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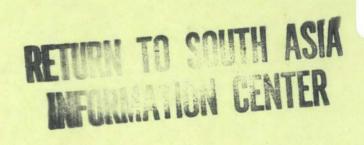
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Washington, D.C.
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Washington DC 20433

Telephone: 202-473-1000 Internet: www.worldbank.org







116041

A1994-022 Other #: 144

192286B

Sri Lanka - General - 1984 / 1986 Correspondence

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# CLOSE - OUT SHEET

This file is closed as of DECEMBER 31, 1986

For further correspondence, please see \_ 1987-1989 VOL. I

INFORMATION CENTERS SECTION

ZCZC SASF7132 RCA2082 ASADA FIELD REF : TCP FCA

COL0451
ASADA
.IBRDCOL
INTBAFRAD COLOMBO SR LANKA, DECEMBER 29, 1986
ATTN: MR. TSANTIS

FOLLOWING APPOINTMENTS ANNOUNCED IN PRESS:

FINANCIAL SECRETARY - B. MAHADEVA. THIS APPOINTMENT WILL PROBABLY BE UNTIL JUNE 1987 WHEN IT IS EXPECTED THAT C. CHANMUGAM WILL RETURN FROM THE ADB TO TAKE UP THIS POST.

W, M. P. WEERASINGHE BECOMES COMMISSIONER-GENERAL OF INLAND REVENUE.

N.E.H. SANDERATNE, CURRENTLY DIRECTOR ECONOMIC RESEARCH, CENTRAL BANK, WILL BE CHAIRMAN, BANK OF CEYLON, EFFECTIVE FIRST WEEK OF JANUARY. PRESENT CHAIRMAN, L.E.N. FERNANDO WILL BE APPOINTED ALTERNATE EXECUTIVE DIRECTOR AT IMF. PRESENT ALTERNATE ED, DR. A, S. JAYAWARDENA WILL BE APPOINTED DEPUTY GOVERNOR, CENTRAL BANK, BUT WILL BE RELEASED FOR SERVICE IN THE TREASURY TO WORK ON MACRO-ECONOMIC ISSUES.

BEST REGARDS HAWKINS

=12290927

ALT RTD FROM: SASI

NMMN

ZCZC SASF4615 RCA4224 ASADA ASNVP ASADR FIELD REF : TCP1 MET

COL0412
ASADA ASNVP ASADR
.IBRDCOL
INTBAFRAD COLOMBO SRI LANKA, NOVEMBER 14, 1986.
ATTEN: VANDENDRIES COPY HOPPER CHEETHAM

RE. X YUR CONVERSATION OF YESTERDAYS DATE ON POSSIBLE MOVES IN THE TREASURY AND CENTRAL BANK. IT HAS BEEN ANNOUNCED TODAY THAT TILAKARATNA HAS ACCEPTED A SENIOR APPOINTMENT WITH IMF. AS A RESULT, RASAPUTRA WILL NOT NOW BE AMBASSADOR TO TOKYO AND HAS AGREED TO CONTINUE AS GOVERNOR OF CENTRAL BANK.

REGARDS HAWKINS

=11141317

ALT RTD FROM:SASI

CE- Ceneral

ZCZC SASF4315 RCA3180 ASADA FIELD REF : TCP FCA

COL0403
ASADA
.IBRDCOL
INTBAFRAD COLOMBO SR LANKA, NOVEMBER 10, 1986
ATTN: MR. VANDENDRIES/TSANTIS

GOVERNMENT OWNED NEWSPAPERS HAVE TWICE PRINTED STORY THAT RASAPUTRA WILL RETIRE AT END YEAR AND WILL BE REPLACED AS GOVERNOR C.B. BY TILAKARATNA. UNDERSTOOD THAT OTHER CHANGES IN CB AND TREASURY WILL FOLLOW.

GAMINI ABEYSEKERA ADDITIONAL DIRECTOR DEPT. OF ECONOMIC AFFAIRS XX MOFP HAS BEEN APPOINTED CHAIRMAN OF NSB.

UNDERSTOOD THAT STAVROS HAS ALREADY REPORTED ON MEETING WITH MINISTER FINANCE ON KALU GANGA WHO ASKED FOR EXPLANATION DELAYS. SRIVASTAVA GAVE A DETAILED ACCOUNT OF PRESENT AND PROPOSED ACTIVITY WHICH APPEARED TO SATISFY THE MINISTER. HE MADE IT CLEAR THAT FURTHER DELAY WOULD BE UNWELCOME AND COULD ADVERSELY AFFECT COUNTRY RELATIONSHIPS

BEST REGARDS HAWKINS

=11111317

ALT RTD FROM: SASI

ZCZC SASF7511 RCA8046 ASPTR ASADA GSDCB REF : TCP1 MET CE-Gereral

COLØ278
ASPTR, ASADA
.IBRDCOL
INTBAFRAD COLOMBO SRI LANKA, JULY 21, 1986
ATTN: MR. O'HUMAY COPY MR. APERGIS:

MR. AMARA HEVAMADDUMA APPOINTED CHAIRMAN OF THE SLCTB. WITH EFFECT FROM JULY 17, 1986. MR. RUPASNGHE REMAINS AS 'SECRETARY TO THE MINISTRY.

REGARDS HAWKINS

=07211405

ALT RTD FROM: SASI

May 29/50e

ZCZC SASF4413 RCA6479 IRDIO ASADA VPAFC REF : TCP FCA

RCA6479 RCA6479 248423 WORLDBANK 28148X UNDR CH

1432989 (UNDRO) GENEVA 29MAY86 1543Z

UNDRO 86/1277

UNDRO LISTS 1, 5D PLUS MISSION OF SRI LANKA/GENEVA ANDT TO: UNDP/COLOMBT

SRI LANKA - DAM BURST - SITREP NO. 3 - 29 MAY 1986

### SITUATION

1. UN AGENCIES HAVE CARRIED OUT A FIELD SURVEY AFTER THE KANTALAI DAM BURST, MEETING WITH LOCAL AUTHORITIES AND VISITING CAMP SITES FOR HOMELESS TO ASSESS SPECIFIC NEEDS. AID IS BEING DISTRIBUTED BY GOVT AND NGOS TO AFFECTED POPULATION. MAJOR PRES-SING PROBLEMS NOW ARE FOOD AND SANITATION IN CAMPS WHERE ANAEMIA. MALNUTRITION AND LACK OF DRINKING WATER ARE SEVERELY AFFECTING THE POPULATION ESPECIALLY IN TRICOMALEE AND KANTALAI. HOWEVER, ADEQUATE SUPPLY OF DRUGS FOR COMMON AILMENTS, EYE INFECTION AND INTESTINAL DISORDERS IS INSURED.

### RELIEF NEEDS

2. THE LIST OF NEEDS GIVEN IN UNDRO SITREP NO. 2 REMAINS VALID WITH EXCEPTION OF RATIONS FOR 8,000 PEOPLE FOR 9 MONTHS WHICH SHOULD NOW BE EXTENDED TO 10 MONTHS UNTIL MAIN 1987 RICE HARVEST. OFFICIAL LIST OF NEEDS ISSUED BY MINISTRY OF FOREIGN AFFAIRS AS FOLLOWS:

US DLRS

A) DRY RATIONS: RICE, FLOUR, SUGAR, AND MILK FOR 4,500 FAMILIES FOR NINE MONTHS. RS. 30.4 MILLION

1,101,050

B) FUNDS TO REPLACE BASIC HOUSEHOLD UTENSILS FOR 2,000 FAMILIES. RS. 10 MILLION.

362, 188

C) CLOTHING AND BOOKS FOR 7,000 SCHOOL CHILDREN. RS. 3.5 MILLION

126, 766

D) FUNDS FOR TEMPORARY ACCOMMODATION FOR 850 FAMILIES. RS. 1 MILLION

36,219

E) FUNDS FOR REBUILDING 400 HOUSES AND

F) FIVE WATER PUMPS FOR CLEANING WELLS. RS. 500,000	18, 109
G) AGRICULTURAL INPUTS FOR 4,500 FAMILIES TO RESTORE LAND PRODUCTION. RS. 6.8 MILLION	246,287
H) MEDICINES, GALVANIZED IRON WATERTANKS, MISCELLANEOUS. RS. 2.4 MILLION	86, 925
3. INTERNATIONAL RESPONSE	
UN SYSTEM:	US DLRS
- UNICEF: EMERGENCY DRUGS AND MEDICINES.	15,000
- WFP: HALF DRY RATION REQUIREMENT FOR 4,500 FAMILIES DURING 9 MONTHS	(++)
GOVERNMENTS:	
- SEVERAL GOVERNMENTS HAVE EXPRESSED POSSIBILITY OF ASSISTANCE IF FORMALLY REQUESTED, BUT SO FAR ONLY UK AND USA HAVE BEEN APPROACHED.	
- CANADA: CASH GRANT PLEDGED THROUGH LRCS, CDN DLRS 30,000	21,739
- USA: 750 MT POWDER MILK.	(++)
NGOS:	
- CARITAS INTERNATIONALIS:	
SOS/FRANCE CARITAS NETHERLANDS	6,630 5,655
- LEAGUE OF RED CROSS SOCIETIES:	
SRI LANKA RED CROSS SOCIETY DISTRIBUTION OF 5-DAY FAMILY RATIONS AND FAMILY PACKS WITH CLOTHING IN FIELDS AND SCHOOLS	(++)
(++) - VALUE NOT REPORTED TO UNDRO	
6. DONORS ARE REQUESTED TO INFORM UNDRO DIRECTLY, PREF TELEX (28148 UNDR CH) OF THEIR CONTRIBUTIONS AND VALUE.	
7. IF NO MAJOR DEVELOPMENT TAKES PLACE THIS WILL BE SITREP ON THE KANTALAI DAM BURST.	THE LAST

= ESSAAFI UNDRO GENEVA 28148 +

195, 581

REPAIRING 450 OTHERS. RS. 5.4 MILLION

248423 WORLDBANK 248423 WORLDBANK 248423 WORLDBANK 248423 WORLDBANK 248423 WORLDBANK 28148X UNDR CH

=05291600

=05301551

ALT RTD FROM: SASI

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

# OFFICE MEMORANDUM

DATE: May 16, 1986

TO: Distribution Below

FROM: Andreas C. Tsantis, Chief, ASADA

EXTENSION: 32756

SUBJECT: SRI LANKA - Change in Name of Central Bank

We have been informed by our Resident Mission that the official name of the Central Bank of Ceylon has been changed to "The Central Bank of Sri Lanka".

CE-general

We would appreciate your informing your staff who work on Sri Lanka of this change.

## Distribution:

Messrs. Cheetham, Chernick (ASADR)

Lerdau, Geli, Haynes, Nowicki (ASPDR)

Slade, Yoon, Berg, Rees, Gould (o/r), Brandreth (ASP)

Schebeck, Denning (PHN)

Stern (IND)

Apergis, Abdi, Gibson, Zagha (ASADA)

Mmes. Shetty (o/r) (ASADR)

Helmink (ASADA) McGuirk (IMF)

:gw

DATE: April 25, 1986

TO: Mr. David W. M. Raynes, Assistant Director, ASP

FROM: Tae-Hee Yoon, Division Chief, ASPAA //16

SUBJECT: SRI LANKA - Kantalai Dam Breach - Possibility of Bank Assistance for Repairs

- 1. Attached telex from Hawkins received today differentiates between the security situation at the Kantalai Dam and the area irrigated from it. Ministry is now stated to believe that Kantalai Dam area does not present security problem, while irrigated area does.
- 2. The area irrigated from the Kantalai Dam is not far from the Dam and it would be really difficult for us to accept the position indicated. At present, therefore, there seems to be no case for a reconsideration of the earlier position taken by management to express regrets (on the basis of security conditions) should a formal request be received from the Government.
- Since Hawkins would be reporting further on the security situation, our response to Hawkins could await his further reports.

Attachment

cc: Messrs. Lerdau & Tsantis

JSrivastava: rsl

J. Hange

WORLDBANK MS SYSTEM

WORLDBANK MS SYSTEM

Mr. Stevenin Mr. Van U.

ZCZC SPAP2877 WUI755 ASPAO ASADA ADMCB REF : TCP FCA

WUI755
COL0157
ASPAA ASADA
"IBRDCOL
INTBAFRAD COLOMBO, SRI LANKA, APRIL 25, 1986
ATTN: MR. YOON COPY MR. TSANTIS

FURTHER TO MY COMMUNICATION CONCERNING KANTALAI DAM BREACH AND REQUEST FOR BANK ASSISTANCE. TELEX FROM SENERATH, PROJECT DIRECTOR, MIRP, TO YOON OF APRIL 2 STATES THAT IT WILL NOT BE POSSIBLE FOR PROPOSED REVIEW MISSION TO VISIT KANTALAI. SENERATH NOW WISHES TO STATE THAT THIS APPLIES TO AREA OF EXISTING PROJECT AND DOES NOT APPLY TO KANTALAI BUND ITSELF WHERE BREACH HAS DCCURRED. MINISTRY CONSIDERS THAT AREA WHERE BUND IS SITUATED IS NOT SUBJECT TO SECURITY DIFFICULTIES. EYE AM CONTINUING TO INQUIRE INTO SECURITY QUESTION AND WILL REPORT FURTHER.

BEST REGARDS HAWKINS

015586 1053 250486 01710171 755

=04250733

NNNN

Lag No.

Division 'A'

Dec'd

Acaphilash

4/25/86

ZCZC SASF2430 RCA9224 IRDIO ASADA VPAFC REF : TCP FCA

RCA9224 248423 WORLDBANK 28148G UNDR CH

1402152 (UNDRO) GENEVA 25APR86 1507Z

ATT: RILEY UNDRO 86/0934

TO: UNDRO LISTS 1, 5D PLUS MISSION OF SRI LANKA/GENEVA AND UNDP/COLOMBO

SRI LANKA - DAM BURST - SITREP NO. 2 - 25 APRIL 1986

## SITUATION

- 1. TODAY MINISTER OF FOREIGN AFFAIRS SRI LANKA BRIEFED UN AGENCIES AND NGOS ON THE SITUATION AND REQUESTED INTERNATIONAL ASSISTANCE FOR THE VICTIMS OF THE KANTALAI DAM BURST.
- 2. THE DAM COVERED AN AREA OF 110,000 ACRES. FLOODWATER WASHED OVER A DOZEN VILLAGES AND POLLUTED WELLS. UNDRO RESIDENT CO-ORDINATOR REPORTS THAT 14 PERSONS WERE KILLED AND 25 MISSING, (REF. UNDRO INFO REPORT NO. 1, 23/4/86). 8,000 FAMILIES ARE AFFECTED AND APPROXIMATELY 8,000 PERSONS, MAINLY CHILDREN, ARE LIVING IN GOVT. CAMPS AND ARE IN IMMEDIATE NEED OF FOOD, CLOTHING AND MEDICINES.

#### RELIEF NEEDS

US DLRS

3. A) DRY RATIONS FOR 8,000 FAMILIES FOR 9 MONTHS. APPROX. COST RS 30 MILLION

1.100,000

B) IMMEDIATE RECONSTRUCTION OF 300 HOUSES. COST RS 3 MILLION

110,000

0

- C) 20 TUBE WELLS.
- D) MEDICAL REQUIREMENTS ALREADY BEING COVERED BY UNICEF.

## INTERNATIONAL RESPONSE

4. UN SYSTEM

UNICEF COVERING LIST OF MEDICINES ESTABLISHED BY MIN HEALTH.

5. GOVERNMENTS

ODA/UK SENDING EXPERT TO DETERMINE CAUSES OF BREACH.

6. NGOS

SAVE THE CHILDREN FUND (UK) IS PROVIDING 5 PUMPS FOR EXISTING WELLS, OTHER REQUIREMENTS UNDER EXAMINATION.

SAVE THE CHILDREN FEDERATION (US) HAS PLEDGED US DLRS 5,000 FOR ASSISTANCE TO CHILDREN.

7. DONORS ARE REQUESTED TO INFORM UNDRO DIRECTLY, PREFERABLY BY TELEX (28148 UNDR CH), OF THEIR CONTRIBUTIONS AND VALUE.

= ESSAAFI UNDRO GENEVA 28148 +

(DPR 310 SRI '86 (1))

248423 WORLDBANK 28148G UNDR CH

=04251513

=04281554

ALT RTD FROM: SASI

ZCZC SASFØ444 RCA2Ø42 ASADA ADMCB REF : TCP D.S.

COL0121
ASADA
.IBRDCOL
INTBAFRAD COLOMBO SRI LANKA, MARCH 26, 1986
ATTN :MR. TSANTIS

MR. S.M.L. MARIKKAR, ADDL. SECRETARY TO PRESIDENT SUCCEEDS DR. W. WEERASOORIA AS SECRETARY, PLAN IMPLEMENTATION

REGARDS MS. CANDAPPA

=03260922

ALT RTD FROM: SASI

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

# OFFICE MEMORANDUM

TO: Files

DATE: March 21, 1986

FROM: Andreas C. Tsantis, Division Chief, ASADA

SUBJECT: SRI LANKA - Visit by Mr. Martin Ennals of International Alert

Mr. Ennals came to my office on Monday, March 17, to inform me of the visit of Dame Judith Hart, MP in the UK, to Sri Lanka and her discussion with President Jayawardene on the ethnic conflict in Sri Lanka. That visit took place in February. During her stay, Mrs. Hart met also with a cabinet committee of 17 ministers. She apparently advised President Jayawardene and his cabinet members that the intention of International Alert was to advocate the cessation of government aid to Sri Lanka pending a political settlement. It would also be recommended to donors "to establish a fund to assist in the implementation of a peaceful political solution and the rehabilitation of the economy and the well-being of the Sri Lanka people".

International Alert is going to be urging governments to withhold aid grants at the next Aid Group meeting in June. Mr. Ennals indicated to me that a lot of sympathy for some type of action exists among the Scadinavian governments.

Attached is some information on International Alert.

Attachment:

cc: Messrs. Hopper, Holsen, Cheetham, Lerdau, Nowicki, Haynes Ms. P. Schwarts Sri Lanka Team International Alert was founded in 1985 to focus attention on problems of group conflict which violate human rights, inhibit development, and result in mass killings and even genocide.

International Alert works with other organizations, institutions and universities to identify present and potential conflicts where international public opinion and approaches to governments can be effective in bringing about peaceful settlements.

International Alert is establishing research, membership and support groups to concentrate on individual countries about which they have specialised knowledge and experience. 'Alert' groups are responsible, concerned volunteers.

International Alert has a research section which will work with a network of researchers. A liaison bulletin is published from the International Peace Research Institute in Oslo in collaboration with the UNU Colegio de Mexico and the Netherlands Institute of Human Rights (SIM) in Utrecht.

International Alert has created an International Emergency Committee on Sri Lanka and a Uganda Watch Committee. A project is in preparation regarding the conflict in Chad and other projects in Western and Eastern Europe, Asia and the Americas are being studied. Groups exist in London, Los Angeles and Cambridge, Mass with others already in formation in France and Australia.

International Alert is funded by grants and contributions from agencies, foundations and concerned individuals. It is independent, impartial and universal in its activities. It does not seek to take sides in any dispute but works for a viable peaceful solution.

International Alert was created with the express support of development agencies specialists in human rights and the phenomenon of genocide. The Board members are:

Chair: Theo van Boven (Netherlands);

Vice Chairs: Bishop Desmond Tutu (South Africa); Rodolfo Stavenhagen (Mexico)

Treasurer: Hans Thoolen (Netherlands)

Members: Asbjørn Eide (Norway): Helan Jaworsky (Peru); Niall MacDermot (United Kingdom); Nicole Questiaux (France); Frances d'Souza (United Kingdom); Ben Whitaker (United Kingdom); Stanley Wolpert (USA); Mayor Andrew Young (USA); Lord Young of Dartington (United Kingdom)

**International Alert** needs support and resources. For further information contact:

#### London:

Martin Ennals Secretary General 24 Chancery Lane London WC2A 1LS Tel: 01-405 7382

#### Utrecht:

Hans Thoolen Treasurer Nieuwegracht 94 3512 LX Utrecht Tel: 30-331514

#### Los Angeles:

Stanley Wolpert International Alert 811 Thayer Avenue Los Angeles Ca 90024 Tel: 213-279 1863

#### **Bank Account:**

RABO Bank, Lange Viestraat, Utrecht Account No 39 43 000 76

# **Preface**

by the Right Honourable

Events during the past for international concern. It since independence in it achievements in literacy

It is even more tragic th longer respected. Given best friends of Sri Lanka future.

If answers are to be fou be an understanding of International Alert publi crisis. We hope it will as be found which will rest to this sad and beautifu

**Judith Hart** 

ZCZC SASF8844 RCA6973 ASNVP REF : TCP FCA

RCA6973
248423 WORLDBANK
ORYWRP CWEASY G
EASYLINK 2762181U001 3MAR86 11:21/11:23 GMT
FROM: 19015010
INTERNATIONAL ALERT
TO: 23248423

ATTN DAVID HOPPER VICE PRESIDENT

JUDITH HART RETURNED FROM LENGTHY TALKS WITH PRESIDENT JAYAWARDENE AND CABINET ON BEHALF OF OUR COMMITTEE. ALSO HELD TALKS WITH PRIME MINISTER GANDHI IN DELHI. INFORMED SRI LANKA GOVERNMENT THAT WE WOULD URGE GOVERNMENTS, WORLD BANK AND IMF TO SUSPEND AID PROGRAMMES WHEN CONSORTIUM MEETS. WE RECOGNISE THE NEUTRALITY OF THE BANK BUT ARE AWARE THAT THE EXISTENCE OF PRACTICAL PROBLEMS PARTICULARLY IN THE NORTH AND EAST OF SRI LANKA CAN INFLUENCE BANK JUDGMENT. WOULD ALSO URGE THAT FUNDS BE SET ASIDE FOR USE IN SRI LANKA ONCE A POLITICAL SOLUTION HAS BEEN FOUND ACCEPTABLE TO ALL PEOPLES. THERE ARE THOSE IN INDIA AND SRI LANKA CLOSE TO BOTH GOVERNMENTS WHO WOULD WELCOME SUCH INTERNATIONAL EXPRESSION OF CONCERN AND ACTION.

WE WOULD URGE YOU TO TAKE THESE VIEWS INTO ACCOUNT IN YOUR PRELIMINARY TALKS WITH THE IMF IN MARCH. I HOPE THAT DAME JUDITH OR I WILL BE IN TOUCH WITH YOU DIRECTLY BEFORE THEN. DAME JUDITH WOULD LIKE TO CALL YOU IF SHE COULD HAVE YOUR PRECISE TELEPHONE NO. OUR TELEX NO IS 946240 CWEASY G, QUOTING 19015010.

THANK YOU FOR ANY FACILITIES YOU CAN PROVIDE FOR THE EFFECTIVE VENTILATION OF THESE VIEWS.

MARTIN ENNALS INTERNATIONAL ALERT

QUOTE REF 19015010 IN REPLY

MINIMI

946240 CWEASY G 248423 WORLDBANK =03031129

=03051318

--POSSIBLE DUPLICATE--

# THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

Washington D. C. 20433

U.S.A.

CE-Gen

MSG. NUMBER:

17 2 " " " . . .

DURATION OF CALL:

FORM NO. 1884 (1 - 86)

# FACSIMILE TRANSMITTAL FORM

CABLE SERVICES USE ONLY

DATE: March 4, 1986

NUMBER OF

PAGES: 2 (Including this page)

FROM: Andreas C. Tsantis

Extension 3-2756 Dept/Div., No. 183/30

MINUTES

TO: COMPANY/ORGANIZATION:

CITY AND COUNTRY:

FOR ATTENTION OF:

INTBAFRAD, Colombo, Sri Lanka

FAX NUMBER/ MACHINE TYPE:

94-1-54761

SUBJECT:

See Attached

cc: Mr. S.S. Bhalla (DRD)

· Transmission Authorized by: Andreas C. Tsantis, Division Chief, ASADA

Original to be returned to: Andreas C. Tsantis, ASADA

Room No.: \_ H-5109

If you experience any problems with this transmission, please call back as soon as possible.

Phone: (202) 477-2805/2021

Telecopier: RAPICOM 6300 (GR. II, III)

(202) 477-8451

RAPIFAX 100 (with GR. III)

(202) 477-8164

PANAFAX PX-100 (GR. I, II, III)

(202) 477-6391

TELEX: RCA - 248423 WORLDBK; ITT - 440098 WORLDBANK;

FTCC - 82987 WORLDBK; TRT - 197688 WORLDBANK WUI - 64145 WORLDBANK

- Rene Hope you all had a good trip !
- Re TOR for Mr. Hanson. Mr. Cheetham has made following comments on
  Mr. Hanson's TOR "This does not reflect fully the kind of discussion we had yesterday on term lending and the role of DFI's, the fund
  sources and the cost of these funds". Suggest you discuss with
  Hanson to cover these points.
- Living Standards Study Alpha. Talked to Uma Lele and Bhalla. No Re problem from here on following set of actions. (1) Giviing paper to donors as an overview paper by leader of project. (2) Editing paper to move technical discussions to an annex. Bhalla points out that this paper concentrates on the macro perspectives of the research project and that Central Bank counterparts and others may raise question that results of research of impact on policies on other areas are not covered. Further, he is concerned that we make very clear to Central Bank counterparts of what we are doing, so that they do not gain impression that Bhalla is doing his own thing by purposefully excluding other research findings. I find that we need to get, as we discussed, an o.k. from Government to go ahead with editing this paper. If Central Bank streneously objects, we have two options. (1) have Ministry of Finance and Planning take the decision to proceed. (2) co-opt the Central Bank to write a very brief paper covering the other points. What do you think?

Beta. Bhalla is also talking about a seminar on the research findings at the end of March. Is this feasible? I will have him telex proposal directly.

Gamma. Concerning publication, the proposal is for paper to appear in Bank's new research publication. I told Uma that as long as Government does not object, we would not object to publication of the paper, provided it is published after June 19.

Till Situation Security

QE-Gen

Man. 3, 86

" WORLDBANK MS SYSTEM

ZCZC SVPP7134 RCA6973 ASNVP REF : TCP FCA

RCA6973
248423 WORLDBANK
ORYWRP CWEASY G
EASYLINK 2762181U001 3MAR86 11:21/11:23 GMT
FROM: 19015010
INTERNATIONAL ALERT

TO: 23248423

ATTN DAVID HOPPER VICE PRESIDENT

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Mr. Teantie.
Comme descourt
please.
313186

( to fandle,

Russ - Phere see abouted meno to file. Their Andrew WE WOULD URGE YOU TO TAKE THESE VIEWS INTO ACCOUNT
IN YOUR PRELIMINARY TALKS WITH THE IMF IN MARCH. I
HOPE THAT DAME JUDITH OR I WILL BE IN TOUCH WITH YOU
DIRECTLY BEFORE THEN. DAME JUDITH WOULD LIKE TO
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NO. OUR TELEX NO IS 946240 CWEASY G, QUOTING 19015010.

THANK YOU FOR ANY FACILITIES YOU CAN PROVIDE FOR THE EFFECTIVE VENTILATION OF THESE VIEWS.

MARTIN ENNALS INTERNATIONAL ALERT

QUOTE REF 19015010 IN REPLY

MMMM

946240 CWEASY G 248423 WORLDBANK

=03031129

=03031044

-- POSSIBLE DUPLICATE--

February 24, 1986

Mr. C-J. Lindgren

Michael A. Gould

32300

SRI LANKA - CBD Technical Assistance Mission

- 1. I was not aware that the terms of reference for the "Joint IMF/World Bank Financial Sector Review" were confidential.
- 2. I will remove the terms of reference from the annexes, though I trust that you will have no objection to my referring in general terms to the work of the forthcoming mission in the text of the appraisal report. I will also delete references to a "joint mission" and refer to an IMF mission supported by the World Bank. While the recommendations and the final report of the mission will remain with the Central Banking Department of the Fund, I assume that we will be given an opportunity to comment on the report before it is given to the Government.

Cleared with and cc: Messrs. Tsantis, Apergis

cc: Mr. Zulu

Mr. Guitian/Mr. Hino

Ms. Koenig

Mr. Scott

Mr. Hanson

MGould/cbm:

To

: Mr. Michael Gould

Date: February 20, 1986

C.-J. Lindgren

Subject: Sri Lanka--CBD Technical Assistance Mission

Last week I received a copy of the World Bank staff appraisal report (in yellow cover) for a Second Industrial Development Project for Sri Lanka (No. 6009-CE; dated 12/30/85). To my surprise, I found an appendix in the report (Annex 4) containing the "draft terms of reference" for a "Joint IMF/World Bank Financial Sector Review." This appendix is a reproduction, in verbatim, of the September 1985 draft terms of reference for a possible Central Banking Department (CBD) mission to Sri Lanka which was prepared to serve as a basis for Fund staff in its discussions with the Sri Lankan authorities during the Annual Meetings in Seoul.

The September 1985 draft terms of reference was an internal working document of the Fund, which was passed on to the Bank (Mr. Vandendries) in confidence in view of the fact that it was proposed that a Bank staff member would participate in the CBD mission. As you are aware, a confidential and internal working memo cannot be reproduced for circulation or use in any other context without authorization. I would urge you to exclude any reference to the terms of reference of the CBD mission in the appraisal report.

I would also like to draw your attention to the fact the upcoming CBD mission is not a "joint IMF/World Bank mission." The understandings reached between Mr. Vandendries and myself in September 1985 and between the Sri Lankan authorities and Fund staff during the Annual Meetings were for a CBD technical assistance mission in which a World Bank staff member would participate. The Bank staff member would be a full member of the CBD mission team, with designated areas to be covered in the field and in the final report. The responsibility for the recommendations and the final report of the mission will remain with the Central Banking Department and other interested departments of the Fund.

Mr. Guitian/Mr. Hino

Ms. Koenig- IMF 10

Mr. Scott

Mr. Hanson

# OFFICE MEMORANDUM

DATE February 11, 1986

TO Files

FROM Thomas T. Gibson, Sr. Economist, ASAD

EXTENSION 32

32760

SUBJECT

SRI LANKA - Presidential Tariff Commission

Douglas Scott (IMF) reports that the establishment of the Presidential Tariff Commission was effective (gazetted) on December 12, 1985.

cc: Messrs. Cheetham, Tsantis, Gould Sri Lanka Team

TGibson:cjn

138 11

CE- general

ZCZC SASF2711 RCA6138 ASPAA ASADA ADMCB REF : TCP1 MET

COLO578
ASPAA ASADA
.IBRDCOL
INTBAFRAD COLOMBO SRI LANKA, NOVEMBER 15 1985.
ATTEN: MR YOON COPY MR TENTIS

PLEASE NOTE THAT MR. K. M. D. PERERA HAS BEEN APPOINTED DIRECTOR OF IRRIGATION WITH EFFECT FROM OCTOBER 15, 1985.

REGARDS

=11150936

ALT RTD FROM: SASI

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FORM NO. 27 - OCR (3/82)

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TEXT

#### WORLD BANK OUTGOING MESSAGE FORM Cable, Telex IMPORTANT—PLEASE READ INSTRUCTIONS BELOW BEFORE TYPING FORM

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INTBAFRAD. COLOMBO, SRI LANKA

Cic - Sineral

FOR HAWKINS

IN ORDER TO PREPARE FOR OUR MEETING WITH DR. TILAKARATNA TUESDAY MORNING AT 9:00 WE WOULD BE VERY GRATEFUL IF WE COULD RECEIVE BY MONDAY MORNING THE FOLLOWING INFORMATION COLON

AAA THE COST OF LIVING INDEX OF THE BANK OF CEYLON FOR FACH OF THE PAST 24 MONTHS AND THE ADMINISTRATIVE AND NON-ADMINISTRATIVE COMPONENTS OF THE INDEX. WITH REGARD TO INFLATION WE WOULD ALSO APPRECIATE YOUR JUDGEMENT AS TO WHAT THE PROSPECTIVE RATE OF INFLATION MIGHT BE OVER THE NEXT 12 TO 18 MONTHS BEARING IN MIND THE GOVERNMENT'S REQUIREMENT FOR CENTRAL BANK FINANCING AND THE LIKELY IMPACT OF EXCHANGE RATE POLICY.

WE WOULD ALSO APPRECIATE RECEIVING FOR THE LATEST DATE BBB AVAILABLE AS COMPREHENSIVE AS FEASIBLE DUE TO TIME LIMITATIONS AN UPDATING OF TABLE 6.01 QUOTE INTEREST RATES OF MAJOR CREDIT AND SAVINGS INSTITUTIONS UNQUOTE. WE WOULD ALSO APPRECIATE YOUR VIEWS PERHAPS MAKING REFERENCE TO ANY CONTACTS THAT YOU MIGHT HAVE IN THE FINANCIAL COMMUNITY AS TO THE LIKELY COURSE OF INTEREST RATES OVER THE NEXT 12 TO 18 MONTHS.

GREATLY APPRECIATE YOUR EFFORTS.

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## WORLD BANK OUTGOING MESSAGE FORM Cable, Telex

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				DEPARTMENT:	
				South Asia Progr	rams FOR USE OF CABLE SECTION

CE-General

DATE: August 21, 1985

TO: Mr. Russell J. Cheetham, Director, ASADR

FROM: Thomas T. Gibson, Sr. Economist, ASADA

SUBJECT: SRI LANKA - Movements in the Real Effective Exchange Rate (REER)

of the Sri Lankan Rupee

I attach two calculations of the REER of the Sri Lankan rupee. Table 1 is the standard calculation done by the Fund for all its members. 1/ Table 2 provides a calculation by the Asian Department of the Fund which is based on trade weights they believe to be more representative of the particular considerations faced by Sri Lanka. Whereas the standard calculation deflates the nominal exchange rate index by relative movements in the CPI between Sri Lanka and its comparators the Asian Department calculation, additionally, carries out a deflation on the basis of WPIs. The two CPI based indices show that there has been substantial appreciation of the REER in the post-liberalization period. 2/ It is clear in that much of the appreciation in the past arose from the approximate link with the US dollar. As the dollar has begun to depreciate, and, measured inflation in Sri Lanka has levelled off, the REER for the rupee has also began to fall. Based on the CPI linked REER at end July the implied US dollar exchange rate that would restore the real value of the rupee to its 1978-79 level would be about SL Rs. 37 per US dollar, according to the Asian Department's CPI based index.

Attachment

cc: Messrs. Chernick, Tsantis, Groves Ms. Helmink

TGibson:cjn

<sup>1/</sup> Standard in the sense that it derives the trade weights from the Direction of Trade publication of the Fund in constructing the basket.

The WPI based index is preferred by the Governor as it shows substantially less appreciation. Its relatively good performance reflects the production response to the incentive measures of the late 1970s. This index is not a good proxy for wages. The index of minimum agricultural wage rates shows a real appreciation far greater than the CPI.



# **Record Removal Notice**



File Title	s		Barcode No.	
Sri Lanka - General - 1984 / 1986 C	Correspondence		1160419	
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Document Date	Document Type			
16 July, 1985	Memorandum		2 1 2	
Correspondents / Participants From: Rene Vandendries, Acting Cl	hief, ASADA			
To: Mr. Heiner Luschin, Advisor to	Austrian ED			
Subject / Title Consultant's proposal for project nar	med Kandy Beautiful			
Exception(s)				
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Additional Comments Declassification review of this record	rd may be initiated upon request.			
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ZCZC SASF5483 WUI952 ASADA REF : TCP FCA

ce. general.

WUI952 COL069 ASADA .IBRDCOL INTBAFRAD COLOMBO SRI LANKA, JULY 2, 1985 ATTN : MR. TSANTIS

REYRTLX JUNE 28 REFERRING TO JAPAN/SRI LANKA ASSOCIATION. HAVE CHECKED WITH LLOYD FERNANDO WHO STATES THAT GOVT HAS NO OBJECTION TO JAPAN/SRI LANKA ASSOCIATION RECEIVING ECONOMIC REPORT.

BEST WISHES TO YOUR HOME LEAVE

REGARDS HAWKINS

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=07020950

ALT RTD FROM: SASI

CE-Gen

yellow

The World Bank INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W. Washington, D.C. 20433 (202) 477-1234 Cable Address: INTBAFRAD Cable Address: INDEVAS

June 14, 1985

His Worship Sirisena Coorey, Mayor Colombo Municipality Colombo Sri Lanka

Dear Mr. Coorey:

This letter is to invite you to participate in an important conference to be held in Washington, D.C., from December 2nd to 6th, 1985. The conference is entitled "Ten Year Anniversary Conference on World Bank Urban Lending: Accomplishments, Issues, and Lessons to Improve Aid Effectiveness." Its objective will be to evaluate past experience and to develop a consensus concerning directions for future assistance.

The occasion of the conference is the tenth anniversary of Mr. Robert McNamara's speech to the annual meeting of the World Bank in 1975 announcing the Bank's decision to expand its program of urban assistance to developing countries. Participating will be about 60 representatives from the developing countries, 20 from the World Bank, 10 from other international lending agencies and 10 from the academic community. It is expected that participants' expenses will be paid by their respective governments, if appropriate, through an existing IDA credit.

As Mayor of Colombo, you have been in a unique position to participate in a wide range of urban development activities in your city. The World Bank has supported the development of water supply and sanitation through two projects. More recently, the Bank participated in an Urban Sector Study, and, as you know, we are supporting the Ministry of Local Government, Housing and Construction in the preparation of a first urban development project. Your presence would therefore be particularly important in order to share your experience with us and the other participants and to discuss how future urban development assistance can be made more effective. We are also inviting from Sri Lanka the Secretary of the Ministry of Local Government, Housing and Construction, Mr. R. Paskaralingam. The staff of the South Asia Urban and Water Supply Division of the World Bank will keep you informed of the preparatory work for the conference.

Attached is a description of the conference. I sincerely hope it will be possible for you to attend and look forward to your response.

TT 110008 BCA 248423 WI II 64145

Cleared with and cc: Ms. P. Helmink, ASA

cc: Mr. E. Hawkins, Res. Mission

AHarth/JWright:erm

Attachment(1)

W. David Hopper, Vice President South Asia Region

Proposed design of "Ten-Year Anniversary Conference on World Bank Urban Lending: Accomplishments, Issues, and Lessons to Improve Aid Effectiveness"

- 1. This note presents a proposed design of a week-long conference to review 10 years of World Bank urban lending since the 1975 McNamara urban speech. The conference will run from December 2-6, 1985, in a conference center in Washington, D.C., and will bring together (i) 60 representatives of countries in which urban projects were undertaken (ten invited by each of the Bank's six regions); (ii) representatives from major donor agencies: USAID, FAC, GTZ, ODA, CIDA, SIDA, DANIDA, ADAB, Japan, EEC, OECD, UNICEF, HABITAT, and UNDP; (iii) about 20 Bank management and urban staff; (iv) possibly a few representatives from selected NGOs and (v) ten outside experts. Altogether conference participants will number about 100.
- The conference will have the following major outputs:
  - identification and evaluation of major accomplishments;
  - identification and evaluation of problems in urban assistance;
  - 3) identification of substantive issues requiring attention (policy, institutional development, financial policy, etc.);
  - 4) identification of process issues (how assistance is provided and perceived by donors, recipients, and observers)/ and how process affects substantive outcomes and ability to learn;

- 5) identification of major lessons--what is effective assistance?
- 6) directions for future assistance--both substantive and procedural
- 3. Conclusions will address the Bank itself; provide a wide-ranging evaluation for major borrowers, donors, and the professional urban community; highlight major issues to be addressed, and help to develop a consensus on the objectives of urban development aid at the international level, prior to the 1986 DAC meeting on aid coordination in the urban sector.

### 4. Format

#### A Preparatory Phase.

1) Twelve country representatives will be invited to prepare 20page papers covering a specified outline, which would include
set of general questions concerning project experience and
some country-specific issues. Invitees will be contacted
before May 1, 1985. First drafts will be requested for
August 15, 1985. Comments will be provided and second drafts
will be completed by November 15, 1985. Bank project
officers will discuss these papers with the authors while on
missions and provide technical assistance as needed. On the
basis of the first draft country papers, six theme papers

will be prepared for presentation in panels at the conference. All of these papers will be disseminated well in advance of the conference to participants.

- 2) One of the representatives from a developing country will be selected as chairman of the conference and will assist in inviting a five-member committee, also from the developing countries, to help oversee the conference.
- 5. <u>Conference</u>. The conference will span 5 days with departure on

  December 6. During the proceedings, Mr. A.W. Clausen and Mr. Robert McNamara
  will give presentations.
  - 1) Framing the Conference--1/2-day. The conference will be introduced by a talk by Mr. A.W. Clausen, who will then introduce the conference chairman and 5-member committee.

    The conference will then proceed with by an overview presentation on urban assistance including amounts, agencies, countries within the context of projected urban trends. It will be followed by a case study of assistance to a specific city (Nairobi?).
  - 2) <u>Country Experience</u>--2 days. Each day will be divided into 4 sessions:

8:30 - 10:00

10:30 - 12:00

3:00 - 5:00

8:00 - 10:00

The sessions will be divided into plenary and working groups, each consisting of about 18 people. Within the two days two sessions will be devoted to working groups where case studies will be presented and discussed. The presentations will be informal—a discussion of the papers rather than a reading of them. Ample time will be scheduled for country representatives not giving papers to comment on their experiences with development assistance. Six sessions will be organized and themes discussed in plenary sessions. This design will allow all case studies to be presented, although not in every case to the plenary. The small groups could be organized on regional bases—thus allowing for regional discussions.

Limited reporting of working group discussions will be presented by specially assigned rapporteurs.

- 3) <u>Lessons</u>. The final 1-1/2 days will be divided into six sessions summing up particular issues.
- 4) Conference case studies, theme papers, input from representatives who have not done papers, and general conclusions will be published as a book and might also serve as an input to the agenda for the 1986 Development Assistance Committee meetings on urban assistance.

CE-Gen

yellow

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W Washington, D.C. 20433 U.S.A. (202) 477-1234 Cable Address: INTBAFRAD Cable Address: INDEVAS

June 14, 1985

Mr. R. Paskaralingam, Secretary Ministry of Local Government, Housing and Construction Sethsiripaya, Kotte Battaramulla Colombo, Sri Lanka

Dear Mr. Paskaralingam:

### Re: World Bank Urban Conference

This letter is to invite you to participate in an important conference to be held in Washington, D.C., from December 2nd to 6th, 1985. The conference is entitled "Ten Year Anniversary Conference on World Bank Urban Lending: Accomplishments, Issues, and Lessons to Improve Aid Effectiveness." Its objective will be to evaluate past experience and to develop a consensus concerning directions for future assistance.

The occasion of the conference is the tenth anniversary of Mr. Robert McNamara's speech to the annual meeting of the World Bank in 1975 announcing the Bank's decision to expand its program of urban assistance to developing countries. Participating will be about 60 representatives from the developing countries, 20 from the World Bank, 10 from other international lending agencies and 10 from the academic community. It is expected that participants' expenses will be paid by their respective governments, if appropriate, through an existing IDA credit.

As Secretary of the Ministry of Local Government, Housing and Construction in Sri Lanka you have been in a unique position to participate in urban development activities in your country. In the past the World Bank has assisted these activities through two water supply and sanitation projects and two Sector Reports in 1984. As you know, we are currently supporting the preparation of a third water supply project and a first urban development project. Your presence would therefore be particularly important in order to share your experience with us and the other participants and to discuss how future urban development assistance can be made more effective. We are also inviting from Sri Lanka the Mayor of Colombo, Mr. Sirisena Coorey.

Ten individual participants are being invited to present case studies of their experience with World Bank supported urban programs. The ten papers will be used to draw general themes for the conference's discussions. We would like to invite you to prepare one of these papers describing the experience of Bank-assisted urban strategy evaluation and program planning in Sri Lanka,

following the enclosed outline as appropriate. We would request a first draft by August 15, 1985. Comments would then be provided so that second drafts could be prepared by November 15, 1985. Mr. Alberto Harth of the South Asia Urban and Water Supply Division, who has already discussed this paper with you, would be available for further discussions during his next mission, tentatively scheduled for July. He would be able to provide assistance at that time if needed, and he will keep you informed of the preparatory work for the conference.

Attached are a description of the conference and the proposed outline of the Case Study Paper. I sincerely hope it will be possible for you to attend and look forward to your response.

Very sincerely,

W. David Hopper, Vice President South Asia Region

Attachments (2)

Cleared with and cc: Ms. P. Helmink, ASA

cc: Mr. E. Hawkins, Res. Mission

AHarth/JWright:erm

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- 4) Conference case studies, theme papers, input from representatives who have not done papers, and general conclusions will be published as a book and might also serve as an input to the agenda for the 1986 Development Assistance Committee meetings on urban assistance.

### OUTLINE

URBAN ASSISTANCE: A CASE STUDY
ACCOMPLISHMENTS, ISSUES, AND LESSONS FOR THE FUTURE

### Introduction

Over the past ten years you have participated in the preparation and implementation of one or more urban development projects financed with World Bank assistance. In order to review accomplishments of urban development assistance and to identify issues and areas requiring further attention, you are invited to prepare a paper on your experience that would be presented at the Conference on Urban Assistance, described in the accompanying letter. The following outline for the paper is intended to suggest questions that should be addressed in the case study as a basis of discussion among senior officials from developing countries and donor agencies who will be present at the meeting. The case study should start from your personal perception of your country's (your region's) experience with development assistance and then address broader programmatic issues as suggested below, emphasizing those issues that you believe to be particularly critical in your country. It is hoped that authors will comment frankly on the effectiveness of urban assistance: its substantive accomplishments and problems, and the ease or lack thereof of the processes involved. Papers should not be considered official government statements, but rather reflect the nonofficial perceptions of senior officials active in the urban sector over the past decade, in order to serve as guideposts for future development assistance policy.

## I. Objectives of Development Assistance within the Urban Sector

The first section of the paper should specify the official and unofficial objectives for the projects and programs in your country in relation to the issues facing the urban sector. What were the perceived objectives of the projects at the national, local, and executing agency level? Did these objectives remain constant or did they change over time? How did these objectives fit into an overall development assistance strategy, both for the Bank and for your country?

### II. Implementation Experience

This section should review major features of the implementation experience, including adherence to timetable, obstacles, unforeseen problems, and opportunities to modify projects during implementation.

Some 60 percent of World Bank-assisted projects in all sectors change during implementation, in response to problems and opportunities unforeseen at appraisal. Did this process occur in your case? How did it occur? What lessons can be drawn from the implementation experience that could be used in the design of future programs for development assistance for your country?

### III. Impact of Development Assistance

This section should identify the major impacts of the projects: their accomplishments in terms of policies, institutional development, direct benefits to the urban population, adoption of new approaches to project design or development assistance in general, and/or any others you can identify. What were some of the negative impacts of the projects? Did the projects meet their original

objectives? How? If not, why not? Are there different perceptions in your country about the projects impact? How did the total range of development assistance projects benefit, or hurt, your country.

# IV. Lessons for Urban Assistance: How to Improve Aid Effectiveness

What are the lessons of the past ten years that you consider to be important? Which of these lessons have implications for possible future urban assistance? For project or program design? For the process of providing assistance?

ZCZC SASF3051 WUI856 ASADA ADMCB REF : TCP FCA

WUI856
COL0275
ASADA
.IBRDCOL
INTBAFRAD COLOMBO SRI LANKA, MAY 20, 1985
ATTN: MR. VANDENDRIES

RE: DEFENCE EXPENDITURE

THE ENGLISH DAILIES OF MAY 17 REPORTED A SPEECH BY FINANCE MINISTER DE MEL IN WHICH THE LATTER SAID THAT SUPPLEMENTARY EXPENDITURES FOR DEFENCE FOR 1985 WILL AMOUNT TO RS. 2 BILLION. DEFENCE EXPENDITURES FOR 1985 WAS BUDGETED AT RS 3.4 BILLION. MR. SHANMUGALINGAM OF THE TREASURY TELLS ME THAT SUPPLEMENTARIES TO DATE FOR DEFENCE AMOUNTS TO RS 1.8 BILLION

BEST REGARDS RAJAPAKSE

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ALT RTD FROM: SASI

ZCZC SASF8333 WUI742 ASPPT ASADA ADMCB REF : TCP FCA

WUI742
COL0073
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.IBRDCOL
INTBAFRAD COLOMBO, SRI LANKA, FEBRUARY 21, 1985
ATTN: MR. BRANDRETH

CONSEQUENT UPON DEATH OF DIRECTOR MENDIS, MR. E.F.M. PERERA HAS BEEN APPOINTED DIRECTOR OF HIGHWAYS

REGARDS

103079 1054 210285 01710171 742

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ALT RTD FROM: SASI

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CE-general.

WUI362
COL0769
ASADA
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INTBAFRAD COLOMBO, SRI LANKA, DECEMBER 27, 1984
ATTN: MR TSANTIS

FOLLOWING YESTERDAYS CABINET MEETING GOVT HAS DECIDED NOT TO IMPLEMENT APC PROPOSALS IN VIEW OF THEIR REJECTION BY TULF. APC WILL NOT BE RE-CONVENED.

BEST REGARDS RAJAPAKSE

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WUI294 COLØ765 ASADA . IBRDCOL

INTBAFRAD COLOMBO, SRI LANKA, DECEMBER 26, 1984

ATTN: MR TSANTIS

CE-general

FURTHER TO MY TELEX OF DEC 19.

AAA THE TULF, SLFP, THE BUDDHIST CLERGY AND INDUSTRIES AND SCIENTIFIC AFFAIRS MINISTER CYRIL MATHEW HAVE ALL ISSUED PUBLIC STATEMENTS REJECTING THE PROPOSALS PUT FORWARD BY THE GOVERNMENT TO THE APC ON DECEMBER 21. WHILE THE TULF LEADER MR AMIRTHALINGAM HAS STATED THAT THE PROPOSED LEGISLATION WOULD NOT RESULT IN AUTONOMY OR A GENUINE DEVOLUTION OF POWERS, MRS BANDARANAIKE HAS SAID THAT 'THE PROPOSALS WERE NO MORE THAN A SERIES OF LEGISLATIVE GIVEAWAYS DEVOID OF RESULTS, WITH THE PROBLEM OF TERRORISM IN THE NORTH AND EAST UNRESOLVED" AND HAS CONCLUDED THAT THE DRAFT LAWS WILL NOT CONSTITUTE A BASIS FOR A POLITICAL ACCORDING TO THE BUDDHIST CLERGY THE PROPOSALS SOLUTION. ARE '' PREJUDICIAL TO THE INTEREST OF THE COUNTRY, NATION AND BUDDHASASANA''. MINISTER MATHEW FOR HIS PART HAS EXPRESSED FEARS THAT THE DRAFT LEGISLATION VERY NEARLY GRANTS THE SEPARATISTS THEIR STATE OF EELAM AND HAS STATED THAT HE WAS ''UNABLE

TO ADVISE ANYONE TO AGREE WITH THE PROPOSED LEGISLATION. "

BBB FOLLOWING MR MATHEW'S STATEMENT THE PRESIDENT ACCUSED HIM OF HAVING VIOLATED THE RULES AND CONVENTIONS OF CABINET GOVT AND DISMISSED HIM AS MINISTER OF INDUSTRIES AND SCIENTIFIC AFFAIRS AND APPOINTED HIS DEPUTY MR DENZIL FERNANDO AS THE NEW MINISTER.

CCC IT IS NOW WIDELY BELIEVED THAT THE GOVT WILL WITHDRAW THE DRAFT LEGISLATION IN VIEW OF THE WIDESPREAD OPPOSITION THAT HAS BEEN EXPRESSED AGAINST IT. A FINAL DECISION ON THIS IS TO BE TAKEN WHEN THE CABINET MEETS LATER TODAY FOR ITS WEEKLY SESSION. I WILL KEEP YOU INFORMED.

BEST REGARDS AND A HAPPY NEW YEAR FROM ALL OF US RAJAPAKSE

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.IBRDCOL
INTBAFRAD COLOMBO, SRI LANKA, DECEMBER 19, 1984
ATTN: MR. TSANTIS

REURTEL NO 1092 OF DECEMBER 18 1984

AAA THE SITUATION REMAINS VERY TENSE THROUGHOUT THE ISLAND. A MORE OR LESS CONTINUOUS CURFEW HAS BEEN IN OPERATION IN THE NORTHERN PROVINCE SINCE END NOVEMBER. THERE HAVE BEEN PERIODIC CURFEW IN OTHER PARTS OF THE COUNTRY (INCLUDING COLOMBO) AS A PRECAUTIONARY MEASURE TO PREVENT A SINHALA BACKLASH. AN ESTIMATED 15,000 SINHALA PERSONS HAVE BEEN DISPLACED FOLLOWING THE SEPARATISTS OFFENSIVE IN THE NORTH AND EAST.

BBB ON DECEMBER 14 THE PRESIDENT PRESENTED DRAFT LEGISLATION
TO IMPLEMENT THE PROPOSALS HE SUBMITTED TO THE ALL PART CONFERENCE
(APC) ON SEPTEMBER 21 (SEE RESIDENT MISSION FY85 REPORT NO 3)
THE LEGISLATION ESSENTIALLY COVEREDTHE PRESIDENTS PROPOSALS,
BUT SOME OF THE POWERS GIVEN TO THE SECOND CHAMBER (SC) IN THE
PROPOSAL HAVE BEEN EXCLUDED FROM THE LEGISLATION. NO MENTION
IS MADE IN THE LEGISLATION, OF THE PROVISIONS IN THE PROPOSALS
FOR THE SHARING OF POWER BETWEEN THE SC AND PARLIAMENT IN
REGARD TO THE EXCERISE OF LEGISLATIVE POWERS AS MATTERS
RELATING TO FUNDAMENTAL RIGHTS AND LANGUAGE RIGHTS. THE SC WILL ALSO

NOW NOT HAVE ANY POWER TO DELAY LEGISLATION PASSED BY PARLIAMENT ANDITS FUNCTION WILL BE MAINLY ADVISORY. OPPOSITION AND PUBLIC REACTION TO THE DRAFT LEGISLATION HAS SO FAR BEEN MUTE. THE TULF HAS HOWEVER SAID THAT THE LEGISLATION IS DISAPPOINTING 'AND' WILL NOT MEET THE ASPIRATION OF THE TAMIL PEOPLE. A FINAL DECISION ON THESE PROPOSALS ARE TO BE MADE WHEN THE APC RECONVENS ON DECEMBER 21. EYE WILL GET BACK TO YOU THEREAFTER.

CCC THE FORTHCOMING RESIDENT MISSION REPORT CONTAINS A MORE DETAILED DESCRIPTION OF THE ABOVE TOPICS AND EYE WILL SEND IT OUT TO YOU DURING THE COURSE OF THE COMING WEEK, IN THE ABSENCE OF MR. HAWKINS WHO IS AWAY ON ANNUAL LEAVE

BEST REGARDS RAJAPAKSE

097866 0857 191284 01710171 698

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ALT RTD FROM: SASI

ZCZC SASF4651 WUI248 ASADA ADMCB REF : TCP FCA

WUI248
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ADADA
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INTBAFRAD COLOMBO, SRI LANKA, NOVEMBER 29, 1984
ATTN: VANDENDRIES

NINE

RE BERTRAND'S VISIT TO XXX ADB. AS EYE EXPLAINED TO YOU OVER THE PHONE EYE THINK BERTRAND OUGHT TO EXPLAIN TO ADB HIS PAPER AND TRY TO CONVINCE THEM OF THE SUBSTANTIAL VALIDITY OF OUR ARGUMENTS ON ECONOMIC GROUNDS. HE SHOULD NOT, HOWEVER, PRESENT HIS PAPER AS THE BOTTOM LINE OF AND ONLY RECOURSE IN OUR POSITION TOWARDS GOVERNMENT. OUR FINAL POSITION NEEDS TO BE EVALUATED AGAINST ADDITIONAL PERSPECTIVES AND FACTORS AND WE WOULD KEEP ADB AWARE OF IT. PLEASE OBTAIN FRANK'S VIEW BEFORE YOU SEND TO BERTRAND

BEST REGARDS TSANTIS

179493 0843 291184 01710171 248

=11290930

ALT RTD FROM: SASI

- Gerence August 22, 1984

Mr. Alberto Beeck Kuhn Loeb Lehman Brothers International, Inc. 55 Water Street New York, NY 10041

Dear Mr. Beeck:

filed separately Thank you very much for your letter of August 13 and for the two documents you enclosed on Sri Lanka. I am circulating the documents to concerned colleagues, and I am sure that they will find your reports both interesting and informative. We appreciate the restrictiveness in the use of the data included in the reports.

With best regards,

Sincerely,

Andreas Tsantis Chief, Division A South Asia Programs Mr. Andreas Tsantis
Director
The World Bank
1818 H Street
Washington, D.C. 20433

Dear Mr. Tsantis:

We have pleasure in enclosing two memoranda providing general information on the Democratic Socialist Republic of Sri Lanka.

These documents have been prepared by Maison Lazard et Compagnie, S. G. Warburg & Co., Ltd., and ourselves, as financial consultants to the Ministry of Finance and Planning in Sri Lanka with the cooperation of and information supplied by the Government.

The Memorandum dated July 1983 provides information on the Sri Lankan economy for the years 1978 to 1982 inclusive and the Memorandum dated June 1984 has been prepared as a supplement to this document, providing information on recent developments in the economy in 1983 and the outlook for 1984.

We should like to draw your attention to the text appearing on the first page of each document, which relates, inter alia, to the restrictions on the purposes for which these documents may be used.

Yours sincerely,

Alberto Beeck

HANA

ZCZC DIST3128 JWS0458 DIST REF : TCP FCA ASAIN

JWS0458 JQX784 IN 17/06:04 OUT 17/06:06 21675 DEWA CE ATTN: MR EVAN MELDER

31- general

TO WHOM IT MAY CONCERN

THIS IS TO CONFIRM THAT MRS I. THAVENDRARAJAH'S HOUSE AT NO.52A, MELDER PLACE, NUGEGODA, WAS PARTLY DAMAGED BY FIRE CONSEQUENT TO ETHNIC TROUBLES IN 1977. IN FACT TO AMELIORATE HER DISTRESS THIS CORPORATION PAID HER AN INTEREST FREE LOAN.

RGDS - ADMINISTRATION MANAGER STATE TIMBER CORPORATION

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ATT: BURNEY

UNDRO 84/1532

TO: UNDRO LISTS 1 AND 5B PLUS GENEVA MISSION OF SRI LANKA AND UNDP/COLOMBO.

SRI LANKA - MONSOON FLOODS - UNDRO INFORMATION REPORT NO. 1 14 JULY 1984

- 1. UNDROZUNDP RESIDENT REPRESENTATIVE COLOMBO REPORTS THAT EXCES-SIVE MONSOON RAINS HAVE CAUSED FLOODS IN DISTRICTS OF RATNAPURA, KEGALCE, GAMPAKA AND COLOMBO.
- 2. PRELIMINARY INFORMATION INDICATES 3 DEATHS, 14,000 FAMILIES HOMELESS, AND OVER 1,500 HOUSES DESTROYED.
- 3. WILL REVERT AS NECESSARY IF REQUEST RECEIVED FOR INTERNATIONAL ASSISTANCE.

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## BANCA DE INVESTITII

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N= 338/C

Mr. Ian Hume Division Chief Country Programs Dept. I E M E N A Region World Bank

Procure news. Bu Lanko Dinsion

Dear Mr. Hume,

With reference to your March 6,1984 letter related to the ARO four wheels drive cars delivered by AUTODACIA to the Agricultural Development Authority of Shri Lanka, we would like to let you know further the outcome of the analysis carried out with the supplying agency, as follows:

Delivery of the jeeps by AUTODACIA to the agent firm LAKMINI IMPEXPO AGENCIES took place in 1982, the operation and service being accordingly provided within the six months guarantee period. For the post-guarantee period, according to the contract concluded, the agent firm LAKMINI IMPEXO AGENCIES was to provide the service and technical assistance and to order the spares required to AUTODACIA.

During 1983 claims were passed by the beneficiary because of failures in providing the jeeps service, some of them no longer operating as a result of the lack of fittings and spares to be provided by LAKMINI, which due to financial difficulties failed to meet the contractual terms. As a result, during the month of June 1983, AUTODACIA concluded an agent, technical assistance and service contract with WALKER SONS § CO LTD, this firm committing to order the spares and promptly open the L/C. The first request for spares had been placed five months after (December 1983) the submission by AUTODACIA during the same month of a quotation worth \$ 50,000; only at that stage the WALKER agent firm had not taken the steps required for finalizing the contract draft it was furnished with.

We would like to bring to your attention that

BANCA DE INVESTITII

N- 139 /

Bucharest, May 25, 1984

Mr. Ian Hume Division Chief Country Frograms Dept. I E M E W A Megion World Bank

Lear Mr. Hume,

with reference to your which 6,1984 letter related to the ANO four wheels drive cars delivered by AUTODACIA to the Agricultural Bevelopment Authority of Shri Lanks, we would like to let you know further the outcome of the shalysis carried out with the supplying agency, as follows:

LAKEINI IMPSAPO ACCRECING took place in 1952, the operation and service being accordingly provided within the six months guarantee pariod. For the post-guarantee pariod, according to the contract concluded, the agent firm mAKMIMI IMPEXO ACCRECIES was to provide the parvice and technical assistance and technical assistan

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We would like to bring to your attention that

through all the period of time elapsed, the Romanian part has tried to ensure a good performance of the jeeps by continuing the technical assistance extended by three months and by sending missions in Shri Lanka during the months of June 1983 and February 1984 with a view to discuss with the agent firm the steps to be taken for settling the issues outstanding .

It is in this light that we would like to draw the attention of the people in the World Bank to the requirement that the beneficiary of the jeeps would urge the agent firm in Shri Lanka to provide the background (bank guarantee letter or opening a L/C) thereby affording the Romanian firm to expedite delivery of the spares required.

With all our thanks for the support extended, we remain

Yours sincerely,

Gheorghe Popescu

Investment Bank of Romania

TAMIL INFORMATION CENTRE

Tel: 01-653 0506. Telex: 8951182GECOMS G.

Your Ref:

Our Ref: JDL/21/5/84.

Mr. J. de Larosière,
Managing Director & Chairman
of the Executive Board,
International Monetary Fund,
700, 19th Street, N. W.,
Washington D. C. 20431,
U. S. A.

21st May, 1984.

SL-General

11, Beulah Road,

Thornton Heath,

Surrey.CR4 8JH.

U.K.

Dear Sir,

In 1977 when a new Government led by Mr. J. R. Jayawardene came to power in Sri Lanka and declared its intention to undertake a reform of the economic system, Sri Lanka became a favoured recipient of aid and assistance from the World Bank and the International Monetary Fund. The new Government proceeded to take a series of measures with the avowed purpose of dismantling controls and fostering economic growth based on free enterprise. A massive aid programme from the developed countries of the west was mobilised under the auspices of the Bank and the Fund. For a few years it did appear as if Sri Lanka would become a success story for the IMF - World Bank policies, and Sri Lanka received the approbation of the aid donors for what were believed to be great economic achievements.

Sri Lanka's dismal economic performance in the past 2-3 years, however, has led to a closer re-evaluation, and aid donors have raised doubts about the desirability of continuing the large aid programme unless some fundamental economic problems are tackled. The world financial press has highlighted the attempts that the IMF and the World Bank have made to make the Government recognise the need to effect a reduction in Government expenditure, an increase in domestic savings and an improvement in the productivity in investments.

Sri Lanka's balance of payments has improved in recent months purely for fortuitious reasons, but unless the fundamental problems are solved, the continuation of the massive aid it has been receiving would bring the country to bankruptcy and an intractable foreign debt problem. While the attempts on the part of the World Bank and the IMF to get Sri Lanka its house in order economically are laudable, we would like to point out that the analysis underlying the country's economic situation has ignored an aspect which has strongly contributed to compound the problem caused by economic mismanagement. We refer to the racial conflict which has been intensified since 1977 as a result of the determined efforts of this Government to destroy the economic base of the minority Tamil community and to reduce it to a position of serfdom. As the Tamil people showed resistance to the efforts of the Government against the deprivation of their rights, the Government has become increasingly harsh in its repression and has resorted to systematic violations of basic human rights culminating in the planned acts of violence causing extensive destruction to life and property of the Tamils in July-August 1983 and again in March-April of this year.

These deliberate policies and actions of the Government lie at the root of the economic problems of the country. They have diverted economic resources (inlcuding foreign aid) and the energies of the administration from developmental functions into misguided military functions. They have also effected a complete destruction of all industrial enterprises owned by Tamils and eliminated the source of income and employment for thousands of Tamil workers, Government administrative employees, merchants and traders throughout the country. Even Singhalese entrepreneurs and administrative officials have been thoroughly demoralized; foreign capital and tourists have also been scared away. In this atmosphere it is not surprising that the economy continues to deteriorate. The Tamil citizens of Sri Lanka have to suffer not only from economic deprivation, but also from the military repression of the Government which has declared its intention to pursue its objectives with even greater vehemence. We feel that aid donors should give adequate consideration to the economic effects of the racial policies of the Government of Sri Lanka and realise that the provision of aid is unjustified on purely economic grounds.

Moreover, we deem that it is incumbent on the World Bank and the IMF, as institutions affiliated to the United Nations, to bring pressure to bear on a member who is blatantly violating the basic concepts of the UN Charter while receiving economic aid or financial assistance from the two institutions and from aid groups organised under the auspices of these institutions.

Sri Lanka has ratified the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural However, laws have been enacted in violation of the obligations of Sri Lanka under the covenants. Two examples cited and criticised by ICJ and Amnesty International are the Prevention of Terrorism Act, 1979, and the Emergency Regulations now in force. The Prevention of Terrorism Act permits the detention of suspects for a period of up to 18 months under conditions determined by the executive. Access to lawyers or even to the closest relatives is denied. There have been numerous instances of torture and disappearance of persons arrested under this Act. Under Emergency Regulations No. 15A, dead bodies could be disposed of by the authorities without a postmortem or an inquest. In the recent random killings of Tamils by the security forces in March/April this year, over 200 bodies of the victims have been disposed of under this regulation. There have also been earlier instances of similar disposal of bodies of victims of state violence.

We hope that due consideration is given to the Sri Lankan Government's violations of human rights in your deliberations on the provision of economic The record of human rights violations in Sri Lanka aid to Sri Lanka. has ben authoritatively documented by independent human rights organisations, such as Amnesty International and the International Commission of Jurists.

Copies of the following reports are enclosed:

- International Commission of Jurists: Ethnic Conflict and Violence in
- International Commission of Jurists: Sri Lanka, a Mounting Tragedy 2. of Errors.

- 3. Report of an Amnesty International Mission to Sri Lanka.
- 4. Amnesty International Statement up-dating its human rights concerns in Sri Lanka, July-September 1983.

Yours faithfully.

(N. RANJIT).

Information Officer.

### Copies To:

Executive Directors of International Monetary Fund -

- 1. Mr. Jacques De Groote.
- 2. Mr. Richard D. Erb.
- 3. Mr. J. E. Ismael.
- 4. Mr. Gerhard Laske.
- 5. Mr. Yusuf. A. Nimatallah.
- 6. Mr. Ghassem Salehkhou.
- 7. Mr. John Tvedt.
- 8. Mr. Bruno De Maulde.
- 9. Mr. Mohamed Finaish.
- 10. Mr. Robert K. Joyce.
- 11. Mr. Giovanni Lovato.
- 12. Mr. J. J. Polak.
- 13. Mr. N'Faly Sangare.
- 14. Mr. Nigel Wicks.
- 15. Mr. Abderrahmane Alfidja.
- 16. Mr. Alvaro Donoso.
- 17. Mr. Teruo Hirao.
- 18. Mr. Alexandre Kafka.
- 19. Mr. Ram. N. Malhotra.
- 20. Mr. A. R. G. Prowse.
- 21. Mr. Miguel A. Senior.
- 22. Mr. Zhang Zicun.

And to the Members of the Board of Directors of the World Bank -

- 1. Mr. A. W. Clausen President.
- 2. Mr. Patricio Ayala-Gonzalez. Executive Director.
- 3. Mr. Mourad Benachenhou "
- 4. Mr. James B. Burnham. -

5.	Mr. Ronald H. Dean	Executive	Director.	
6.	Mr. Jacques De Groote		11	
7.	Mr. Bruno De Maulde	11	11 -	
8.	Mr. Said El-Naggar	"	**	
9.	Mr. Pekka Korpinen	11	11	
10.	Mr. Morris Miller -	**	11	
11.	Mr. Reinhard Munzberg	11	**	
12.	Mr. Phaichitr Uathavikul	**	81	
13.	Mr. Giorgio Ragazzi.	11	n	
14.	Mr. Himadri Narayan Ray.	**	11	*
15.	Mr. Antonio V. Romualdez.	11	**	
16.	Mr. William Smith.	**	11	
17.	Mr. Nicephore Soglo.	*1	**	
18.	Mr. Ferdinand Van Dam	11	**	
19.	Mr. Wang Liansheng.	11	11	
20.	Mr. Nigel L. Wicks - Mr. Kenji Yamaguchi -	**	11	
21.	Mr. Eduardo A. Zalduendo.	"	**	

FORM NO. 27 - OCR WORLD BANK OUTGOING MESSAGE FORM Cable, Telex (3/82) PRIANT—PLEASE READ INSTRUCTIONS BELOW BEF Typewritten Character Must Fall Completely in TEST NUMBER OFFICIAL DEPT/DIV PAGE (FOR CASHIER'S USE ONLY) Box! **MESSAGE NUMBER ABBREVIATION** 4 1 1 32764 START 2 HERE Rienard INTBAFRAD, COLOMBO, SRI LANKA 3 FOR SARWAR LATEEF. HOPE YOU HAD A GOOD VACATION. FOLLOWING THE TARIFF REDUCTIONS ON THE 60 HIGHLY DUTIED PRODUCTS ON DECEMBER 14. THE DAILY NEWS OF DECEMBER 20 REPORTED THAT THE GOVERNMENT HAD DECIDED TO RAISE TARIFFS ON SOME 70 IMPORTED PRODUCTS WHICH COULD BE MANUFACTURED LOCALLY. MINISTER OF STATE, A. DE ALWIS, REPORTEDLY MADE THIS STATEMENT 10 DURING A VISIT TO A TEXTILE PLANT IN NUGEGODA. CAN YOU GET 11 AND TELEX US DETAILS QUERY IF THE INFORMATION IS CORRECT, DO THESE INCREASES CLEARLY RUN COUNTER TO THE SPIRIT OF THE 13 PROPOSED TARIFF REFORMS QUERY. 14 BBB PLEASE INFORM L.E.N. FERNANDO THAT I HAVE NOT YET BEEN 15 ABLE TO DELIVER THE ENVELOPE WHICH I HANDCARRIED TO ANOOP SINGH. ANOOP APPARENTLY RETURNED FROM MISSION JANUARY 2 AND IMMEDIATELY HAD TO LEAVE ON ANOTHER MISSION. HE WILL BE BACK JANUARY 16. 19 WARM REGARDS, VANDENDRIES. 20 END OF TEXT 22 PINK AREA TO BE LEFT BLANK AT ALL TIMES INFORMATION BELOW NOT TO BE TRANSMITTED CLASS OF SERVICE: TELEX TELEX NO.: DATE 1/6/84 RAFTED BY: EXTENSION: 32764 SRI LANKA - Tariffs RVandendries: qw CLEARANCES AND COPY DISTRIBUTION: AUTHORIZED BY (Name and Signature) andow her Rene Vandendries DEPARTMENT:

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