutions should exchange information to ensure not only that their timetables are consistent but, also, that the major thrust of their programming is compatible.

The Executive Board has not favored going so far as to prepare consistent country economic analysis as a single basis for Article IV reports and country assessments. What the two institutions should be doing is to continue to exchange papers, and the Fund should extend and deepen the discussion in staff reports of the Bank's involvement in a given country. It might not be feasible to move as fast and far as some

Directors want, because the more we deepen the analysis, the more we need the involvement of the Bank. It is relatively simple to describe the Bank's loans and projects, but the Fund staff does not have the expertise to delve by itself into objectives and developments in a longer-term framework.

The suggestion by Mr. Wicks that senior staff of one institution participate in reviews prior to Board discussions in the other may stem from the different practice of the World Bank, entailing discussion by a management committee before proposals were submitted to the Bank Board. We would be interested to know more about the Bank's work methods in that regard before exploring Mr. Wicks' idea.

The proposal for attendance at Board discussions in each institution of appropriate staff member(s) from the other seemed basically to be aimed at obtaining a fuller understanding of the involvement of the other institution in countries to which both the Bank and the Fund were providing financial assistance. As far as Bank staff attendance at Fund Board meetings is concerned, I understand that Directors are prepared to reaffirm the invitation extended in 1970, for ad hoc, selective attendance at discussions of countries in which both the Fund and the Bank have programs of financial assistance. A number of Directors expressed the expectation of reciprocity on the part of the Bank with regard to staff attendance at Board meetings of the other institution. That applies also to the exchange of notes suggested in the staff paper as a way to facilitate the expression of specific concerns and questions by Executive Directors. Active participation in Fund Board meetings by Bank staff, as opposed to attendance as observers, has not received the necessary support in the Executive Board.

Regular reviews in the Bank Board of the overall performance and objectives of Bank programs in a particular country are of course a matter for the Bank. Close contacts between each constituency's Bank and Fund Executive Directors, the suggestion that Executive Directors of one institution be appointed as Temporary Alternate Directors of the other, and informal joint meetings or seminars are matters for Executive Directors.

With regard to the various changes in domestic arrangements suggested by Mr. Wicks, it would be appropriate to wait until the World Bank has discussed Fund-Bank collaboration before the President and I consider what steps can be taken. I can assure Mr. Wicks that we are going to look at his suggestions, as well as others that were put forward in the discussion. I am sure that possibilities exist for reducing duplication of effort by the two instututitions, and to improve coordination in such fields as technical assistance and training, and work on debt statistics.

The suggestion for an annual joint report to the Interim Committee and/or Development Committee is more an issue of policy than of domestic housekeeping, and it has not been supported. May I add that such a formalistic move does not seem appropriate. We do not need more reports; we need more effective cooperation.

The Board will of course come back to the matter of Fund-Bank collaboration after the Bank Board has examined it.

* * *

In conclusion, I should like to mention that another useful way to promote cooperation between the two institutions in the future would be for Executive Directors to make known to me, or to the Deputy Managing Director, specific cases in which they believe that collaboration between the Fund and the Bank has not been adequate.

I would also have appreciated having the views of Executive Directors, during the present discussion, on how the two institutions could, by enhancing the complementarity of their activities in specific areas, carry out their respective mandates more effectively. For instance, a major issue that constantly arises when the Fund designs programs is the need to rehabilitate public sector enterprises. Obviously, such reforms, which have to resolve a wide variety of problems, from management to divestiture, fall more within the province of the World Bank. It would be interesting to learn how the World Bank can use its expertise to address these problems, taking into account the time frame of Fund programs. What does this entail for the World Bank in terms of its operational practices? Can the World Bank provide financial assistance in a way that would mesh with the more limited role that the Fund can play, both in respect of the periods covered by its programs and the catalytic nature of its support of those programs? Could the World Bank provide more quick-disbursing funds that would mesh into Fund programs? Is it perhaps more appropriate to emphasize sectoral or project lending including, in particular, rehabilitation of existing investment to deal with some of the problems being experienced in certain regions of the world, such as Africa? These are specific, practical problems with policy consequences for each institution, which it would be useful for us all to ponder further.

- For MC Consideration Dec. 18/84
R E C O R D

THE WORLD BANK

Office of the President

EXC/MC84-09

December 11, 1984

To: Managing Committee Members

4.1 Mendaro's Case

Please find attached a letter of October 24 from Congresswomen Patricia Schroeder and Olympia J. Snowe, Mr. Burnham's response of November 26, and copy of New York Times article of December 6 for MC discussion of Tuesday, December 18.

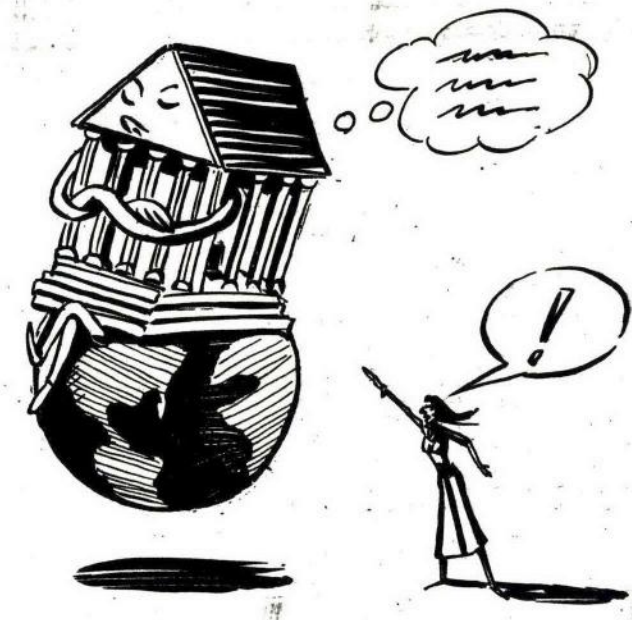
Roy

Roy Southworth

NYT Dec. 6/84

Sexual Bias: Alice in Cowboy Land

By CLYDE H. FARNSWORTH
Special to The New York Times



WASHINGTON, Dec. 5 — Nearly 90 percent of the secretaries and clerical personnel at the World Bank are women, but women occupy less than 3 percent of its "senior level" positions. At the Inter-American Development Bank there are 33 jobs in the "Executive" category. One is held by a woman.

Washington's flourishing international organizations, employing 20,000 people, are under increasing pressure to promote the status of women. The heat is coming from Congress, ever mindful that the United States is by far the biggest payer of the international bureaucrats' bills.

The Congressional Caucus for Women's Issues said recently in a letter to the World Bank, "The statistics on the hiring and promotion of women at the Bank are appalling."

Oddly enough, while the international agencies are still outside the reach of American legislation banning sex discrimination and other bias in labor practices, a Federal law, the Sovereign Immunities Act of 1976, does cover about 7,000 local people recruited to work at the 147 foreign embassies here.

'A Higher Standard'

"You have a strange situation in which foreign embassies are held to a higher standard than international organizations in which the United States is the largest contributor," said Jamie S. Gorelick, a Washington lawyer who specializes in women's issues with the firm of Miller, Cassidy, Larroca & Lewin.

Seven international organizations have headquarters in Washington. The World Bank, with a staff of 6,000, is the largest. Others are the International Monetary Fund, the Organization for American States, the Inter-American Development Bank, the Pan American Health Organization, the International Telecommunications Satellite Consortium and the Inter-American Defense Board.

"That's cowboy land out there," said Susana Mendaro, an Argentine development economist who once worked for the World Bank. "There are no laws. Men can do anything they please."

Miss Mendaro filed a sex discrimination complaint against the bank five years ago but has been unable even to get a hearing at the bank.

Hugo D. Valverde, president of the Staff Association of the Organization of American States, said in a letter of support for Miss Mendaro:

"Clearly there is a contradiction inherent in the fact that institutions dedicated to the social development of the Third World countries, a role which implicitly includes improving the status of women in these societies, have promoted few women to important policy positions."

Behind the Times

International organizations are exempt from the antidiscrimination law just the way Congress used to be. Their employment practices, says Miss Mendaro, are "about 30 years behind the times, like the United States in the 1950's."

In 1977 a House aide, Shirley Davis, won a sex discrimination case against her former chief, Representative Otto Passman, Democrat of Louisiana. The case broke down barriers that had shielded Congress from sex discrimination complaints.

Miss Mendaro's is a similar test case, the first major sex discrimination complaint against an international organization. She and others, including the Women's Legal Defense Fund, which has paid most of her legal bills, are hoping it will break down similar barriers within these agencies.

She specifically contends that her reports on project mismanagement in Zambia were ignored until incorporated into reports of male staff members, that the bank twice turned down her supervisor's recommendation that she be promoted and that on a trip to Mexico she was physically harassed by a superior.

Miss Mendaro, who was born in Buenos Aires, holds a master's degree in development planning from the University of California at Los Angeles and has completed all requirements for a Ph.D. except her dissertation.

She began work as a World Bank economist Sept. 6, 1977, but found her employment ended June 30, 1979, five days after her first formal complaint was submitted to the bank's personnel department.

'Has Received Due Process'

Her requests for a hearing before the bank's administrative tribunal have been repeatedly denied on the ground that the personnel department investigated the charges and found them without merit.

"Her case has been reviewed at the highest levels of the World Bank and we feel she has received due process," said a spokesman, Peter Riddleberger. He and other bank officials declined further comment.

The 132-member Congressional Caucus for Women's Issues has not taken a stand on the case.

But its co-chairmen, Representative Olympia J. Snowe, Republican of Maine, and Patricia Schroeder, Democrat of Colorado, said in a letter to the World Bank's president, A. W. Clausen, on Nov. 20 that it was "unseemly and inappropriate" for the bank's administrative tribunal to refuse to hear the case.

The tribunal, made up of seven legal specialists from seven of the 147 World Bank member countries, was set up in 1980 as an impartial arbiter of disputes within the organization.

Mr. Clausen has yet to reply.

"There are good reasons for immunizing international organizations so that they are able to fulfill their intended purposes," Representative Snowe said. "However, I am concerned that this immunity has been abused when an international organization blatantly disregards complaints of sex discrimination and harassment as in the case of Susana Mendaro and the World Bank."

She added that a "re-evaluation of the laws which confer this immunity is in order."

Efforts in Federal Courts

Besides seeking a hearing within the bank, Miss Mendaro has taken her case into the United States court system, but both a Federal District Court and the United States Court of Appeals for the District of Columbia held that employees of international organizations do not have the right to sue in Federal courts in employment-related disputes.

The appeals court warned in its decision last year that if an organization "abuses" its immunity, revocation of the immunity "could be justified."

Miss Mendaro, who made $24,000 a year at the World Bank, says she is seeking reinstatement and "reasonable" damages for her lost pay, which she estimated at $250,000.

She now works for a marketing concern and has started Women's International Project, aimed at helping women in developing countries get into positions of power and politics.

"Women now get all the bad news," she said.

Congressional Caucus
for
Women's Issues

Congress of the United States
Washington, D.C. 20515

2471 Rayburn Building
(202) 225-6740

Anne L. Radigan
Executive Director

October 24, 1984

The Honorable A.W. Clausen, President
The World Bank
1818 H Street, N.W. Suite E1227
Washington, D.C. 20433

Dear President Clausen:

We write to ask you to take whatever measures are necessary to ensure that the World Bank's Administrative Tribunal provide a forum for airing the complaints of sex discrimination and sexual harassment raised by Ms. Susana Mendaro. While we take no position on the merits of her complaint, we believe that the World Bank and the individuals it employs would be ill-served if this important institution were to fail to provide an opportunity for such claims to be heard.

As we understand it, the Tribunal is currently considering (1) whether the Tribunal has authority to hear complaints of sexual harassment and sex discrimination; (2) whether it can consider complaints arising prior to the Tribunal's stated effective date of January 1, 1979; and (3) whether it should, in any event, hold Ms. Mendaro's complaint to be time-barred because she first sought a remedy in the U.S. courts.

As we understand it, unlike the tribunals of most of the other international organizations, the World Bank's Administrative Tribunal has never heard a sex discrimination complaint. We believe that the other tribunal's are correct in broadly construing the contractual rights of their employees to include the right to be considered on their merits and to be protected from sex discrimination in employment decisions.

It is our strong belief that the World Bank's Administrative Tribunal should follow suit, and offer its procedures to men and women who feel they have been treated unequally. We similarly hope the World Bank will commit itself to a work environment free from sexual harassment and that the Administrative Tribunal will oversee that commitment. For a tribunal to present an effective forum for employee complaints, it must not exclude from review the most devastating impediments to fair treatment, discrimination and harassment. In this regard, we are mindful that when the U.S. Court of Appeals for the District of Columbia Circuit held the World Bank immune from suit by its employees, it took note of the possibility that the Tribunal might construe its jurisdiction narrowly and warned (717 F.2d 610, 616 n.41 (D.C. Cir. 1983)):

> To the extent widespread disregard of employee's contract rights indicates that an international organization is abusing its immunity from judicial process, a revocation of immunity and Section 1 of the Act could be justified. See 22 U.S.C. §§288 (1976)

It is the obligation of Congress to ensure that the immunity granted by the U.S. government not be abused. While we believe that the World Bank has taken an important step in establishing an Administrative Tribunal, we hope that it will take the next step to ensure that the Tribunal truly offers a forum for the full spectrum of legitimate employee grievances.

Ms. Mendaro's complaints were the first to raise the issues of sex discrimination and the harassment at the World Bank, and the first to point out the lack of opportunity for redress of such complaints at the Bank. There is reason to believe that the Bank's Administrative Tribunal was established because of her complaints (the Tribunal was established two months after Ms. Mendaro filed suit in District Court). Thus, her complaints present a test case of how the Bank and the Tribunal will respond to employee complaints of sex discrimination and sexual harassment. We understand that the Tribunal's charter, adopted after Ms. Mendaro filed suit, made its authority retroactive to only January 1, 1979, whereas Ms. Mendaro's complaints arose from her employment date in September 1977 to her termination in June 1979. In light of the test case status of Ms. Mendaro's complaint, we would find it to be unseemly and inappropriate for the Tribunal to decline to hear the bulk of her complaint on the ground that the Bank did not see fit to offer any remedy at all until she raised the problem.

The Honorable A.W. Clausen
Page Three
October 24, 1984

Finally, as to whether Ms. Mendaro's complaint is time-barred, we believe that the Bank and the Tribunal should not try to insulate the Bank's decision-making from scrutiny with this technicality. Given the realistic doubts that Ms. Mendaro and her counsel must have had as to whether the Tribunal could or would hear her complaints, it was sensible for her to seek remedies initially in federal court. If the Bank and the Tribunal are now prepared to say that they do offer a forum for hearing complaints of sexual harassment and sex discrimination, they should not decline to hear the very case that first raised both these problems and the question of the scope of the Tribunal's jurisdiction.

We are truly concerned that international organizations live up to their obligations to U.S. citizens and to the U.S. government to operate fairly when doing business in the United States. This country has offered its full hospitality to the World Bank and has sought to accommodate the Bank's needs in many ways, including granting it immunity from suit. We are watching the progress of Ms. Mendaro's case because we wish to assure ourselves that the Bank understands its obligations in this regard. We hope and believe that you will do everything in your power to see that a fair and open forum is offered.

Sincerely yours,

Pat Schroeder

PATRICIA SHOREDER
Member of Congress
1st District, Colorado

Olympia Snowe

OLYMPIA J. SNOWE
Member of Congress
2nd District, Maine

RECEIVED

1984 NOV 16 PM 3: 33

OFFICE OF THE PRESIDENT

Record Removal Notice

File Title Managing Committee official Files: Issues Papers - Office of the President (EXC) - Issues papers 84-01	**Barcode No.** 1775483

Document Date November 26, 1984	**Document Type** Letter	

Correspondents / Participants
To: The Honorable Patricia Schroeder and The Honorable Olympia J. Snowe, Members of Congress
Congressional Caucus for Women's Issues
From: James B. Burnham, U.S. Executive Director

Subject / Title
Concerning Ms. Susana Mendaro's access to the World Bank Administrative Tribunal for a hearing on allegations of sexual discrimination

Exception(s)

Additional Comments
Declassification review of this record may be initiated upon request.

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Shiri Alon	May 22, 2017

FORM NO. 89
(2-83)

THE WORLD BANK

ROUTING SLIP	Date Oct. 12, 1984

OFFICE OF THE PRESIDENT

Name	Room No.
Managing Committee Members	

	To Handle		Note and File
	Appropriate Disposition		Prepare Reply
	Approval		Per Our Conversation
	Information		Recommendation

Remarks

Re: MC Meeting, Monday, October 15, 1984
3.2 Note, October 9, 1984, EXC/MC84-08
Lending through a Guarantee Fund

Joe Wood felt this will provide useful background for Monday's discussion on Guarantees.

Roy Southworth

Roy

From

For MC Consideration Oct. 15/84
RECORD

EXC/MC84-08

Mr. D. Joseph Wood

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

With the compliments of
Pekka Korpinen
Executive Director

October 10, 1984

I send herewith my preliminary views concerning the establishment of a Guarantee Fund. I would appreciate very much to get your comments.

With best regards,

Pekka Korpinen

PEKKA KORPINEN

October 9, 1984

A NOTE ON THE FUTURE ROLE OF THE BANK

Redirection of IBRD and IDA Lending through a Guarantee Fund

1. Without new institutional arrangements there is a risk that in the future the World Bank lending program becomes increasingly biased in favor of the better-off LDCs. Because of sustained budgetary constraints in major industrial countries it is possible that the funding problems of IDA will stay with us for the next 5 to 10 years. On the other hand, with development of new instruments and opening up of new markets, a considerably enlarged IBRD borrowing program can obviously be accomplished given the relaxation of the capital constraint, i.e. assuming a substantial GCI. However, because of lack of creditworthiness (especially in Sub-Saharan Africa), the Bank's portfolio concentration limits (especially in India and China) and solvency problems created by too hard terms (to a certain extent in both Africa and Asia), the lack of IDA credits cannot be compensated by increased IBRD lending.

2. Problems caused by the shortage of IDA funds can be at least partially alleviated by establishing a Guarantee Fund. The basic idea of a Guarantee Fund is to safeguard the financial integrity of the Bank by covering the increased risk in IBRD lending. The new facility would make it possible for the Bank to take or buy guarantees or insurance on its overexposure to non-creditworthy blend countries (for the time being mainly in Sub-Saharan Africa) and on its exposure above 8-10% maximum (covred by the Bank's reserves) to any single borrower. The latter would affect mainly India and perhaps later also China. The Guarantee Fund could be part of the next general capital increase,

where part of the paid-in and callable capital would be allocated to a legally separate Fund. If needed for covering the losses to IBRD the call on the capital of the Guarantee Fund can, contrary to the IBRD's callable capital, also in practice materialize.

The Guarantee Fund should be administrated by Bank and should have cross default clause with IBRD and IDA lending. In other words, the orderly repayments perhaps after one rescheduling of guaranteed loans should be backed by the possibility of suspension of disbursements on all IBRD and IDA loans and credits to the country concerned. By such arrangements the budgetary burdens to the member countries can be limited to reasonable proportions.

3. The fundamental idea behind the new scheme is to shift IBRD lending from middle income countries to low income countries and IDA lending from low income countries to the poorest of the poor, who has no alternative source of financing. The main benefit of the Guarantee Fund scheme would be the earlier than otherwise maturing of India and China out of IDA, which would make possible a considerable reallocation of IDA funds in favour of Sub-Saharan Africa and Bangladesh. Also in some non-creditworthy blend countries, the total resource flow can be increased without reducing the funds for the poorest countries.

4. The major debtor countries in Latin America deserves a different approach. First of all, the resources of the Bank will anyhow be very limited to tackle their problem properly. Also the experience of SALs and other longer term policy based lending does not warrant so far promises of lasting impacts in these countries. If the World Bank wants to improve its catalytical role on the commercial lending to major debtor countries, the best way to do so is perhaps to expand its own guaranteeing powers if this can be done without reducing simultaneously the Bank's lending capacity. For this

purpose clarity on the legal aspects of calculating guarantees against gearing ratio is urgently needed.

5. The Guarantee Fund approach can easily be supplemented by a revival of the Third Window concept. During a period of early maturing from the IDA eligibility subsidization of the interest rate could be considered. Instead of transferring a part of net income to IDA it could be used for softening of terms of IBRD loans for the "thrown outs" from IDA. As a part of the new institutional arrangements this could have a positive net effect on IDA only countries as well.

6. Already now there exists a skew in IBRD lending. This can be demonstrated by the fact that in FY84 Brazil borrowed USD 1,564 million when Eastern and Western African regions got together only USD 1,155 millions. Borrowings by South and East Asia totalled USD 3,738 millions. Even a 1 billion dollar increase in annual lending to India and China and a corresponding shift in IDA credits in favour of Sub-Saharan Africa would improve the resource situation in the neediest countries of World Bank borrowers. Without new mechanisms to redirect IDA and IBRD lending flows, either Sub-Saharan Africa or India and China will suffer unduly from the increasingly scarce resource situation.

Record Removal Notice

File Title	Barcode No.
Managing Committee official Files: Issues Papers - Office of the President (EXC) - Issues papers 84-01	1775483

Document Date	Document Type
September 28, 1984	Memorandum

Correspondents / Participants
To: Mr. Roy Southworth, Secretary, Managing Committee
From: C.F. Amerasinghe, Executive Secretary, WBT

Subject / Title
Periodic Report on the Status of the Administrative Tribunal's Work

Exception(s)
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Shiri Alon	May 22, 2017

FORM NO. 89
(2-83)

THE WORLD BANK

ROUTING SLIP	Date July 5, 1984

OFFICE OF THE PRESIDENT

Name	Room No.
Managing Committee	

	To Handle		Note and File
	Appropriate Disposition		Prepare Reply
	Approval		Per Our Conversation
	Information		Recommendation

Remarks

Here are the revisions to the FY85 priorities. If you have any comments or revisions, we can discuss on Monday.

JRS

Roy Southworth

From

July 5, 1984

Exc/MC 84-6
Record Copy

IBRD/IDA Institutional Priorities for FY85

° In today's difficult environment, the Bank's major objectives are securing economic and social progress for the developing nations and alleviating poverty. The priorities noted below aim to meet these objectives and each of these priorities is interlinked and can usefully be divided into four categories. Those marked with an asterisk relate closely to work on the future role of the Bank.

Resource Issues

° Complete negotiations for Supplementary IDA funding so as to increase concessionary resources available for FY85-87.

* ° Ascertain the magnitudes appropriate for direct lending by IBRD and IDA in the rest of the decade and thus establish the parameters for the next GCI and for IDA-8.

Operational Issues

° Plan and if possible launch an international initiative for a coordinated program of development assistance for Africa.

* ° Further exploit the Bank's potential as a catalyst for greater involvement of the private sector in development.

* ° Explore how the Bank could better assist the heavily indebted countries while maintaining its traditional priorities including those of poverty alleviation.

° Focus the Research Program on the task of resuming growth in the indebted countries and of accelerating trade and private capital flows to the developing world.

Institutional Issues

° As a first priority, increase political and public support for the World Bank Group through a strengthened short- and long-term external relations program, closely coordinated at the senior management level.

* ° Identify ways of reinforcing the close cooperation between the Bank and the IMF by building on their complementary skills and mandates.

° Manage relations with Bank borrowers and financial markets so that the FY85 borrowing program is successfully completed and the Bank's high credit standing preserved.

Internal Management Issues

° Strengthen management information and cost control systems while making cost-effective use of new office technology.

° Make the performance planning and review system operational and complete the grading of all positions.

Record Removal Notice

File Title	Barcode No.
Managing Committee official Files: Issues Papers - Office of the President (EXC) - Issues papers 84-01	1775483

Document Date	Document Type
June 21, 1984	Memorandum w/attachment

Correspondents / Participants
To: Mr. Roy Southworth, Secretary, Managing Committee
From: C.F. Amerasinghe, Executive Secretary, WBT

Subject / Title
Periodic Report on the Status of the Administrative Tribunal's Work

Exception(s)
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Shiri Alon	May 22, 2017

RECORD - MC information

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

EXC-MC84-04

A. W. CLAUSEN
President

April 24, 1984

His Excellency
Jacques Delors
Minister of Economy, Finance and Budget
Paris, France

Dear Jacques,

Thank you for your most thoughtful letter of March 21. It has taken some time to respond because I wanted to discuss, in some depth, your comments and suggestions with my colleagues.

Let me first tell you how much we in the Bank value your continuing support. We share your analysis and your concerns regarding the difficulties from which we are emerging painfully, as well as your views on the prospects for developing countries.

As you are aware, the Bank is presently engaged in careful examination of its future role, the results of which we will bring to our Board for discussion later this year. The central theme is the one you identify — i.e., how to combine continued economic stability with a resumption of growth and how the Bank and Fund can best assist its members in this.

Cooperation with the Fund is indeed an important issue. Collaboration between the two institutions has been strengthened in recent years as a logical and necessary consequence of the special difficulties faced by most developing countries. But, in face of the long-term nature of the problem, the cooperation needs to be broadened further.

Where structural adjustment loans from the Bank are underway (about a dozen countries), the coordination of Bank and Fund programs has been both systematic and efficient, and technical differences are resolved between us rather than facing countries with divergent views. In these countries, fiscal and monetary policies supported by the Fund aim at containing aggregate demand and thereby correcting immediate balance of payments deficits. These policies have been supported effectively by measures incorporated in our own lending, such as reorientation of public investment programs and reforms of public enterprises. But in countries where we have no structural adjustment loans, Bank and Fund interventions also have been designed and implemented on the basis of common objectives and with complementary instruments. Examples of this are Ghana, Morocco and Mali. Mr. de Larosiere, who shares our views on the importance of close cooperation, and I, have emphasized to our staffs the importance of effective collaboration. Contacts have been established at the working level, and these relationships are generally very good. We also have organized several joint seminars, and the number of joint missions, while still limited, is increasing as both we and our colleagues at the IMF gain experience and familiarity with each other's style and special requirements.

But it is clear that we must further expand our joint efforts to develop, as you suggest, together with the Fund, medium-term adjustment programs as a basis for increased public and private capital flows. Despite the continuing serious resource constraints — which are likely to persist for several years — these medium-term programs must incorporate resumption of growth and development. Stagnation, or decline, makes adjustment more difficult; it is also not sustainable socially or politically in the medium-term. To support such medium-term programs, and to enlist the support of the private capital markets and bilateral donors, will require the imaginative use of our resources, and the continual adaptation of our present tools to assure the greatest impact under ever changing circumstances.

As to specific actions to assist the most seriously indebted countries, the Fund generally has taken a lead role, supported by the Bank's special action program in a number of cases, such as Mexico and Brazil. It is perhaps not widely known, for instance, that our lending to Brazil more than doubled in FY83, to $1,457.5 million. During the CY83 actual disbursements rose to $931 million, representing approximately 17% of new capital flows in that year. In other cases, such as the Philippines, we have instituted a special action program in close consultation with our IMF colleagues in advance of formal conclusion of an IMF agreement. As we all know, the debt problem will be with us for a long time. Concerted and sustained efforts are needed by all parties involved. The Bank indeed has a more important part to play, both to assist countries in overcoming the current crisis and in the reconstruction of economies where consumption is declining to socially unacceptable levels, and where the level of investment has become insufficient to sustain long-term growth.

We must recognize, however, that in some cases, without new concessional assistance or without debt rescheduling on far more generous terms than in the past, it is difficult to project acceptable economic and social outcomes. We have in mind, more particularly, situations such as Sudan, Morocco, the Ivory Coast, as well as a number of other African countries. The study on the debt of major debtor countries, as well as the review of the debt situation in Sub-Saharan Africa which is part of the study I mentioned earlier, should help focus our attention on how the Bank might constructively participate in future reschedulings.

Of course, the impact of our efforts will depend on the commitment of the countries concerned and the vigor of the policy reforms that they undertake. We can, and will continue to contribute to the quality of those reforms through our economic and sector work and through technical assistance where necessary, and we intend to continue to strengthen our policy dialogue with borrowing countries. Our efforts in this area also need the support of bilateral donors and private lenders at the country level if they are to be successful. And, the impact of the Bank will depend also, of course, on resources available to the Bank Group. This is why we continue to attach the highest priority to the increase of IDA resources and to the general capital increase of the IBRD. Your personal support and the support of France in these undertakings, again, are most appreciated, and will be critical for the success of these endeavors.

Let me also comment briefly on the other matters you raised. We, too, are particularly concerned by past and prospective developments in Sub-Saharan Africa. To achieve maximum impact from the resources available, Bank staff are undertaking another review of the economic situation, taking particular account of the adverse impact of the world recession, and now the drought, on the continent. They will formulate recommendations that, I hope, will achieve a large degree of consensus among the donor community as a basis for joint action. We plan to submit this special report on Sub-Saharan Africa to the Development Committee when it meets at the time of the Annual Meetings next September. In the formulation of the report, my associates will undertake a systematic exchange of views with the multilateral and bilateral aid agencies particularly interested in Africa including, of course, our colleagues in France.

Regarding the share of Sub-Saharan Africa in the operations of the Bank Group, it is important to distinguish between Bank and IDA lending. Also, one should not attach undue weight to the figures for any particular year, since country situations, and consequently lending programs, are always in flux. Bank lending in Africa is, unfortunately, limited by the few countries who have a reasonable degree of creditworthiness. Changes in one of these countries will have a large impact on Bank lending to Africa. The decline in the share of total Bank Group lending to Africa in FY83 relative to FY81, to which you refer, is explained largely by the decline of IBRD lending to Nigeria in FY82-83. This decline has since been reversed, as economic policies have improved and the financial situation has permitted the resumption of new investments. As to IDA, our tentative expectations are that Sub-Saharan Africa will be receiving about 34% of IDA (and about 11% of IBRD lending) for fiscal years 1984-88. This compares to a 28% share of IDA in 1979-83. This would represent an increase of 32% in real terms, the highest of all regions. These numbers are necessarily tentative because of the uncertain times and are based on the assumption that IDA-7 would have resources equivalent to about 10.5 billion SDRs. As you know, the availability of IDA resources beyond $9 billion still remains to be negotiated.

You may know also that we have proposed to our Board a $2 million contribution from the Bank's revenues for urgent drought-relief assistance. The amount is not very great in view of the needs, but it represents a significant and indeed unprecedented gesture for the Bank which, by its nature, is equipped to deal with medium- and long-term development rather than emergency aid, which others are equipped to provide.

The volume of structural adjustment lending and program lending is limited by the difficulty that borrowers have in putting in place comprehensive programs of adjustment. We do not set aside particular amounts for such lending. Rather, to the extent that countries are willing and able to implement such programs, we stand ready to support them. Although there is a notional figure of 10% for such lending, I have stressed repeatedly to the Board that we would come back to them if the total of such lending was likely to exceed 10% of total annual commitments. I believe our lending should be responsive to the needs of our borrowers. We should not be limited by arbitrary ceilings -- these should be reconsidered, whenever necessary, in light of the prevailing circumstances. Although formal structural adjustment and program lending has not exceeded 10%, this is a very limited indicator. As you know, many policy-based, quick disbursing operations, are not counted in this total as a matter of convention. This is true, for instance, of the fertilizer import loan for Nigeria, the export development loans for Jamaica, Brazil and Mexico, or rehabilitation credits for Ghana. Operations of this sort account for another 20-25% of our total operations in the past two years.

I expect that we shall be able to review together all these questions at the time of the meeting of the Development Committee on the basis of the report that I will then submit. It is also my hope that we shall have other opportunities to discuss these issues privately.

Again, thank you, Jacques, for sharing your thoughts with us.

Sincerely,

Tom Clausen

A.W. Clausen
President

RECORD - MC information

EXC/MC84-3

E-1110/84
April 12, 1984
French (France)
VP
TS:cc

Ministry of Economy, Finance and Budget
The Minister

No. 008951

Paris, March 21, 1984

Mr. A. W. Clausen
President, The World Bank

Dear Mr. President:

I was happy to have the opportunity to exchange views with you regarding the international financial situation. I felt, taking into consideration the personal bonds formed during our different discussions, that it would be useful for me to share with you entirely frankly the lessons I had drawn from these years of observing the financial mechanisms. This was why I wanted to present to you France's position on IDA, for which, as will have been evident to all, we most clearly demonstrated our commitment throughout the negotiations on IDA 7, by placing it in the context of our general view of the financing problems of the world economy. As you are aware, the response obtained during the negotiations was a great disappointment to me. I was accordingly unable to commit France further in the search for temporary arrangements without first obtaining instruction from the President of the Republic, who has himself made his views known to you.

As I suggested to you during our discussion, I would like by this letter to refer back to the broad lines of our approach. Since the early 1970s, the economic and financial equilibria on which postwar growth was based have been disrupted. Unemployment is mounting in many countries. The gap between the rich and poor countries is widening. General financial insolvency has become a real risk. In the face of destabilization on this scale and the disappearance of any form of stable rules to go by, certain countries are pinning all their hopes on further development of the current upturn in the world economy. However, the fragility of this recovery is apparent to all, as long as real interest rates remain at an exorbitant level. The structural financial disequilibria can only be eliminated by joint or concerted action over several years. The crisis is worsening in Africa, where per-capita income shrank by 10% over 1982-83. The international community has only gotten around to taking care of the most difficult situations on a case-by-case basis. IMF action in conjunction with rescheduling agreements has made it possible for some hazardous capes to be rounded, but the outlook is still far from fair. France has taken part in these individual actions in the name of international solidarity, and has often done more than its share. But as I told you, one cannot just play the fireman. We have to rebuild; this is the real crux of all that we are discussing in the international sphere.

I have advocated this global approach ever since my first address to the World Bank Annual Meeting on September 29, 1981, when I spoke on concerted action on exchange and interest rates, adaptation of the exigencies of adjustment policies to the structural problems of the developing countries, the search for new criteria for SDR allocation, the strengthening of the role and resources of the international financial institutions and greater Fund-Bank coordination. In many other statements of mine, and especially my address of September 27, 1983, you will find the same appeals for renewed international cooperation, the same concerns about the lasting nature of financing disequilibria and the same affirmation that adjustment must not be allowed to compromise the future. Basically, France has been consistently calling for efforts to be made to jointly devise and establish new operating rules for the financing system of the world economy that will make it possible to reconcile to the fullest possible extent the immediate needs of adjustment with the permanent requirements of development.

I am well aware that a lot will depend on our partners if we are to make progress in this direction, but I believe too that the World Bank also has a specific and key role to play. This is why in my various statements in the Development Committee I have expressed the wish that the Bank would:

- develop its role as a financial intermediary for the benefit of the developing countries: general capital increase, energy affiliate, cofinancing with commercial banks, possible change in the gearing ratio, development of loan guarantees;
- increase the proportion of its nonproject lending, with special emphasis on structural adjustment loans and sector loans, so that by participating more directly in adjustment policies it would be able to help in their formulation and facilitate their implementation;
- assign greater priority to Africa in the geographic breakdown of its lending since that continent seems particularly neglected;
- intensify its cooperation with the IMF.

I note the progress that has been achieved in these directions under your presidency and that can be attributed very largely to your personal involvement:

- sub-Saharan Africa's share of new IDA commitments reached 37% in 1983;

- the "Special Action Program" has made it possible to speed Bank disbursements and to develop the procedure for structural adjustment loans;
- the Bank has proposed new and attractive cofinancing formulas to the commercial banks;
- the banking affiliate and multilateral investment guarantee agency projects are under study;
- the Bank has developed its capacity for providing technical assistance to the developing countries.

These are unquestionably significant advances, but I can also see what remains to be done:

- while sub-Saharan Africa's share of IDA assistance has grown, its share of total Bank assistance fell from 14.7% in 1981 to 12.4% in 1983. This situation is all the more worrisome since the Bank's Management has made it clear that Africa's share of IDA will not increase further, notwithstanding moreover indications previously given to the contrary;
- the Special Action Program envisaged structural adjustment lending reaching 10% of new Bank commitments yearly. I note that the Bank's program for 1983-87 only sets 7% aside for such lending. The development of sector lending is also inadequate in light of the present needs;
- cooperation with the IMF is still more of an academic topic than an operational reality. However, as I see it this is vital. It is not just a matter of joint Bank-Fund studies or missions. What I would hope above all to see emerge from such cooperation would be a new

medium-term approach to the financing problems of the developing nations. Short-term adjustment programs ought to form no more than a part of a more general program bearing on all the internal development factors of a given country. The World Bank, acting in conjunction with the Fund, would have primary responsibility for the formulation and implementation of such a program. Present experience clearly shows that adjustment policies will not produce lasting results unless they are placed in a structural perspective. Fund-Bank coordination along these lines would first require an in-depth review of the customary approaches of the two institutions and more particularly those of the Bank;

- the lifebelt for the countries hit by the international financial crisis has up till now been provided essentially by the creditor countries, the IMF and the commercial banks. The Bank has generally remained in the background in these operations. As you yourself are well aware, I on the other hand am convinced that there is here a vast new field for the World Bank, which ought to assume a much larger role in the devising and implementing of these programs by giving them a wider horizon. In doing so it would be remaining true to the task that was entrusted to it when it was formed, because it would be reconstructing on the physical and financial ruins left behind by the crisis. This will, of course, entail expansion of your nonproject financing, in a context of appropriate medium-term conditionality and backed by efficacious technical assistance, in combination with commercial bank financing. This might perhaps require action in advance of the capital increase. France is willing.

I trust that the preparation of this next general increase in the Bank's capital will provide an opportunity to reflect on its role and the means available to it in this world that is emerging slowly from the crisis. I am convinced that this reflection cannot but result in a yet more important role for the Bank; I would consider it of the utmost importance that the next Development Committee meeting should make it possible to shape at least the broad outlines of this role.

These are, Mr. President, the thoughts I wanted to pass on to you to round out our discussions. They bear witness to France's commitment to the Bank and to our concerns, and also to the confidence we place in its president. The counterpart of this commitment and confidence is our requirement for an institution whose role in the financing of the world economy we would like to see expanded.

Looking forward to our next meeting,

Sincerely yours,

/s/ Jacques Delors

Record Removal Notice

File Title	Barcode No.
Managing Committee official Files: Issues Papers - Office of the President (EXC) - Issues papers 84-01	1775483

Document Date	Document Type
March 26, 1984	Memorandum w/attachment

Correspondents / Participants

To: Mr. Roy Southworth, Secretary, Managing Committee
From: C.F. Amerasinghe, Executive Secretary, WBT

Subject / Title

Periodic Report on the Status of the Administrative Tribunal's Work

Exception(s)

Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Shiri Alon	May 22, 2017

THE WORLD BANK ADMINISTRATIVE TRIBUNAL

EXC-MC84-2

Office Memorandum

RECORD - MC information

To: Mr. Roy Southworth, Secretary, Managing Committee

Date: March 26, 1984

From: C.F. Amerasinghe, Executive Secretary, WBT

Subject: Periodic Report on the Status of Administrative Tribunal's Work

As has been done previously and following my last report dated December 2, 1983, I am sending you for distribution to the Managing Committee the attached Report on the Status of Administrative Tribunal's Work.

Att.

FOR THE MANAGING COMMITTEE

Report on the Status of Administrative Tribunal's Work

1. Since my last report, dated December 2, 1983, to the Managing Committee, there are five cases pending. The three cases refered to in the previous report, namely (i) the case whose name is confidential, (ii) Justin and (iii) Polak, will be decided at the next session scheduled to be held in London from May 29 to June 5. The pleadings in all three cases have been closed and they have been listed under Rule 12 of the Rules of Procedure of the Tribunal.

2. The two other cases filed are Van Gent (No. 3) and Mendaro. Neither of these cases is likely to be decided at the next session as the pleadings have not yet been closed and are not likely to be closed in time.

3. The case whose name is confidential is concerned with the non-conversion of a fixed-term contract to a permanent appointment; Justin is a case concerning the non-conclusion of a contract with a consultant; and Polak concerns the termination of the permanent appointment of a permanent staff member.

4. Several prospective applicants have been in touch with the secretariat but no further applications have been filed.

5. Since the last report the office of the Executive Secretary has completed and made available to the judges, etc. the following:

(i) A paper on "Détournement de Pouvoir" (prepared by the Executive Secretary);

(ii) Statutes and Rules of Procedure of Selected International Administrative Tribunals, Vol. II (revised edition).

6. Work continues on:

(1) A paper on "Fixed-Term Contracts" which is just about to be completed (the subject of the case whose name is confidential);

(ii) A paper on "Locus Standi" the subject of one of the cases filed;

(iii) Index of Decisions of International Administrative Tribunals, Second edition.

7. The paper on "Détournement de Pouvoir" is being prepared for publication on the recommendation of the judges.

For MC information
RECORD

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

February 14, 1984

TO: Mr. Ferdinand van Dam

FROM: A. W. Clausen

SUBJECT: Sub-Saharan Africa

I want to thank you for your note of January 6 on Africa. I have delayed responding to it to permit time for considering our strategy and to allow some issues, such as IDA and timing of the next Development Committee Meeting to become clearer.

The Bank is deeply concerned with the current problems of Sub-Saharan Africa and its poor medium-term prospects. As you know, we have continued to shift concessional resources to the extent feasible to that continent, increased our cofinancing efforts in Africa, expanded our consultative groups and coordination arrangements, and, together with the EEC and some lead EEC countries, begun to develop joint sectoral approaches as a basis for a more coordinated donor action. But I quite agree with you, and with Minister Ruding that all this is not enough. The crisis in Africa is deepening. These countries have been affected dramatically by the problems which Minister Ruding cites, such as stagnant concessional aid flows, adverse terms of trade movements, and inability to borrow from the private capital markets. These problems have now been compounded by the drought in a number of countries. The external problems are matched by serious deficiencies on the domestic policy side. These too are well known and I need not discuss them here.

We remain convinced that there is no "all-African" solution. Within a strategy of trying to assure increased supplies of concessional external capital for Africa, we believe that efforts must be made to deal with individual African countries to help them restructure their economies, strengthen their institutions, and begin to develop a more export-oriented approach to development. While more money has to be an integral part of this strategy, it cannot be the only solution. Africa can be helped to increase investments, to make more productive use of existing assets, to strengthen its institutions and to return to a growth path; but Africa cannot be insulated from changes in the external environment. Our efforts must be to help Africa adapt to such changes. To try and do otherwise can have very perverse results. The example of what has happened in agriculture where, with the best of intentions, ample supplies of food on highly concessional terms, has been a major element in the growing dependence of Africa on imported food grains. It led to major shifts in consumption of crops that cannot be grown in Africa efficiently, and to the destruction of reasonable incentives for small farmers with adverse consequences for both income distribution and productivity. It would be a grave mistake to repeat that type of intervention.

It is our intention to prepare for the Annual Meeting, and the associated meetings of the Development Committee and the African Caucus, a further report on Africa—a program of action which might guide us and others in the donor-community in dealing with the severe problems that Africa faces. And as Minister Ruding has noted, the World Development Report, with its focus on population, will also make an important contribution to that.

Our previous Report on Sub-Sahara Africa had a wide impact. But African governments are asking—legitimately—where are the increased resources the Report said were vital to its implementation. This time we need to have a clearer understanding of what donors can deliver. If the Report this year is to be more than just another piece of paper, we need time not only to formulate our proposals but also to consult with donor governments in Africa and African organizations. And, of course, we will work closely with the IMF in reviewing these issues. To submit proposals earlier would, in our view, be premature.

In order to assure in the Bank a coordinated approach to Africa, to keep the all-Africa problems at the center of the senior management's attention and to help prepare for the September meetings, we have decided to appoint a senior officer as the senior adviser for African Affairs in Mr. Stern's office. We expect to announce this appointment shortly.

Let me also comment briefly on the specific suggestions of Minister Ruding.

We agree that because of scarcity of concessional flows, these should be allocated to those countries which are prepared to consider and implement necessary reforms to ensure the effective use of IDA resources and of their own resources and resources obtained from other donors. IDA funds in general are already directed to the poorest countries and this is true in Africa. IDA funds go to countries with a per capita income of less than $410 per year and even within this category, all countries which have any capacity to service long-term debts on Bank terms are treated as blend countries. Unfortunately, the creditworthiness of a number of these countries has been eroded in recent years and so some which were blend countries in the past have now become eligible only for IDA lending, such as Senegal and Liberia. We believe there is still substantial scope for bilateral donors to re-orient their own programs along similar lines, to reflect the general scarcity of concessional funds. This involves reviewing the balance in bilateral aid programs between low and middle-income countries, and the selectivity in bilateral programs to support those countries willing to make policy changes. This clearly is an issue we shall want to address in our paper.

We have also noted Minister Ruding's comments on IFC activities and I believe he will find in the IFC Five-Year Plan, which was circulated to the Board, a substantially increased emphasis on Africa. In particular, the IFC does not preclude restructuring of existing industries in light of financial difficulties which they may have encountered. Regarding the multilateral investment guarantee scheme to promote foreign private investments in Africa, our exploration to date suggests that this approach may be more difficult than a general approach and we would like to continue to pursue first the possibility of establishing a general multilateral guarantee scheme which, of course, will also be available to support private investment in Africa. But in addition to seeking to attract additional foreign direct investments to Africa, in our program and in that of others, we must give increasing emphasis to helping governments nurture the small and generally weak private sectors which exist because it is clear that in the long term the capacity of this sector must be expanded if growth is to be accelerated. The capacity of public institutions is very unlikely to grow as rapidly as necessary and the existence of a private domestic sector also will become increasingly important in our ability to promote foreign private investments in Africa.

Regarding the apparent dilemma between IMF lending and ineligibility for World Bank lending to some Sub-Saharan African countries, this is more a question of respective mandates, and less of differing views on long-term creditworthiness. Access to IMF resources is based on the assumption that these resources can be repaid in a relatively short time and the associated adjustment program is designed to realize that expectation. While it is true that in Africa experience in recent years shows a number of cases where this assumption is in jeopardy, this is a different matter from the long-term debt servicing issue with which the World Bank must be concerned. As to the private banks, there are very few countries in Africa which today can obtain sovereign risk loans for medium and long-term financing which are not eligible for World Bank lending. There are, of course, export credits and trade credits from commercial banks but both of these involve different considerations. The current debt problems of several African countries suggest that our assessment of their capacity to service commercial type debt was not unduly pessimistic; if anything, we have overestimated that capacity. In reviewing the current situation of African countries, it is our general view that very few, if any, countries have untapped creditworthiness capacity. Nonetheless, we agree that we need to review again our creditworthiness criteria and to consider whether there are ways by which additional Bank lending can be made available to some Sub-Saharan African countries, keeping in mind the need for prudent management of the Bank's own portfolio at a time when so many of our borrowers are facing debt-servicing difficulties.

There are no easy solutions to the very frustrating situation in Africa. It will require our joint efforts to reverse the current grim trends in Africa. We expect to consult in more detail with your colleagues in The Hague as we begin to formulate our paper for the September meetings.