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THE WORLD BANK  
Washington, D.C.

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**PUBLIC DISCLOSURE AUTHORIZED**

McNamara papers

1979 (Apr. - June)

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Chronological files - (outgoing) - Chrons 71



494 / 3 / 153

JUN 28 1979

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

Dear Mr. Secretary:

I am writing at the express instance of the Executive Directors of the World Bank, representing our 134 member governments, to urge your Government to reconsider its attitude towards the taxation of our US staff on income they derive from the Bank.

The Articles of Agreement of the Bank preclude a member government from taxing the compensation of staff except in the case of its own nationals. At its Inaugural Meeting in 1946, the Board of Governors of the Bank formally resolved to recommend that, in the interests of equity among member governments and equality among the staff, member governments act additionally to exempt their own nationals from tax on such income. The relevant extract from the Articles of the Bank and the text of the Board of Governors Resolution are attached.

In the event, 56 member governments have subsequently acceded to a Convention of Privileges and Immunities under which they have, inter alia, waived their right to tax compensation paid by the Bank to their own nationals on the staff. Moreover, no member government, other than the United States, taxes Bank compensation earned abroad by its nationals residing abroad. As a result, the only staff who remain liable to tax on their Bank income are some 1,450 US staff, wherever in the world they may be assigned, and the 24 French and 2 UK staff assigned to our offices in Paris and London respectively. Together they account for about one-quarter of our total staff.

Since three-quarters of our staff are thus not liable to tax on their Bank income, Bank salaries are fixed and paid on a net of tax basis. However, it would clearly be impossible for the Bank to attract competent US staff without some system for offsetting their tax liabilities. The Bank has, therefore, been obliged to adopt a system of tax reimbursement devised with the help of your predecessor at the time. The resulting financial burden is considerable since the costs, amounting to some \$21.2 million in Fiscal Year 1979 or 7.2% of our Administrative Budget, are borne by the Bank out of its operating income. This direct charge on the Bank, some 99% of which is incurred for US nationals, is a



matter of serious and increasing concern to member governments, particularly since it is in large measure financed by the interest and other charges paid by developing countries on the loans and credits they receive from the Bank. As such, it constitutes a sizable transfer of resources from our poorer member governments to the US Treasury.

Although the present system of tax reimbursement served its purpose well in earlier years, it has clearly outlived its usefulness. The search for a system that would achieve the twin objectives of equity among member governments and equality among the staff has been the most intractable problem addressed by the Joint Bank/IMF Committee on Staff Compensation Issues throughout its eighteen months of deliberations. The Committee's conclusions confirmed our earlier studies that no system of tax reimbursement can be devised which would provide equality of treatment between staff liable to tax on their Bank incomes and those who are not liable.

The inability of the Bank in these circumstances to provide, and to be seen to provide, equality of treatment to all staff, irrespective of nationality, continues to be a major cause of divisiveness among the staff and undermines sound personnel management. The Committee concluded that the only solution which would provide for such equality (and meet the objective of equity among member governments) would be found in the fulfilment of the Resolution of the Board of Governors cited earlier, namely that all member governments act to exempt from taxation the income of their nationals derived from the Bank. The Committee recommended with considerable reservations that, should the governments concerned not so act, the Bank should adopt a system of tax reimbursement based on average rather than the present standard deductions. An average deductions system would reduce somewhat the financial burden on the Bank of the costs of tax reimbursements but would not remove the problem of under and over reimbursement to individuals and would give rise to serious technical problems. It would thus do little to resolve the basic personnel management dilemma, even if the technical problems can be overcome.

The Committee, therefore, recommended that:

"the Bank and Fund should again discuss with the governments concerned the possibility of their taking the necessary steps to eliminate the burden that results from the taxation by those governments of their nationals employed in their own countries by the Bank and Fund."

Joint Committee report paragraph 6.42(111)

The Executive Directors endorsed this recommendation and resolved that before proceeding with the introduction of a new system of tax reimbursement, strong representations should be made to your Government (and to those of France and the United Kingdom) to exempt their nationals from tax liability on their Bank incomes.



Such action by the governments concerned would at one stroke enable the Bank to provide equality of treatment for all staff and eliminate the need for any form of payment to offset their tax liabilities. The Executive Directors recognized that action to exempt our US staff from taxation on their Bank incomes might take some time to achieve. They trusted, however, that it would prove possible for your Government readily to agree to remove the inequitable financial burden on other member governments by reimbursing the Bank for expenditures incurred on tax reimbursement payments made to our US staff. This, of course, would be completely consistent with your Government's practice in the case of other international organizations, including the United Nations and OECD.

At the request of the Executive Directors, I am addressing a similar letter to the Governors of the Bank for France and the UK.

I understand that Mr. de Larosiere will be raising the same issues with you at the instance of the IMF Executive Board. In view of their seriousness we would be glad of an early opportunity to meet with you.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Attachment

RAClarke:ean  
Typed June 25, 1979

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



EXTRACTS FROM BANK'S STATUTORY INSTRUMENTS RELATING TO TAX LIABILITIES OF STAFF

Article VII Section 9(b) of the Articles of Agreement of the Bank, provides:

"No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to executive directors, alternates, officials or employees of the Bank who are not local citizens, local subjects, or other local nationals."

Resolution No. 11 of the Inaugural Meeting of the Board of Governors in March 1946 reads:

"WHEREAS: Appropriate measures for the elimination or equalization of the burden of national taxes upon salaries and allowances paid by the International Bank for Reconstruction and Development are indispensable to the achievement of equity among its members and equality among its personnel,

THEREFORE: The Board of Governors of the International Bank for Reconstruction and Development recommends to the members of the Bank that necessary action be taken by them to exempt from national taxation salaries and allowances paid out of the budget of the Bank to the President, the Executive Directors and their Alternates, and to the staff of the Bank."



THE WORLD BANK  
INTERNATIONAL MONETARY FUND

Washington, D.C. 20431

494/3/152

JUN 26 1979

Dear Mr. Secretary:

Officials in the Fund and the Bank from time to time have raised with you, or others in the U.S. Government, problems faced by staff members in the two institutions who come from other countries and were admitted to the United States on G(iv) visas. The sympathetic response to these problems by you and others in the U.S. Treasury Department has been warmly appreciated by us and the staff members affected. The recent change in the regulations to permit the spouse and dependent children of staff members who have been admitted on G(iv) visas to work under certain conditions has been greatly appreciated and those concerned feel that they are now able to lead fuller and more normal lives here in the United States.

The problem to which this letter is addressed has been outstanding for some time but has recently become more pressing. It involves the possibilities open for those admitted on G(iv) visas to obtain immigration visas. Particularly concerned are first, the children of staff members who, after having spent many years in the United States, would find it difficult to leave for the reasons given in our letter of August 16, 1977 (attached) and therefore would like to continue to live here after they reach their majority, and second, the staff member who, after substantial service in Washington, also wishes to continue to reside in the United States upon his retirement. In the past it had been possible, if an application were made in advance, for a child of a staff member to obtain an immigration visa on a "non-preference" basis before the child reached the age of 16. Similarly, a staff member could obtain an immigration visa on a "non-preference" basis shortly before retirement. It appears from reports to us that this situation has now drastically changed, and that G(iv) staff members and their dependents will not be able to obtain immigration visas unless they have the status to qualify for a preference.

In addition, we are advised that Public Law 95-417, which amended the Immigration and Nationality Act, forecloses the possibility that children under 16 years of age may apply for immigrant visas, even as "non-preference" immigrants, unless their parents also are able to obtain or are, at the time of the application, holders of immigration visas.

"Non-preference" visas are no longer available and it therefore now appears to us that the only way the situation can be ameliorated is to amend the existing immigration legislation to provide some degree of preference for the holders of G(iv) visas to alleviate undue hardship in particular circumstances.

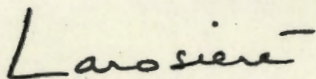


A fuller background for this request is covered by the letter sent to you on August 16, 1977, a copy of which is attached.

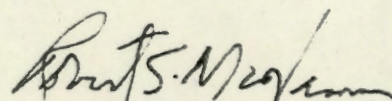
A draft Bill which seeks to aid these G(iv) immigrants has been introduced into the House of Representatives by Representative Harris (Congressional Record, June 4, 1979). We are greatly encouraged by this development and hope that legislation along this line can be actively supported by the U.S. Government Departments concerned.

Your assistance and that of other officials in the U.S. Government on this matter would again be appreciated.

Sincerely yours,



J. de Larosière  
Managing Director  
International Monetary Fund



Robert S. McNamara  
President  
The World Bank

Attachment

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



494 / 3 / 148

JUN 22 1979

Monsieur Robert Galley  
Ministre de la Coopération  
Ministère de la Coopération  
20, rue Monsieur  
75700 Paris  
France

Dear Mr. Minister:

I want to thank you for your letter of May 16 conveying your views about possible World Bank Group assistance to Zaire.

I fully agree with you that for the reasons you mention—lagging growth rate of output, population increase and widespread malnutrition—the highest priority should be given to the development of agriculture, and particularly food production in Zaire.

Unfortunately our lending for agriculture has been constrained by the general weakness of institutions in this sector and the problems they pose to both project preparation and implementation. The lack of satisfactory policies and adequate administrative capacity to address the problems of this sector have posed additional problems. In March 1978, at the request of the last meeting of the Consultative Group in 1977, we chaired a meeting of a Working Group on agriculture at which the Government presented a draft Agricultural Recovery Program. Although we were gratified with the improved understanding of the problems of the sector emerging from the meeting, the Government has yet to demonstrate the priority to be given to agriculture in practice and to develop a coherent sector strategy.

In the meantime, we are helping to prepare various agricultural development projects as follows: a Smallholder Maize project in Eastern Kasai, the implementing agency for which will be the "Commission Agricole du Kasai Oriental" originally established with French technical assistance; a technical assistance pilot project to be followed by a full-scale project for agriculture and livestock development in Kwango-Kwilu; a sugar development project in Bas-Zaïre; and a forestry and wood processing project.



In addition, we would hope to continue our assistance to the development bank, SOFIDE, about half of whose operations are now expected to promote and develop small agricultural or agro-industrial enterprises.

Let me now turn to the question of IDA's participation in a fruit and vegetable production project around Kinshasa. The project proposal was carefully reviewed within the Bank at the beginning of 1978. This review raised serious questions about the technical and economic viability of extending the pilot project in the area. Soils in the area seem only marginally suitable for irrigated cultivation of fruit and vegetables and could not in our view produce high enough yields to generate an acceptable economic return on the investment. Our findings, and our consequent decision not to participate in the financing of the project were conveyed to the Commissaire d'Etat then in charge of agriculture, to BDPA and to the Fonds d'Aide et de Coopération. We would, of course, be willing to review any additional data that may have become available which might demonstrate that this project meets our criteria. Beyond that we would be glad to consider other proposals for the financing of fruit and vegetable production.

Generally, I believe that expanded assistance to Zaire is predicated upon the Government demonstrating its commitment and ability to implement a number of overdue reforms. The Bank's Executive Directors have recently approved two credits, totalling \$46 million, to meet priority transport needs in Zaire; however, a broader effort from the major donors, including the Bank, would in my view, only be possible if Zaire's forthcoming discussions with the IMF yield positive results and are followed by realistic policy measures that will restore internal and international confidence in the Government.

As you do, I would very much favor a strengthening of the cooperation between the World Bank and French bilateral assistance in general and in particular in Zaire. Our Resident Representative in Kinshasa has developed very close relations with representatives of the Fonds d'Aide et de Coopération and of Caisse Centrale and I have asked my associates to assure that our contacts in Paris continue satisfactorily.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

JGuillot-Lageat/JDRoulet/ESTern:jnc

Typed on June 21, 1979

Cleared with and cc: Messrs. Stern, H. Adler (for Mr. Wapenhans)  
cc: Messrs. Wapenhans (o/r), Gué (o/r)

Mr. McNamara: two copies



WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)  
IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

496/3/146

Class of Service: TELEX Date: June 21, 1979

Telex No.: \_\_\_\_\_ Originators Ext: 72491

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TEXT

SIR SERETSE KHAMA, PRESIDENT OF THE REPUBLIC OF BOTSWANA

GABORONE, BOTSWANA

DEAR MR. PRESIDENT COLON THANK YOU FOR THE KIND INVITATION,  
TRANSMITTED BY YOUR MINISTER OF EXTERNAL AFFAIRS, TO ATTEND THE  
ARUSHA CONFERENCE ON COORDINATION OF ECONOMIC DEVELOPMENT IN  
SOUTHERN AFRICA ON JULY 3-4. AS HAS BEEN EXPLAINED TO YOUR  
AMBASSADOR IN WASHINGTON, EYE REGRET THAT EYE WILL NOT BE ABLE  
TO ATTEND THIS IMPORTANT MEETING. HOWEVER, EYE HAVE ARRANGED FOR  
MR. RAVI GULHATI, CHIEF ECONOMIST IN THE EASTERN AFRICA REGIONAL  
OFFICE OF THE WORLD BANK, TO ATTEND THE ARUSHA CONFERENCE AS AN  
OBSERVER AND TO REPORT TO ME ON ITS OUTCOME. WITH KIND REGARDS,  
ROBERT S. MCNAMARA

NOT TO BE TRANSMITTED

SUBJECT:  
**BOTSWANA/TANZANIA: Arusha Conference**  
CLEARANCES AND COPY DISTRIBUTION:  
**cc: Messrs. Stern  
Wapenhans  
Gulhati  
Reese/Sandberg  
Ambassador Mookodi (Botswana)**

DRAFTED BY:  
**FSO'Brien/msg**  
AUTHORIZED BY (Name and Signature):  
**Robert S. McNamara**  
DEPARTMENT:

SECTION BELOW FOR USE OF CABLE SECTION  
CHECKED FOR DISPATCH



494/3/145  
JUN 20 1951

JUN 20 1951

Dear Mr. Kiep:

Thank you for your letter of May 25. It was indeed a pleasure for my colleagues and myself, to meet you and discuss your proposals for quickly marshalling the emergency economic assistance which Turkey presently needs.

Since our meeting, the OECD Pledging Session has taken place. I understand from Mr. Benjenk that it was a highly successful Session. I knew that a large part of that success was due to the great personal effort and the delicate negotiations that you undertook over the last few months, both with Turkey and various interested aid donors. I was happy to learn that many governments, including Germany, were so forthcoming. We ourselves have also offered to proceed with a second program loan, as part of our contribution.

Now that Turkey and the IMF have also reached agreement on a new Standby Arrangement, one can look forward to an early use of the emergency assistance committed at the Pledging Session. I am sure that this will be a source of considerable satisfaction to your Government as well as yourself, in view of the signal role you have played.

With best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Walther Leisler Kiep  
Minister of Finance of  
the State of Lower Saxony  
and Personal Representative of  
the Federal Chancellor for the  
Emergency-Aid Programme for Turkey  
Hannover, Federal Republic of Germany

cleared with and cc: Mr. Benjenk

AJDavar:bb



494/3/144

**CENTRAL BANK OF LIBYA**

**TRIPOLI, SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA**

**FOR H.E. KASSEM SHERLALA, GOVERNOR.**

**I WOULD LIKE TO EXPRESS TO YOU MY APPRECIATION FOR THE  
SUBSTANTIAL RESOURCES MADE AVAILABLE TO THE WORLD BANK THROUGH  
THE SPECIAL ISSUE OF 7-3/8 PERCENT DEUTSCHE MARK BONDS IN THE  
AGGREGATE PRINCIPAL AMOUNT OF DM 300 MILLION. WE LOOK  
FORWARD TO THE CONTINUATION OF OUR EXCELLENT RELATIONSHIP AND  
YOUR COOPERATION IN THE INTEREST AND FOR THE BENEFIT OF  
DEVELOPING COUNTRIES.**

**BEST REGARDS,**

**ROBERT S. MCNAMARA, PRESIDENT, WORLD BANK**

**7-3/8% DM 300 Mill. Issue, 79/86**

**cc: Messrs Cargill, Rotberg, Hittmair,  
Uhrig, Hassan**

**Fin. Ops. Div. File # DM 111**

**JRadifera/PUhrig:hh**

**Robert S. McNamara**

**Treasurer's**



CABLE

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JUN 20 1979

494/3/143

TREASURY

DAR ES SALAAM, TANZANIA

THE HONORABLE E. MTEI, MINISTER OF FINANCE AND PLANNING.

THANK YOU FOR YOUR MESSAGE THROUGH OUR MISSION IN

DAR ES SALAAM REGARDING ARUSHA CONFERENCE. AS EXPLAINED

TO AMBASSADOR BOMANI BY MR. WAPENHANS, I REGRET THAT

I WILL NOT BE ABLE TO ATTEND THIS IMPORTANT MEETING.

HOWEVER, I HAVE ARRANGED FOR MR. RAVI GULHATI, CHIEF

ECONOMIST IN THE EASTERN AFRICA REGIONAL OFFICE,

TO ATTEND THE ARUSHA CONFERENCE AND TO REPORT TO ME

ON ITS OUTCOME. WITH KIND REGARDS, ROBERT S. McNAMARA

(Signed) Robert S. McNamara

BSandberg/ESTern:las June 19, 1979

Robert S. McNamara

cc: Messrs. Wapenhans/Gulhati  
O'Brien/Sandberg



494/3/142

JUN 20 1979

Dear Mr. Dubey:

I have received the message which you sent on behalf of the Preparatory Committee for the New International Development Strategy, expressing the hope that I or a designated representative might still find it possible to present views on the strategy to the Preparatory Committee at its current session.

I am most appreciative of the Committee's interest in our views and would ask you, on behalf of the Committee, to accept my thanks for this special invitation. I am keenly aware that the objectives and approaches which will be incorporated in the New International Development Strategy will have extraordinary significance for the future of our world, and I would wish the World Bank to play a useful role in helping governments to select among options and in implementing the decisions they take. Unfortunately we have not completed our work on this subject.

It may be of interest to the Committee to know that late in July I shall be addressing the Economic and Social Council in Geneva, and that I intend to relate my remarks to the issue of the New International Development Strategy. It is my hope, therefore, that although I have not been able to address the Committee directly on this subject, the World Bank will nevertheless through this medium be able to make a timely contribution to the preparatory work.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. M. Dubey  
c/o Mr. Ed Tsiu  
Room 2977D  
United Nations  
New York, N.Y. 10017

SEBoskey:jfh

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

June 20, 1979



494/3/141

UN 18 1979

His Excellency  
General Kriangsak Chomanan  
Prime Minister  
Government House  
Bangkok, Thailand

Excellency:

I am most grateful for the warm hospitality I received during my visit to Thailand and for the opportunity to meet your ministers and senior officials. I particularly appreciate the excellent arrangements that were made for me to visit several of the less developed areas of Thailand. I was able to see some of the work being done to improve economic and social opportunities for the less privileged. I was impressed by the challenge which Thailand faces: the challenge to maintain the momentum of growth and to direct the developmental effort increasingly to the people and the regions whose participation in economic opportunities has hitherto been inadequate. The economic progress of the Northeast during the last decade provides convincing evidence that some of the most backward areas can make a significant contribution to the overall development of the economy, provided that the Government attaches priority to this goal and adequate financial, human and management resources are directed to the effort.

Thailand certainly has the potential in the 1980s to achieve a rapid rate of economic growth and to continue the impressive progress that has been made in reducing the number of people living in abject poverty. But the development problems facing Thailand will be more complex than in the past. To sustain equitable economic growth in the future, the Government will need to take a more active role in overcoming issues of development and in assisting those who have barely participated in Thailand's growing prosperity. One major question is the declining trend in agricultural growth caused by the near exhaustion of new agricultural land and stagnating productivity in existing agricultural areas. This problem will be exacerbated by the growth of the labor force during the 1980's. Thailand's impressive family planning program, undoubtedly one of the most successful among developing countries, cannot have any impact on the growth of the labor force in the early 1980's as children born in the 1960's enter the labor market. The international energy crisis and growing protectionism among more developed countries will together exert considerable pressure on Thailand's balance of payments in the coming years despite Thailand's satisfactory export performance.

During the 1980's the agricultural sector must remain an important source of income and employment generation. Although the availability of new land is diminishing, there remains much potential for increasing cropping



JUN 19 1979

intensities and crop yields. To realize this potential, however, the Government will have to take a more active role in stimulating agricultural productivity through increased investment in land development, credit programs and the provision of production incentives and agricultural services. An expansion of wage earning opportunities in industry will also be essential to absorb new entrants to the labor force. While in the past industrial development has progressed with little intervention by the public sector, greater attention will need to be paid in the future to the formulation of policies which can achieve the dual objectives of job creation and increased investment outside the Bangkok area. A better balance in the provision of economic and social services among the country's different regions can also be achieved only through an expansion and redirection of public sector activities. All these activities will represent a substantial claim on public resources and an improvement in the government's resource mobilization effort and careful management of external resources are essential if Thailand is to meet the challenge of the 1980's.

I was struck by the general consensus among Thai officials on the need for the Government to take a more active role in resolving the country's development problems. At present, Thailand's development objectives do not appear to be reflected in the allocation and application of public resources. The allocation of public resources has often been influenced by the historic pattern of expenditure and by institutional pressures. To resolve the growing complexity of development constraints, both planning and budget allocation processes require closer integration and better coordination.

Mr. Prime Minister, your determination to move rapidly ahead with programs to accelerate economic and social progress in the more depressed regions deserves international support. In view of the mounting constraints to faster growth and the external pressures caused by recent international developments and the political instabilities in Southeast Asia, strong and effective economic management is urgently required. In particular, administrative arrangements must now be established to translate economic and social objectives into a workable plan, to relate this plan to resource availability, and to ensure that resources, both physical and manpower, are allocated according to the plan's priorities.

Let me assure you, Mr. Prime Minister, that the Bank is prepared to make every effort to assist the Government in strengthening its management of the economy and to participate in Thailand's development effort. The speed with which the Bank will be able to implement its program of financial assistance to Thailand will depend largely on the Government's efforts to improve development management, as well as on the availability of adequate domestic resources and on a continued increase in the numbers of projects which support the Government's program for equitable economic development. After my departure from Thailand, Mr. Husain was able to pursue further with



H.E. General Kirangsak Chomanan

- 3 -

your officials ways in which the Bank could expand its program of technical and financial assistance. In support of the Government's effort to improve development management, particularly planning and budgeting, we are prepared to act as executing agency for a UNDP-financed project or, if UNDP funds are not available, to explore alternative ways in which the Bank can provide assistance of a similar type. Over the next few months, Bank staff will be consulting with your officials as they prepare in greater detail an expanded program of Bank assistance to Thailand.

In conclusion, may I again express my sincere appreciation for the opportunity to visit your country and for the generous amount of your time you were able to give to my visit.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

NAGibbs/SSHusain:je  
June 18, 1979

cc: Messrs. E. Stern  
Please  
van der Heijden



494/3/140

JUN 19 1979

**His Excellency  
General Soeharto  
The President of the Republic of Indonesia  
Jakarta, Indonesia**

**Excellency:**

I wish to thank you for your warm reception and for the excellent arrangements made by your Government for my recent visit to your country.

As I mentioned to you, I was impressed by the economic achievements of Indonesia in the past decade. I was equally impressed by the profound thought given by you yourself, Excellency, and by the members of your Government, to the major issues of economic policy and management your country will be facing during the next decade. We in the World Bank fully share the view of your Government that progress towards Indonesia's goals of equity and development will call for well-coordinated implementation of projects and programs and some hard decisions, particularly in the areas of industrial development and employment, food production and domestic resource mobilization.

I was very much encouraged to see the progress in population planning, particularly in Bali. The Indonesian population planning program is one of the most successful programs in the developing countries. But as you yourself mentioned, more needs to be done. The Bank has been associated with your program since its initiation and we look forward to being of further assistance in this area.

We share the view of your officials that, despite the recent modest decline in the population growth rate, providing sufficient employment opportunities both in the urban and the rural areas will continue to be a major challenge for the Government. Transmigration will make some contribution to relieving the pressure if the questions of program management and coordination of related activities are resolved as work progresses. Increasingly, Indonesia will have to depend upon the development of labor intensive industry - for the domestic market and for exports - to provide employment for the growing labor force. During my visit I discussed with



His Excellency General Soeharto

your ministers the need to continue, and possibly intensify, efforts aimed at removing constraints to industrial investments and at developing a detailed program for industrial financing and a consistent policy framework. I would further like to suggest that it will be particularly important to limit large capital intensive projects which provide very few employment opportunities so that more of Indonesia's national resources could be channelled towards labor intensive industries.

I had an opportunity to see the work being done to increase agriculture production. During the last ten years there has been a major increase in the production of rice, assisted by irrigation, fertilizer use and the Bimas program. I do know that programs and projects are afoot further to increase rice production. At the same time, we in the World Bank fully support your Government's objective to place a new emphasis on increasing the production of palawija crops. We do hope that your officials will be able to elaborate and implement a suitable program for increasing the production and consumption of crops such as cassava, corn, soy beans, etc. As Your Excellency is aware, agriculture has been a major area of cooperation between your Government and the World Bank, and I am confident that our association in this area will continue.

Your ministers are keenly aware of the need to increase the availability of domestic financial resource so that the momentum of your development effort would not suffer for lack of funds. In this regard, the recent increase in the domestic prices of oil products was timely and welcome. Oil revenues are now increasing less rapidly than in the earlier part of the present decade and action will be required to limit subsidies and increase revenues from taxes as well as from public enterprise.

While the basic effort for development has been Indonesia's and will remain so, I am confident that external funds will continue to reinforce your efforts. In this regard, I am glad to inform you that in the current fiscal year the Bank's Board has approved for Indonesia financing of \$830 million. This is an increase of \$325 million from last year. I am, however, concerned at the slow rate of utilization and disbursement of Bank funds. Your officials are aware of this and I understand that steps are being taken to accelerate the implementation of projects. Our ability to maintain the level of our assistance would depend not only on progress on issues I have mentioned above, but also on the implementation of projects financed by the Bank.

I was encouraged by your observations concerning the fight against corruption. The prevalence of corruption detracts from an otherwise



His Excellency General Soeharto

impressive record of development and, if left untackled, may seriously compromise the goals of equity, development and stability you have set for the next five years.

Excellency, my recent visit was the third one I have made to Indonesia since 1968. I have thus been privileged to witness the success wrought by the hard work of your compatriots, the effort of your Government and by your own dedication to development. I am confident that Indonesia will similarly overcome new obstacles and that in the course of the current Five-Year Plan period Indonesia will continue to progress towards equity, growth and stability. We in the World Bank are ready to continue to assist in this effort.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. E. Stern (VPO)  
S. Please (AEA)  
Baneth (AEF)

JBaneth/SPlease/SHusain/PBottelier:lym



494/3/139

JUN 19 1979

Khun Boonsom Martin  
Minister  
Ministry of Public Health  
Bangkok  
Thailand

Your Excellency,

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements which were made for our visit. I greatly appreciated the opportunity to discuss with you programs for Thailand's development and to travel extensively to many parts of Thailand. These discussions and visits provided me with a better understanding of Thailand's development since my last visit. I was particularly impressed with the progress which has been made in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for Thailand's future, and I wish to assure you the World Bank will do its utmost to support Thailand in its efforts to reach the poorer segments of the population.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

TSato:de



494/3/138

JUN 18 1979

Khun Kasame Chatikavanij  
Minister  
Prime Minister's Office  
Bangkok  
Thailand

Your Excellency,

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements which were made for our visit. I greatly appreciated the opportunity to discuss with you programs for Thailand's development and to travel extensively to many parts of Thailand. These discussions and visits provided me with a better understanding of Thailand's development since my last visit. I was particularly impressed with the progress which has been made in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for Thailand's future, and I wish to assure you the World Bank will do its utmost to support Thailand in its efforts to reach the poorer segments of the population.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

TSato:de



494 13/197

AUG 13 1979

Dear Mr. Young:

As is customary with letters from Members of Congress, I asked the Office of the U.S. Executive Director to reply to your letter of July 11, 1979 on behalf of the Bank. In a response to you dated July 30, 1979, Mr. William P. Dixon outlined the Bank's current policy on lending to Viet Nam. I trust this satisfactorily answered your questions, but regret any confusion which may have resulted from the manner of the response.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable C.W. Bill Young  
U.S. House of Representatives  
Room 2453  
Rayburn House Office Building  
Washington, D.C. 20515

JEMerriam/CSeltt:rgw  
August 10, 1979



494/3/137

JUN 19 1979

**Khum General Lek Naewmalee  
Minister  
Ministry of the Interior  
Bangkok  
Thailand**

**Your Excellency,**

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements which were made for our visit. I greatly appreciated the opportunity to discuss with you programs for Thailand's development and to travel extensively to many parts of Thailand. These discussions and visits provided me with a better understanding of Thailand's development since my last visit. I was particularly impressed with the progress which has been made in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for Thailand's future, and I wish to assure you that the World Bank will do its utmost to support Thailand in its efforts to reach the poorer segments of the population.

**Sincerely,**

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

TSato:de



494/3/136

JUN 10 1979

Khun Krit Sombatsiri  
Secretary General  
National Economic and  
Social Development Board  
Bangkok  
Thailand

Dear Dr. Krit,

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements which were made for our visit. I greatly appreciated the opportunity to discuss with you programs for Thailand's development and to travel extensively to many parts of Thailand. These discussions and visits provided me with a better understanding of Thailand's development since my last visit. I was particularly impressed with the progress which has been made in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for Thailand's future, and I wish to assure you the World Bank will do its utmost to support Thailand in its efforts to reach the poorer segments of the population.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

TSato:de



494 13/103

WORLD BANK OUTGOING MESSAGE FORM (Telegram, Cable, Telex)  
IMPORTANT (PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM.)

Class of Service: IBF GOVT Date: AUG 2 1979  
Telex No.: NY (UNNY) 28 0044Z Originators Ext: 72571

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SECRETARY GENERAL KURT WALDHEIM  
UNITED NATIONS  
NEW YORK, NEW YORK

THANK YOU FOR URCAB OF JULY 27. WE HAVE ADVISED GOVERNMENT  
OF NICARAGUA OF BANK'S WILLINGNESS TO COOPERATE RECONSTRUCTION  
EFFORT. HAVE ALSO BEGUN INFORMAL COORDINATION WITH MR. VALDES'  
OFFICE AS WELL AS OTHER PRINCIPAL EXTERNAL ASSISTANCE AGENCIES.  
LOOK FORWARD TO REPORT OF MR VALDES' FINDINGS. REGARDS,  
ROBERT MCNAMARA, PRESIDENT, INTBAFRAD

NOT TO BE TRANSMITTED

SUBJECT:  
CLEARANCES AND COPY DISTRIBUTION:  
Cleared with and cc/ Mr. Riley, IRD  
cc/ Messrs. Stern / Koch-Weser  
Ardito Barletta

DRAFTED BY:  
GFFlood/bc  
AUTHORIZED BY (Name and Signature):  
*Robert S. McNamara*  
Robert McNamara, President  
DEPARTMENT:



494/3/135

JUN 19 1955

Dr. Snoh Unakul  
Governor  
Bank of Thailand  
Bangkok, Thailand

Dear Dr. Snoh,

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements that were made for our visit. I greatly appreciated the opportunity to discuss with you prospects for Thailand's development. Travelling extensively to many parts of Thailand gave me an opportunity to see developments since my last visit. I was most impressed with progress in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for an even greater effort in the future, and I wish to assure you that the World Bank will do its utmost to support Thailand in continuing these efforts.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

TSato:de



494/3/134

JUN 19 1979

Khun Chernchai Leethavorn  
Deputy Minister  
Ministry of Finance  
Bangkok  
Thailand

Your Excellency,

Now that my associates and I have returned to Washington D.C., I would like to express our gratitude for the excellent arrangements which were made for our visit. I greatly appreciated the opportunity to discuss with you programs for Thailand's development and to travel extensively to many parts of Thailand. These discussions and visits provided me with a better understanding of Thailand's development since my last visit. I was particularly impressed with the progress which has been made in improving the living standards of Thailand's less advantaged people and in developing Thailand's poorer regions. This augurs well for Thailand's future, and I wish to assure you the World Bank will do its utmost to support Thailand in its efforts to reach the poorer segments of the population.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

TSato:de



494/3/132

JUN 8 1979

Dear Jack:

The Annual Meetings of The World Bank and the International Monetary Fund will be held this year at the Sava Center in Belgrade, Yugoslavia, from Tuesday, October 2 through Friday, October 5. If circumstances permit your joining us there, I would once again extend a cordial invitation for you to do so.

With warm personal regards.

Sincerely,

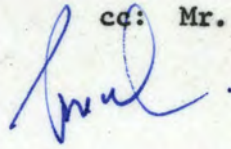
(Signed) Robert S. McNamara

Robert S. McNamara

Mr. John J. McCloy  
Milbank, Tweed, Hadley & McCloy  
1 Chase Manhattan Plaza  
New York, N.Y. 10005

CVBaber/PNDamry  
June 6, 1979

cc: Mr. McNamara's office (2)





494/3/131

JUN 8 1979

Dear George:

The Annual Meetings of The World Bank and the International Monetary Fund will be held this year at the Sava Center in Belgrade, Yugoslavia, from Tuesday, October 2 through Friday, October 5. Once again I wish to extend a cordial invitation to you and hope that you will be able to join us on this occasion.

If you are able to attend, please let me know whether Louis will accompany you, your expected dates of arrival in, and departure from Belgrade, and whether you will need hotel accommodation for your stay in Belgrade. It may assist you in planning to know that the Chairman's Reception will take place at 7:00 p.m. on Sunday, September 30.

With warm personal regards.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Mr. George D. Woods  
The First Boston Corporation  
277 Park Avenue  
New York, N.Y. 10017

cc: Mr. McNamara's Office (2)

*Handwritten signature*  
6/4

CVBaber  
June 4, 1979

494/3/130

JUN 8 1979

Dear Gene:

The Annual Meetings of The World Bank and the International Monetary Fund will be held this year at the Sava Center in Belgrade, Yugoslavia, from Tuesday, October 2 through Friday, October 5. Once again I wish to extend a cordial invitation to you and hope that you will be able to join us on this occasion.

If you are able to attend, please let me know whether Sue will accompany you, your expected dates of arrival in, and departure from Belgrade, and whether you will need hotel accommodation for your stay in Belgrade. It may assist you in planning to know that the Chairman's Reception will take place at 7:00 p.m. on Sunday, September 30.

With warm personal regards.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Eugene R. Black  
American Express Company  
American Express Plaza  
New York, N.Y. 10004

cc: Mr. McNamara's Office (2)

CVBaber  
June 4, 1979

*Handwritten signature*  
614.



494/3/128

Class of Service: **TELEX** Date: **JUNE 7, 1979**

Telex No.: \_\_\_\_\_ Originators Ext: **7-3583**

12

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0 START  
HERE

1 TO **THE BANK OF TOKYO, LTD.**

CITY/COUNTRY **TOKYO, JAPAN**

MESSAGE  
NO.:

4 **FOR MR. YUSUKE KASHIWAGI, PRESIDENT**

5 **I WOULD LIKE TO EXPRESS TO YOU MY APPRECIATION FOR THE SUBSTANTIAL**  
 6 **RESOURCES WHICH ARE BEING MADE AVAILABLE TO THE WORLD BANK ON**  
 7 **A LONG TERM LOAN BASIS THROUGH THE EFFORTS OF YOUR BANK AND THE**  
 8 **OTHER JOINT LEAD MANAGERS. WE HAVE NOTED WITH SATISFACTION THE**  
 9 **BROADENING OF OUR BORROWING BASE IN THE JAPANESE LONG TERM MARKET**  
 10 **AND LOOK FORWARD TO THE CONTINUATION OF OUR EXCELLENT RELATIONSHIP**  
 11 **AND COOPERATION IN THE INTEREST AND FOR THE BENEFIT OF THE**  
 12 **DEVELOPING COUNTRIES. WITH KIND REGARDS.**

13 **ROBERT S. MCNAMARA/WORLD BANK**

21 END  
OF  
TEXT  
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NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

*JM*  
AUTHORISED BY (Name and Original Signature) **Robert S. McNamara**

cc: **Messrs. Cargill, Rotberg,  
Hittmair, Uhrig, Radifera  
Financial Ops. - #**

**ROBERT S. MCNAMARA**

DEPARTMENT:

SECTION BELOW FOR USE OF CABLE SECTION  
CHECKED FOR DISPATCH



494/3/27

June 6, 1979

MEMORANDUM FOR MR. STERN

Please ask Mr. Rovani to prepare a brief note describing the Bank's program to assist developing countries to maximize coal production in a form in which I could send it to those in the U. S. Government who would use it effectively in building support for the Bank in the U. S. Congress.

May I have the note by June 14, please.

R. S. McNamara

RMcN:bmm



494/3/126

JUN 4 1979

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

Dear Mr. Minister:

First of all I should like to thank you very much for receiving Mr. J. Burke Knapp on May 15, to hear his presentation regarding the case for Venezuela's joining the International Development Association and making a contribution to the next replenishment of our IDA resources. Mr. Knapp has reported to me that, while he requested no immediate response from you to this proposal, the entire meeting was conducted in a very cordial and constructive atmosphere. I understand that you will continue to send an Observer to our IDA meetings, (you will already have received the announcement of the next meeting in Brussels on June 19-20) and that we may expect a definitive reaction from you by next September.

In the meantime, at your request, I am writing to supplement my letter of March 30, (copy attached for your convenience) by stating more specifically what action we hope Venezuela will take in support of the next IDA replenishment.

As was indicated to you by Mr. Knapp, we would suggest that Venezuela consider a participation in this replenishment in the amount of \$50 million equivalent. Since Venezuela is one of the very few countries that are members of the World Bank but have not yet joined the International Development Association, part of its participation (about \$13 million<sup>1/</sup> equivalent) would take the form of a capital subscription to IDA, and the balance would represent a voluntary contribution. About \$1 million<sup>1/</sup> of the capital subscription would be payable in convertible currency as soon as Venezuelan membership in IDA became effective, and the rest of the capital subscription and the whole of the voluntary contribution would be provided initially in Bolívaras (to be evidenced by non-interest bearing demand notes) to be made available for IDA to

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<sup>1/</sup> Since the amount of new members' subscriptions to IDA capital is related to their current World Bank subscriptions, these figures would be increased to approximately \$25 million and \$2 million respectively if, before joining IDA, Venezuela should exercise the right to buy additional World Bank shares to which it became entitled as a result of the recent "Special Increase" in the World Bank's capital.



H.E. Dr. Ricardo Martinez

- 2 -

JW 4 1979

draw in usable form pro rata with its drawings on other resources provided by donor countries for purposes of the Sixth Replenishment. (Attached is a table showing the presently estimated rate of drawings on these resources.)

As you will see, Mr. Minister, the actual financial burden which would be placed upon Venezuela's budget and balance of payments by a pledge of \$50 million to the next IDA replenishment would really be inconsequential in relation to your nation's resources and capabilities. Such a pledge would, nonetheless, be warmly welcomed by the many poor countries that rely heavily upon IDA for the financing of their development programs, and would give an important incentive to other countries from whom we are seeking funds. In this connection I may say that we have recently received assurance from Argentina, Brazil and Mexico that they will definitely participate in the next IDA replenishment and will be represented at the next IDA meeting by full-fledged Deputies rather than by Observers.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Encls.

cc: Mr. Luis Uguato  
Mr. Eduardo Mayobre

Cleared with and cc: Messrs. Nurick, Perch and Vibert

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

Copy to Mr. Roberto Guarnieri

JBKnapp:isk



Estimated Rate of Drawings on Country Donor Contributions  
To Sixth Replenishment

<u>Fiscal Year</u> <u>(Ending June 30)</u>	<u>Percent</u>	<u>Amount for Venezuela</u> <u>(In US\$ Equivalent)</u>
1981	1	0.5
1982	5	2.5
1983	13	6.4
1984	20	9.8
1985	20	9.8
1986	15	7.4
1987	10	4.9
1988	7	3.4
1989	5	2.5
1990	4	2.0

JBK  
May 25, 1979



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

Office of the President

March 30, 1979

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

Dear Mr. Minister:

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

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

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



March 30, 1979

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

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

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

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



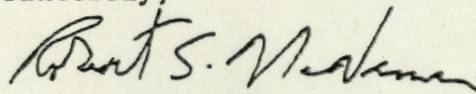
Dr. Ricardo Martínez

- 3 -

March 30, 1979

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

Sincerely,



Robert S. McNamara

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



494/3/125

JUN 1 1979

Dear Mr. Prime Minister:

Thank you very much for your letter of April 25. I am most appreciative of your willingness to release Mr. Thahane from his extremely important position as Lesotho's Ambassador to the United States so that he may take up the position of Vice President and Secretary of the World Bank Group. I completely understand the conflict which African countries face between their desire to be fully represented in international organizations such as the World Bank and their need to conserve extremely scarce high-level manpower for vital governmental tasks. Thus I am fully aware of the sacrifice which your Government is making in releasing Mr. Thahane to the World Bank. I wish to reassure you that we feel confident that Mr. Thahane, whom we know well and for whom we have the highest regard, will make an exceedingly important contribution in this position with the Bank. We, therefore, look forward to his taking up his position with the Bank on April 1, 1980.

I wish also to express my appreciation for your kind remarks about the efforts which the Bank Group has been making to assist the less developed countries such as Lesotho. As you are aware, the International Development Association has committed a total of \$40 million to development projects in Lesotho over the past five fiscal years; it is our intention to raise our commitment of IDA resources significantly above this level during the next five years. This will depend, of course, on success in obtaining pledges for a substantially higher level of IDA resources in the Sixth Replenishment. The efforts of your Government and of other beneficiaries of IDA in this regard are most important, and we are grateful for your support.

Finally, I wish to thank you for your kind invitation to visit Lesotho and the other member countries in your region. I would like very much to accept your invitation, but unfortunately my heavy schedule will not permit a visit during the current year. However, if it is possible to arrange for a visit next year I would be most interested in doing so.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

The Honorable Leabua Johnathan  
Prime Minister  
The Kingdom of Lesotho  
Maseru, Lesotho

cc: Mr. McNamara's office (2)  
cleared with and cc: Mr. Damry  
cc: Mr. Hengsheng

SO'Brien:MPaijmans:vl  
May 31, 1979



JUN 1 1979

**His Excellency  
M. M'Hamed Hadj-Yala  
Minister of Finance  
Ministry of Finance  
Palais du Gouvernement  
Algiers, Algeria**

**Dear Mr. Minister:**

As you know, in many recent international conferences, including the Annual Meeting of the World Bank Group and the present meeting of UNCTAD in Manila, special attention has been given, stimulated in part by the Bank's recent World Development Report, to the plight of the poorer developing countries and their urgent need for additional concessional assistance. It seems to me that this situation makes a pressing call upon all of us in a position to do so to augment both the amount and the effectiveness of external assistance to these countries. The World Bank Group, because of its central position in the family of international development institutions, feels a sense of great responsibility in this matter. We are therefore bending every effort toward mobilizing more concessional funds for assistance to the poorer developing countries, and toward making further improvements in the administration of the funds provided to us. In particular, we are reorienting our activities toward a direct attack upon the appalling conditions of poverty that exist in these poorer developing countries.

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

Twenty-six donor countries participated in the last (fifth) IDA replenishment, including several OPEC countries (Saudi Arabia, Kuwait and the United Arab Emirates) and some of the more advanced developing countries such as Spain, Yugoslavia and Korea. In the current negotiations for the Sixth Replenishment, all of these countries are participating and we are also using this occasion to enlist the participation of a number of other countries which might have a capacity to contribute in amounts related to their resources and capabilities. We have already received pledges of support from Argentina, Brazil and Mexico, and Greece and Romania are also participating in the negotiations and I feel confident that they will join in the replenishment. We have also placed the matter before the Governments of Venezuela, Libya and Iraq. In these circumstances it seems to



me appropriate also to present the matter to you in the hope that Algeria, in consonance with its known position of leadership in the developing world, will lend its support to IDA's crusade against poverty. I am sure that a favorable response by Algeria would be warmly welcomed not only by the poor developing countries that are the beneficiaries of IDA assistance but also by the major donor countries, who must in any case continue to bear the main burden of the replenishment and who would find their efforts to obtain money from their Parliaments and Congresses greatly strengthened if they could point to a widening membership of the donor group.

I am well aware of the great tasks that lie ahead for your Government in developing the resources of your own great country and the World Bank is heavily engaged in supporting your efforts in this direction. I am also well aware of the very important contributions that Algeria has already been making to relieve the problems of the poor countries of the world, both through bilateral channels and through its participation in the financing of such agencies as the OPEC Fund, the International Fund for Agricultural Development, BADCA, and the Arab Fund for Economic and Social Development. Nonetheless, in view of the World Bank Group's central position in the family of international development institutions, it seems to me that it would be very timely and appropriate for Algeria to lend its support to IDA's program, in an amount consistent with its resources and capabilities.

As the next step in your consideration of this matter I would like to ask Mr. J. Burke Knapp, formerly the Senior Vice President for Operations in the World Bank and IDA, to visit you in Algiers some time around the end of June to provide you with further information concerning IDA's program and to bring you up-to-date regarding the progress of our discussions with other IDA donors. Mr. Knapp will be getting in touch with you through Mr. Moncef Belkhadja, the Executive Director representing Algeria in the World Bank Group, to arrange this visit at a time suiting your convenience.

I should add that we expect to reach final agreement on the Sixth IDA Replenishment by the time of our Annual Meeting in Belgrade in October, and I very much hope that by that time your Government will have announced its decision to participate.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

cc: Mr. Moncef Belkhadja

bec: Messrs. Cargill, Benjenk, El-Fishawy, Vibert, D.R. Clarke

JBKnap:isk



494/3/123

May 30, 1979

Dear Mr. Ambassador:

I wish to thank you for the expression of your Government's interest in my attending the inauguration ceremonies marking the opening of the Vienna International Center.

Unfortunately, the week of August 22 is already fully booked on my calendar, so I am unable to make any further commitments.

I regret that I must give you a negative response and I do hope that in the course of the coming year it will be possible for me to pay a visit to Austria.

With my best wishes to Chancellor Kreisky on the occasion of the inauguration of the Center,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Karl Schober  
The Ambassador of Austria  
Washington, D. C.

BMM:bmm



TELEX  
21428

cc: Mr. McNamara's Office ✓

29 1979

72004

494/3/120

MAJOR GENERAL JAMES J. OLULEYE, COMMISSIONER FOR FINANCE, FNF  
LAGOS, NIGERIA

DEAR MR. COMMISSIONER: MY COLLEAGUES WHO PARTICIPATED HAVE  
INFORMED ME OF THE SUCCESS OF THE WORKSHOP YOU ORGANIZED  
RECENTLY ON THE ROLE OF THE WORLD BANK IN NIGERIA. I  
CONGRATULATE YOU AND YOUR COLLEAGUES ON THIS INITIATIVE  
WHICH WILL HELP TO MAKE OUR JOINT EFFORTS EVEN MORE FRUITFUL.  
BEST REGARDS, ROBERT S. MCNAMARA

(Signed) Robert S. McNamara

BAIshah/ESTern:lm

Robert S. McNamara

cc: Mr. Stern  
Mr. Alishah  
May 25, 1979



## A I D E M E M O I R E

The Austrian Embassy has been instructed to ascertain whether Mr. Robert McNamara, President of the International Bank for Reconstruction and Development, would accept an invitation of the Austrian Government to attend the inauguration of the Vienna International Center on August 23, 1979, which will house the International Atomic Energy Agency, the United Nations Industrial Development Organization and various units of the Secretariat of the United Nations Organization. In the affirmative a written invitation by Chancellor Kreisky would be dispatched.

It would be appreciated if the visit to Vienna could be extended from Wednesday, August 22 (day of arrival), to Saturday, August 25 (day of departure), in order to participate in the inauguration ceremony and the reception given by the Austrian Federal Chancellor on August 23 as well as the reception given by the Secretary General of the United Nations on August 24.

The Austrian Government would provide the hotel accommodation for that period.



494/3/119

MAY 25 1979

His Excellency  
Maj. Gen. Mohamed Siad Barre  
President of the  
Somali Democratic Republic  
Mogadishu, Somalia

Dear Mr. President:

Thank you for your kind and thoughtful letter of May 3, 1979 which I very much enjoyed reading. I am glad that Mr. Wapanhans has had the opportunity to meet with you this month and I trust Mr. Wapanhans informed you that earlier this month the Executive Directors approved two IDA Credits totalling \$18.5 million to assist in financing of the Agricultural Extension and Farm Management Training and Central Rangelands Development Projects in Somalia.

I appreciate your thoughts on the need for a balanced approach to economic development. You are absolutely correct in pointing out that different levels of development and physical characteristics of various countries require differing emphases in allocation of resources. While I attach great importance to increasing the productivity of the poorer sections of the population, this does not detract from the need to continue to expand the investment in basic infrastructure. The low income groups can only increase their earnings if the overall economy is growing and if they have access to markets, transport, and knowledge. To strike an appropriate balance between various investment requirements our lending program for each member country is tailored to its needs and in close consultation with the Government. In this regard, I am very pleased to note from your letter that you are satisfied with the Bank's program in Somalia.

We shall be pleased to examine the potential of the fisheries and mining sub-sectors in your country. An agricultural sector review mission is currently scheduled to visit Somalia in June, and I have asked that it examine the fisheries sub-sector. We would also be prepared to assist in exploring the prospects for development of promising mineral resources. I hope these investigations would lead to productive investments and that we will be able together to mobilize the necessary financial resources for these and other priority investments for the development of Somalia.



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

- 2 -

Maj. Gen. Mohamed Siad Barre

I take great satisfaction at the increasingly close cooperation between Somalia and the Bank during the past several years, and I hope that this collaboration will help you to achieve your development objectives.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

bcc: Mr. Wapenhans  
Mr. H. Adler

VNercissiantz/EStern:dtm  
May 24, 1979



I know that Spain's status as an IDA donor has helped us to achieve the participation of Argentina, Brazil and Mexico in the next Replenishment; all three of these countries have agreed to join, with the amounts of their contributions being still under discussion.

Coming now to the amount of Spain's contribution, if we achieve the projected goal of a \$12.5 billion Sixth IDA Replenishment and if Spain took only the same share as it did in the Fifth Replenishment, its contribution would come to about \$33.75 million equivalent, or something over Ptas 2200 million. On the basis of various inter-country comparisons which Mr. Knapp has presented in detail to your Under-Secretary of the Budget, Mr. Miguel Martin, we have suggested that a more appropriate level for Spain's participation might be in the range of \$60-75 million equivalent, or Ptas 4000-5000 million. I can assure you that such an increase in Spain's contribution would be most warmly welcomed both by the major donor countries and especially by the poorest developing countries that are the beneficiaries of IDA assistance. Furthermore, favorable action by Spain on this matter could have an important catalytic effect in raising the level of contributions from other more advanced developing countries, especially the Latin American countries that I have mentioned above who tend to look to Spain for leadership.

In considering this matter I trust that you will give full weight to the fact that the Spanish pledge of support to IDA would be made in Pesetas, without any exchange guarantees, and would actually be drawn down by IDA only over a period of 10 years commencing in the second semester of 1980, to help cover disbursements on long-term development projects in the poorest developing countries to be financed by IDA out of the proceeds from the Sixth Replenishment. The average annual burden on the Spanish budget would come to only Ptas 400-500 million, and the effect upon Spain's balance of payments would be negligible since most if not all of your contribution would be matched by purchases of Spanish goods and services arising directly or indirectly from the execution of the development projects being financed by IDA.

We have also approached Yugoslavia in this same context, and I am happy to say that, despite their relatively low level of development and per capita income, they have generously agreed to increase their IDA contribution from \$8.1 million equivalent in the Fifth Replenishment, to \$20 million equivalent in the Sixth Replenishment.

In closing may I say that I am fully aware of Spain's recent generous contribution of \$72 million to the Inter-American Development Bank's Fund for Special Operations which will provide very timely help to the poorer Latin American countries to which the World Bank Group is also lending major assistance, including some provided by IDA. However, the needs for concessional assistance in Latin America are far overshadowed by those arising from the deep-seated problems of poverty that oppress the 1.5 billion



people in the poor countries of Asia and Africa that are served by IDA. Bearing in mind the comparative size of the needs, I think it would be fair to say that if Spain were to contribute to IDA an amount comparable to that which it has recently provided for Latin America through the IDB, it would still be giving high priority to its Latin American friends.

A final meeting of the IDA Deputies who are conducting the negotiations for the Sixth IDA Replenishment is scheduled to take place in Dubrovnik on October 8-9, 1979 and I very much hope that before that time you will be able to give your most earnest consideration to this matter.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. Cargill  
Benjenk  
Vibert  
D.R. Clarke

JBKnapp:isk



494/3/118

Office of the President

MAY 24 1979

Excellency:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of Yen 115 billion in Japan as follows:

- (1) Up to Yen 70 billion in the form of a loan consisting of two tranches "A" and "B" in the principal amount of Yen 30 billion and Yen 40 billion respectively from a consortium of Japanese banks and insurance companies. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8% per annum on Tranche "A" and 8.10% per annum on Tranche "B", both payable semi-annually;
- (2) Up to Yen 30 billion in the form of a loan consisting also of two tranches "A" and "B" in the principal amount of Yen 12 billion and Yen 18 billion respectively from a consortium of Japanese trust banks. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8% per annum on Tranche "A" and 8.10% on Tranche "B", both payable semi-annually; and
- (3) Up to Yen 15 billion in the form of a private placement of bonds. This private placement transaction would have a term of 20 years and would bear interest at the rate of 8.06% per annum, payable semi-annually.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank to approve these three borrowings by the Bank in an aggregate principal amount not to exceed Yen 115 billion. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowings may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

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

cc: Mr. Susumu Murayama, Executive Director

Cleared with and cc: Mr. Heininger, Legal Dept. *PH*

cc: Mr. McNamara's Office (2)

Mr. Rotberg, Vice President and Treasurer

Mr. Hittmair, Director and Deputy Treasurer

*W*  
JRadifera:br  
May 22, 1979



494/B/117

MAY 24 1979

Dear Jim:

I am very pleased to know that you will take over from Harry Labouisse as Executive Director of UNICEF. As you very likely know, there has been a deliberate effort to strengthen and increase the opportunities for cooperation between UNICEF and the World Bank, and I am sure that, under your administration, we shall go further in that very desirable direction.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. James P. Grant  
President  
Overseas Development Council  
1717 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

SEBoskey:jfh

c.c. ✓ Mr. McNamara's Office (2)  
Mr. Boucher  
Mr. Grenfell

May 23, 1979



951  
Mr. Robert S. McNamara

494/3/116  
May 17, 1979

Lester Nurick

Designation of Alternate Staff Member  
to serve on Statutory Committees

Until the arrival next fall of Heribert Golsong to fill the position of Associate General Counsel, it is necessary to have another substitute for me who can sign Statutory Committee Reports when I am out of the Bank. Could you please sign the attached designations which provide for the Assistant General Counsel, Policy, Administration and Finance to replace me on the Statutory Committees in my absence.

HNScott:dg

cc: Mr. Asser



JUL 24 1978

**Designation of Alternate Staff Member to Serve on  
Committees under Section 7 of Article V  
of the Articles of Agreement**

---

Pursuant to Resolution No. 78-13 adopted by the Executive Directors on June 30, 1978, I designate the Assistant General Counsel, Policy, Administration and Finance to serve on the committee required to report on a loan under Section 4 of Article III of the Articles of Agreement in the absence or inability to act of the Vice President and General Counsel. This designation supersedes the designation of July 5, 1978 with respect to the alternate for the Vice President and General Counsel.

**(Signed) Robert S. McNamara**

Robert S. McNamara  
President





# INTERNATIONAL DEVELOPMENT ASSOCIATION

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

Ann Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INDEVAS

**MAY 24 1979**

**Designation of Alternate Staff Member to serve on  
Committees under Section 1(d) of Article V  
of the Articles of Agreement**

Pursuant to Resolution No. IDA 78-7 adopted by the Executive Directors on June 30, 1978, I designate the Assistant General Counsel, Policy, Administration and Finance to serve on the committee required to make recommendations under Section 1(d) of Article V of the Articles of Agreement in the absence or inability to act of the Vice President and General Counsel. This designation supersedes the designation of July 5, 1978 with respect to the alternate for the Vice President and General Counsel.

**(Signed) Robert S. McNamara**

Robert S. McNamara  
President



494 13 / 115

MAY 24 1979

Office of the President

Excellency:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of Yen 115 billion in Japan as follows:

- (1) Up to Yen 70 billion in the form of a loan consisting of two tranches "A" and "B" in the principal amount of Yen 30 billion and Yen 40 billion respectively from a consortium of Japanese banks and insurance companies. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8% per annum on Tranche "A" and 8.10% per annum on Tranche "B", both payable semi-annually;
- (2) Up to Yen 30 billion in the form of a loan consisting also of two tranches "A" and "B" in the principal amount of Yen 12 billion and Yen 18 billion respectively from a consortium of Japanese trust banks. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8% per annum on Tranche "A" and 8.10% on Tranche "B", both payable semi-annually; and
- (3) Up to Yen 15 billion in the form of a private placement of bonds. This private placement transaction would have a term of 20 years and would bear interest at the rate of 8.06% per annum, payable semi-annually.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank to approve these three borrowings by the Bank in an aggregate principal amount not to exceed Yen 115 billion. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowings may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

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

cc: Mr. Susumu Murayama, Executive Director

Cleared with and cc: Mr. Heininger, Legal Dept.

cc: Mr. McNamara's Office (2) ✓

Mr. Rotberg, Vice President and Treasurer

Mr. Hittmair, Director and Deputy Treasurer

JRadifera:br  
May 22, 1979



494 13/114

MAY 23 1979

Dear Marc:

Many thanks for your personal letter about the Onchocerciasis Control Program. I can assure you that your comments have been taken into account in preparing the draft agreements for the next phase. To the extent that it has not been possible to adopt all of your suggestions, I am sure you appreciate more than any of us that in a Program of this sort with such a diverse membership, it is not possible to meet exactly everyone's preferences.

I would like to take this opportunity to strongly endorse the sentiments expressed in Mr. Alisbah's letter of March 9 in paying tribute to the prestige and confidence that your association with the Program has inspired. I join in the hope that we can continue to be the beneficiaries of your counsel as we move forward into the social aspects of development.

I have no plans to be in Europe in the immediate future, but look forward to an exchange of views should an occasion arise.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Marc G. Candau  
Chairman Joint Coordinating Committee  
Onchocerciasis Control Program  
WHO  
1211 Geneva  
Switzerland

SDenning:gw



494 B 1177

MAY 7 1979

Dear Governor:

I wish to acknowledge your letter of April 30, 1979, formally proposing the City of Toronto as the place of the 1982 Annual Meetings of the Boards of Governors of The World Bank and the International Monetary Fund.

I have asked the Secretary to be in touch with the appropriate officials of your ministry.

The Secretary will visit Toronto in the very near future in order to recommend formally to the Boards of Executive Directors of the Bank and Fund a decision for holding the 1982 Annual Meetings of the Boards of Governors in Toronto. The Executive Directors in turn will make their recommendation to the Boards of Governors at the earliest practicable date.

I am grateful for the Canadian Government's kind and generous invitation.

Kindest personal regards.

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable Jean Chrétien, P. C., M. P.  
Minister of Finance  
Ottawa, Canada



APR  
AVR 30 1979

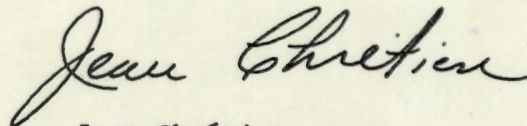
Mr. Robert S. McNamara,  
President,  
International Bank for Reconstruction  
and Development,  
Washington, D.C. 20433

Dear Mr. McNamara:

On behalf of the Government of Canada, I have the honour to extend to the International Bank for Reconstruction and Development and the International Monetary Fund an invitation to hold their joint 1982 Annual Meetings in Toronto.

I am pleased to assure you that the necessary facilities such as the prompt provision of visas and avoidance of undue customs delays will be accorded to all delegates and their spouses.

Yours sincerely,

A handwritten signature in cursive script, reading "Jean Chrétien".

Jean Chrétien.



494/3/108

May 4, 1979

**MEMORANDUM FOR MR. MURAYAMA**

I am sorry to hear that constraints on our schedules make it very difficult to arrange for a meeting between Prime Minister Ohira and me in Manila. I would like to ask you to convey to your authorities that I would be most happy to visit Tokyo for discussions with your government at any time considered appropriate by Prime Minister Ohira.

**Robert S. McNamara**

RMcN:bmm



494/3/107

Class of Service: **CABLE**

Date: **MAY 3, 1979**

Telex No.:

Originators Ext: **72001**

12

0 START  
HERE

1 TO

**MR. STANLEY WRIGHT**

CITY/  
COUNTRY

**6 HOLLY PLACE, HOLLY WALK, LONDON NW3 ENGLAND**

MESSAGE  
NO.:

**MANY THANKS FOR YOUR NOTE. I TOO ENJOYED OUR DINNER TOGETHER.**

4

**ALTHOUGH WE WILL SHORTLY BE ANNOUNCING THE APPOINTMENT OF**

5

**MR. QURESHI, PRESENTLY AN OFFICER IN THE BANK, AS VICE PRESIDENT,**

6

**FINANCE REPLACING PETER CARGILL, OTHER OPPORTUNITIES IN THE BANK**

7

**MAY ARISE IN THE FUTURE AND I HOPE THEREFORE WE MAY KEEP IN TOUCH**

8

**WITH EACH OTHER. WITH BEST WISHES. ROBERT S. MCNAMARA INTBAFRAD**

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END  
OF  
TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

**Robert S. McNamara: bms**  
AUTHORIZED BY (Name and Signature):

**Robert S. McNamara**

DEPARTMENT:

**President**

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH



Children are always the chief hope of their societies' future. But if that hope is to turn into reality in the Twenty-First Century, then we must first come to grips with the self-perpetuating culture of poverty.

It is important to realize that in developing countries the poor are often trapped in a set of circumstances that makes it virtually impossible for them either to contribute much to the economic development of their nation, or to share equitably in its benefits.

They are condemned by their situation to remain largely outside the development process. It simply passes them by.

Nor are we talking here about an insignificant minority. We are talking about hundreds of millions of people. They are what I have termed the absolute poor: those trapped in conditions so limited by illiteracy, malnutrition, disease, high infant mortality, and low life expectancy as to be denied the very potential of the genes with which they were born.

Some 1.2 billion do not have access to safe drinking water or to a public health facility. 700 million are seriously malnourished. 550 million are unable to read or write. 250 million living in urban areas do not have adequate shelter. Hundreds of millions are without sufficient employment.

These are not simply large rounded numbers. They are individual human beings.

Most tragic of all, many of them are children. For of the total two billion people in the developing countries that the World Bank serves, some 860 million are under the age of 15.

Yes, they are the chief hope of their societies' future. But almost half of them suffer from some debilitating disease likely to have long-lasting effects. Well over a third of them are undernourished. And 290 million of them are not in school.

That is the profile of absolute poverty in the developing world.

It is the profile that we should face up to during this International Year of the Child.

One thing is certain: it is a profile that cannot be altered by a development strategy that ignores the realities of absolute poverty.

There are two essential things, then, that must be done. The rate of economic growth of the developing nations must be accelerated. And more of the benefits of that growth must be channeled towards helping the absolute poor meet their basic ~~human~~ needs.

Without such an effort -- by the developing and developed countries alike -- the future for the hundreds of millions of children trapped in absolute poverty throughout the developing world is unspeakably, and unacceptably, grim.

Robert S. McNamara  
President, The World Bank



494/3/105

MAY 1 1979

Dear Mr. Bergsten:

I have discussed with Moeen Qureshi your request that the Task Force on Private Foreign Investment, which has been established under your Chairmanship, be provided with adequate secretarial support.

IFC will be glad to comply with your request. I understand that IFC had agreed to delegate a senior official to serve as Secretary and handle the administrative aspects of the Committee's work. Moeen has informed me that it was your earlier intention that the substantive work required for the deliberations of the Committee would be undertaken by the officials of the governments represented on the Committee. I hope that a good part of it can still be handled in that way. In addition to the Secretary, however, IFC is prepared to contract with appropriate individuals in the event that the secretariat function requires some substantive as well as administrative contribution.

I hope that these arrangements meet your purposes, and I wish your Task Force every success.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. C. Fred Bergsten  
Assistant Secretary  
Department of the Treasury  
Washington, D.C. 20220

MQureshi/RRichardson/rso

May 1, 1979

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



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

494/3/101

Office of the President

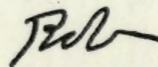
April 26, 1979

Dear Halfdan:

It was good to see you last week at Bellagio. As you know, we are now about ready to go forward to our Board with the paper proposing that the Bank begin regular project lending for health. You have reviewed an earlier draft of the paper, but before putting it to our Executive Directors I would like you to have a further opportunity to review it and comment on it. I therefore am enclosing a revised draft which is virtually in final shape. I hope to send the paper to the Board within the next few weeks.

Looking forward to hearing from you, and with best wishes,

Sincerely,



Robert S. McNamara

Attachment

Dr. Halfdan Mahler  
Director General  
World Health Organization  
1211 Geneva 27  
Switzerland

WCBaum:RSMcNamara:js



494/3/100

APR 24 1979

Mr. Edouard Saouma  
Director-General  
Food and Agriculture Organization of the United Nations  
Via delle Terme di Caracalla  
00100 Rome, Italy

**DECLASSIFIED**  
**CONFIDENTIAL**  
**OCT 24 2012**  
**WBG ARCHIVES**

Dear Mr. Saouma:

Thank you very much for your letter of April 5, inviting me to attend the opening of the World Conference on Agrarian Reform and Rural Development on July 12 and to deliver an address.

I am most appreciative that you should ask me to join you on that occasion. It would give me pleasure, and I will say to you that before your letter arrived I had given thought to the possibility of being present for some part of the Conference. But it happens that on July 15 I shall be leaving for a long-scheduled visit to Romania and Yugoslavia, and that the Executive Directors will not be discussing the FY79 budget and the World Development Report, 1979, until the first weeks of July. I had therefore already concluded, before I received your kind invitation, that I could not leave Washington any earlier than the planned departure for Romania, and had asked Mr. S. Shahid Husain, Regional Vice President for East Asia and the Pacific, to represent me at the Conference. Mr. Montague Yudelman, Director of the Bank's Agriculture and Rural Development Department, will also attend.

Mr. Husain would expect to address the Conference on behalf of the World Bank, and we would hope that he might do so during the Conference's early days. If you wished him to speak at the opening, he would be pleased to do so. That should, of course, be your decision.

I fully agree with your characterization of the joint efforts of our institutions in dealing with the problems of rural poverty and development in our member countries. I know those efforts will continue, but I am sorry that I cannot provide the symbolic evidence of

cont....



Mr. Edouard Saouma  
Rome, Italy

our partnership by taking part in what we must both hope will prove a landmark conference. Mr. Husain will bring my good wishes for its success.

I thank you again for your courtesy and your invitation.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

SEBoskey:jfh

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

Mr. Husain (with copy of incoming letter)

Mr. Yudelman ( " " " " " )

Mr. Boucher ( " " " " " )

April 23, 1979



RSM  
494/3/99

APR 24 1979

Mr. James F. Henry  
Center for Public Resources, Inc.  
250 Park Avenue  
New York, N.Y. 10017

Dear Jim:

Your recent letter transmitting a copy of your paper detailing opportunities for increasing the role of the pharmaceutical industry in developing countries, has been received.

In this regard, I understand the recently concluded NAS/IOM conference on this subject was generally acknowledged to be successful in initiating a productive dialogue between the industry, international organizations, governments, and developing countries. Your own paper would seem appropriately aimed at providing a suitable forum for continuing that dialogue, with an especial emphasis on how market resources could best be employed.

Our own modest efforts to explore whether and how the Bank could contribute to making basic health services generally more accessible within developing countries has revealed the critical need for a strengthening of logistics and supply of essential drugs. The constraints to achieving this are formidable but must be resolved if anything approaching the provision of equitable and affordable health care is to be realized.

A principal constraint frequently voiced by the industry is the inability of developing countries to purchase their products; hence, the absence of a market. The provision of surrogate mechanisms for funding health care, as now seems likely in the wake of the Alma Ata conference, should be encouraging to the industry. And, I do believe the international finance institutions are increasingly becoming aware of the relationship of health to social and economic development and are according greater recognition to the health sector in their patterns of lending.

In any event, the task force you are assembling will undoubtedly define the strategies seen likely to be needed if market forces are to more effectively impact on basic health needs.



- 2 -

As your efforts go forward we might then consider how or if the Bank could be of assistance, and I would be pleased to discuss it with you.

With kind regards from Margaret and myself,

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

JALee:on



TELEX  
201734

75754

494/3/98  
APR 23 1979

HIS EXCELLENCY SHEIKH ABDUL AZIZ ALQURAISHI, GOVERNOR, SAUDI ARABIAN MONETARY AGENCY, HEAD OFFICE RIYADH, SAUDI ARABIA  
IN RESPONSE TO YOUR TELEX DATED APRIL 10, THE PAYMENTS WHICH ARE PRESENTLY DUE AND THOSE WHICH WILL BECOME DUE TO THE WORLD BANK GROUP DURING THE PERIOD COVERED BY THE KINGDOM'S BUDGET FOR FY 1399/1400 HIJRI ARE AS FOLLOWS:

(1) IBRD - NONE

(2) IDA - BY HIS TELEX OF APRIL 9, 1979 HIS EXCELLENCY SHEIKH MOHAMMED ABALKHAIL, MINISTER OF FINANCE AND NATIONAL ECONOMY, HAS INDICATED THE KINGDOM'S AGREEMENT TO MAKE DISBURSEMENTS, I.E. ACTUAL TRANSFERS IN PAYMENT OF THE KINGDOM'S CONTRIBUTION TO THE FIFTH REPLENISHMENT PURSUANT TO A FIXED SCHEDULE OF TEN INSTALMENTS WHICH WAS PROPOSED BY THE ASSOCIATION STOP ACCORDING TO THIS SCHEDULE, THE FIRST INSTALMENT AMOUNTING TO \$7.4 MILLION AND THE SECOND INSTALMENT AMOUNTING TO \$26.9 MILLION HAVE BECOME DUE AND PAYABLE ON JULY 1, 1977 AND JULY 1, 1978, RESPECTIVELY STOP THE THIRD INSTALMENT AMOUNTING TO \$49.4 MILLION WILL BECOME DUE AND PAYABLE ON JULY 1, 1979 STOP THEREFORE, THE TOTAL AMOUNT OF \$83.7 MILLION NEEDS TO BE PROVIDED FOR IN YOUR BUDGET FOR FY 1399/1400 HIJRI STOP  
/c

(Signed) Robert S. McNamara

WORLD BANK GROUP - SAUDI ARABIA

VChang/SELFishawy/MQureshi:rh  
April 17, 1979

Cleared with and cc: Mr. Cargill  
cc: Messrs. Qureshi, Nurick, Camacho,  
Chang, Vibert

Robert S. McNamara  
President



75754

(3) AS FOR IFC, THE FULL AMOUNT OF THE ADDITIONAL CAPITAL ALLOCATION TO THE KINGDOM IS \$9,140,000 WHICH IS PAYABLE IN FIVE INSTALMENTS STOP TWO OF THESE INSTALMENTS, EQUIVALENT TO \$3,656,000 ARE ALREADY DUE AND SHOULD, AS A MINIMUM, BE PROVIDED IN THE BUDGET OF YOUR FY 1399/1400 STOP YOU MAY PREFER ON THE OTHER HAND TO BUDGET THE FULL AMOUNT OF THE ALLOCATION AMOUNTING TO \$9,140,000 AND PAY IT AS A SINGLE INSTALMENT AS SOME OTHER COUNTRIES, FOR EXAMPLE THE UNITED KINGDOM, HAVE ALREADY DONE STOP PLEASE NOTE ALSO THAT AS A MATTER OF PROCEDURE THE MINISTRY OF FINANCE AND NATIONAL ECONOMY HAS TO SIGN THE INSTRUMENT OF SUBSCRIPTION FOR THE TOTAL AMOUNT OF \$9,140,000 STOP WITH BEST PERSONAL REGARDS,  
ROBERT S. MCNAMARA

WORLD BANK GROUP - SAUDI ARABIA

Cleared with and cc: Mr. Cargill  
cc: Messrs. Qureshi, Nurick, Camacho,  
Chang, Vibert

VChang/SELfishawy/MQureshi:rh  
April 17, 1979

Robert S. McNamara

Resident



494/3/96

April 13, 1979

Dear Mr. Oppenheim:

I regret that an extensive travel schedule has both delayed my reply to your letter of March 2 and makes it impossible for me to accept for any time in the near future your invitation to appear on "Focus On Youth."

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Roy D. Oppenheim  
Focus On Youth  
P. O. Box 3035  
Princeton, New Jersey  
08540

RMcN:bmm



494/3/92

APR 13 1979

Dear Bob:

I have thought about your request for someone from the World Bank to take part in the conference on problems of handling refugees on a worldwide basis which the Aspen Institute is sponsoring, and I have discussed it with my colleagues. You wrote, in your March 29 letter, that you had been able to identify without difficulty appropriate potential participants in the United Nations, the U.S. government and in private agencies, but knew of no such individual in the Bank. That is because the problem of refugees, while unquestionably serious and one well worth examination by the Institute, is not one in which we have any expertise. We are not, to use the words of the invitation, engaged in refugee work nor do we provide support to refugee communities as such, although some of our projects may be the source of incidental benefits. That is why I must reply to you, with regret, that I do not believe anyone in the Bank could make a really useful contribution to the conference.

I do, of course, send you my wishes for a successful gathering.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Robert B. McKay  
Director  
Aspen Institute for Humanistic Studies  
36 West 44th Street  
New York  
New York 10036

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

SEBoskey:jfh  
April 12, 1979



494/3/91

April 12, 1979

Dear Mr. Secretary-General:

I have read with interest your letter of March 21, concerning the presence of executive heads themselves at meetings of the ACC. I entirely agree that our personal participation is desirable. We are all most appreciative of your own effort to be in the chair for the duration of each meeting. I am sure you will understand that occasionally the unforeseen demands of our own organizations and the schedules imposed by the rhythm of their work will require that we remain at our headquarters. For example, the pace and press of business occasioned by the fact that the World Bank's fiscal year ends on June 30 makes it impracticable for me to be away from Washington about that time; hence my absence from the summer ACC.

I would wish to be a regular participant in the ACC meetings and I take careful note of their dates. It is my intention and expectation to attend the October session.

Let me, then, assure you that I do not lightly absent myself from the meetings with you and my colleagues. When I am not able to be present, my representatives have my full confidence and keep me fully informed of the outcome of the discussions.

Thank you for your letter.

With kind regards,

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

The Honorable  
Kurt Waldheim  
Secretary General  
United Nations  
New York, N. Y. 10017

SBoskey/RSMcNamara:bmm  
April 12, 1979



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

494/3/89

Office of the President

April 9, 1979

Dear David:

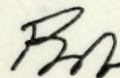
Although several months are likely to pass before we substantially broaden the Bank's involvement in the health sector, I am most grateful for your suggestions of possible candidates for the leadership of such a program. And I will look forward to receiving the names of any other individuals you may think of.

In all of our work we are placing increasing emphasis on monitoring and evaluation procedures. Hence your plan to initiate a study of program assessment techniques is an activity I strongly support. Our knowledge of the health field is so limited that I hesitate to comment on it in any detail. No doubt you will obtain suggestions from Halfdan Mahler. If you start such a study I hope you will keep us informed of its progress.

After I return from the Bellagio Conference, if your schedule permits, I hope we may again lunch together.

With best wishes,

Sincerely,



Robert S. McNamara

Dr. David A. Hamburg  
President  
Institute of Medicine  
National Academy of Sciences  
2101 Constitution Avenue  
Washington, D. C. 20418

RSMcNamara:js



494/3/87

APR 9 1979

Dear Mr. Egelston:

Thank you very much for your letter of March 26, 1979 informing me of the Wilderness Conference Program.

The description provided promises a most captivating environment for a free and frank exchange on the practical issues of development and we are therefore very happy to accept your invitation. Mr. William P. Dixon, the Alternate Executive Director of the Bank for the United States, will attend the Conference and, as suggested by you, the reply card with the pertinent details is being sent directly to the Executive Council on Foreign Diplomats in New York.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Robert B. Egelston  
President  
The Capital Group, Inc.  
333 South Hope Street  
Los Angeles  
California 90071

GSKaji/jh  
April 6, 1979

cc: for Mr. McNamara's Office (2)  
cc: Mr. William P. Dixon, Alternate Executive Director



494/3/84

APR 4 1979

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

Office of the President

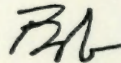
4/4/79

Dear Fred:

I have followed with great interest the recent House oversight hearings on international development banks. We were most gratified by your prepared statement and support of the World Bank during the two days of testimony.

It is clear that Treasury officials worked long and hard under pressing circumstances to prepare the rebuttal to the investigative report. I would be grateful if you would extend my thanks to all those on your staff who labored so diligently on our behalf.

Sincerely,



Robert S. McNamara

The Honorable Fred Bergsten  
Assistant Secretary of the Treasury  
15th and Pennsylvania Avenue  
Room 3430  
Washington, D.C. 20220

cc: Mr. Fried, U.S. Executive Director



494/3/79

APR 3 1979

Dear Mr. Ugueto:

I was delighted to hear of your appointment and wish you all possible success in your task.

I was also very pleased to hear from Nicholas Ardito Barletta about his conversations with you and your colleagues. I share his desire to define with you a useful and constructive role for the Bank in its relations with Venezuela. I know that he is following up on this in a separate letter to you.

I think you will also be interested in the attached letter which I sent to Dr. Martinez. I hope that I can count on your agreement and support for the views expressed there.

With kindest personal regards,

Sincerely

(Signed) Robert S. McNamara

Robert S. McNamara

Attachment

H.E. Mr. D. Luis Ugueto  
Ministro de Hacienda  
Caracas, Venezuela

cc: Mr. Ardito Barletta

ELerdau:jd



APR 3 1979

484/3/78

Dear Mr. Rajadhyaksha:

Thank you for your letter of March 8, 1979, enclosing a copy of your speech to the FICCI Workshop on Energy Management Planning in India.

I found the views expressed in the speech very interesting. We share your concern about India's highly power-intensive pattern of production and growth. Many countries are facing up to the fact that commercial energy resources are limited and that non-commercial, renewable alternatives will take time to develop. In no country is this issue more important than in India. There is indeed great urgency about the development of social forestry, biomass conversion and solar energy techniques to bring them to the point where they can make a sustained contribution to the growth of energy supply. In the meantime, it is essential and urgent, as you have stressed, that prices of commercial energy reflect their costs--including their scarcity cost--so that consumers, both individually and collectively, value this energy at its real cost and are motivated to use it economically. Moreover, as you point out in your speech, higher prices can relieve the Budget of some of the burden of developing conventional energy sources.

Your thoughts on these subjects are particularly encouraging to us as we look with increasing concern at the uncertain prospects for meeting world energy needs. We look forward to the publication of the final report of the Energy Policy Committee constituted by the Planning Commission. We recognize the singular importance of the National Committee on Power and hope that, under your chairmanship, it will prepare a report which will reflect the views expressed in your speech and will lay sound foundations for the future development of the sector.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. V. G. Rajadhyaksha  
Member  
Planning Commission  
Yojana Bhavan  
New Delhi 110001  
India

cc: Mr. McNamara's Office (2)

Cleared with & cc: Messrs. Rajagopalan  
Taylor/AOHamilton:abc Lamson-Scribner  
March 30, 1979



494/3/76

APR 3 1979

Mr. Claude Cheysson  
Commissioner  
European Economic Community  
200 rue de la Loi  
B-1049 Brussels  
Belgium

Dear Claude,

Your letter of March 9 reached me only a few days ago and as you requested I have looked personally into the matter and I am responding to you on a personal basis.

When you first asked me about the Bank administering the Special Action Program on behalf of the EEC, I agreed to do so readily. Many countries then faced acute foreign exchange shortages and quickly disbursing assistance for maintenance imports was high on everyone's priority. In the 18 months between the end of the Conference and the ratification of the Special Action Agreement by the members of the EEC, inevitably priorities have shifted for some countries. The rapid disbursement of funds is, and remains, important but the immediacy of the foreign exchange situation is now also reflected in shortages of finances for investment programs both in terms of foreign exchange and budgetary resources.

Despite the long delay in the ratification of the EEC Agreement and the uncertainty as to when we could start commitments, we have moved very rapidly after the notification was received in January. As Mr. Stern told you in his letter of October 4, 1978, the delay in making the Agreement effective meant that a substantial portion of our FY1979 lending program had already been processed or financing plans for the projects had been firmly worked out. Nonetheless, as we have informed the Commission, we expect to commit more than two-thirds of the Special Action Program by June 30, 1979, and the balance in the first half of the next fiscal year. As to disbursements, we are fully aware of your interest in early disbursements and we are making every effort in each project to assure that the EEC disbursements take place as early in the implementation process as possible. The bulk of the funds which have been committed so far have been committed for rapidly disbursing activities. Even in the case of the Transmigration Project in Indonesia, which gave you special concern, we expect that the US\$5 million allocated will be disbursed within 18 months.



I believe the measures we have taken assure that your objectives will be fully met, even though the delay in the ratification process cannot be made up. I therefore do not believe it would be fruitful for you to send a member of your staff to Washington. We will keep your staff fully informed of the commitments, as they take place and subsequently of the disbursements.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

bcc: Mrs. Boskey  
Mr. Hornstein

EStern/lc  
April 2, 1979



231

COMMUNAUTÉS EUROPÉENNES

*Le Commissaire au développement*

Personal

=====

March 9, 1979

*rec'd 3/19*

*Dear Bob,*

You will remember that, a few weeks after the Kléber Conference (North-South dialogue), I called you in Washington to recommend that your services be kind enough to consider the possibility to manage on behalf of our nine Member Governments a special aid quick-disbursing credit to be utilized to cover immediate requirements of some of the least favoured ldc's. You then reacted almost instantaneously showing interest in this joint venture, stressing also that it would demonstrate the capacity of the World Bank to channel financing coming on top and besides its normal resources.

*3/19*

A long discussion was then entered into which finally resulted in a kind of agreement concluded between your IDA and the European Community. The last difficulties were lifted thanks to your personal intervention following our meeting last year in Norway on the occasion of the annual Tidewater meeting. We are all most grateful to you ... but not surprised.

The exchange of letters was then finally signed after some longish delay because of the ratification by our Member states before their national Parliaments which was finalized some two months ago.

Since then, two developments have been noted, one which is most welcome, the other which causes concern and it is of course the reason for my present letter.

.../..

The Rt Hon. R. McNamara  
President of the World Bank



First, we take note with great pleasure that, our contribution having been partly made in very hard currencies, the total amount is now 410 M dollars instead of 385. This will facilitate matters and should enable us to cover some very small countries which have been forgotten because their previous gnp per head had been reported higher than the limit (e.g. Cabo Verde or Sao Tome). This should mean no serious problem.

But what causes concern is the fact that a number of allocations have been made within the framework of very large and substantial projects, most of the financing of which will come from other sources i.e. national banks and/or World Bank credits. Our fright is that such projects will take a very long time to finalize and to execute, which means that commitments cannot be entered into within the six month period provided for by the exchange of letters, disbursement cannot be made fully before the two years mentioned in this same exchange of letters have elapsed. This is certainly the case for road buildings, large power projects, still worse the famous "transmigrasi" proposal in Indonesia.

As I have already stated, this causes very serious concern. The idea of this special aid was that it should be disbursed quickly, which meant that most of it could be used for purchase of spare parts, equipment, ... and as is the case for a great number of allocations as proposed by IDA. I consider that the final decision reached avenue Kléber was minimal : 1 000 M dollars for all the lldcs after eighteen months of negotiation, and this from all the industrialized world. The counterpart is that it was just decent to spend it fast without too many ties, for immediate needs.

You can imagine that some of our Governments will be delighted of the delay but this adds to my concern. And anyway they are all committed by their common undertaking to disburse fast ; what a pity to relieve them from such a promise when we all think that we should press them for future and larger commitments.

I should be most grateful if you could give me advice : should I send one of my staff to your people in order to consider whether the slowest disbursing projects could be removed from our list and faster action could be substituted ?

.../..



I feel like you that this channeling through IDA of special credits can give an example for future similar action. Like you I wish that the example be demonstrative and I am afraid that it is turning otherwise. Therefore this personal letter to which I should be grateful if you could reply also in a personal manner.

I hope that you can make it and be present to the next Tidewater meeting in the Netherlands and look forward to seeing you then, while remaining

*Yours most sincerely,*

*Cheysson*

C. Cheysson.