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THE WORLD BANK  
Washington, D.C.

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Washington DC 20433  
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**PUBLIC DISCLOSURE AUTHORIZED**

McNamara Papers

1975 (Nov.-Dec.)

The World Bank Group  
**Archives**



177 1937

A1995-252 Other #: 4

309649B

President's papers - Robert S. McNamara Chronological files - (outgoing) - Chrons 50

**DECLASSIFIED**

WBG Archives



692/4/430

DEC 24 1975

His Excellency  
Gaafar Mohamed Nimeiry  
President of the Democratic Republic  
of Sudan  
Khartoum, Sudan

Excellency:

Thank you very much for your letter of November 26, 1975, conveyed to me by Dr. Mansour Khalid. It was a great pleasure to spend some time with him discussing education in your country.

We strongly support your decision to go ahead early next year with the education sector review. The Sudanese economy can be expected to change very rapidly as the development of its resources gathers momentum. The education system must therefore be adapted to changing requirements. We have, for this reason, been interested by the debate on education policy resulting from the Report of the ILO Comprehensive Employment Mission. This Report should be of considerable assistance to your sector review.

Without wishing to take a position on the need for any particular institution at the post-secondary level, I am sure you are correct in thinking that expansion of post-secondary studies to provide the skills to develop the rural economy will be essential in future years. I understand that the two agricultural institutes being financed under IDA Credit No. 122 are expected to be opened in September 1976. They should contribute usefully to post-secondary training for the rural economy but their staffing is a matter of concern to us. We will be interested to consider in more detail the proposals you are making for additional post-secondary training institutions and I would ask that you send them to us when they are available. However, in view of the sector survey and the broader context for education sector planning which will be provided by the Six-Year Plan, we would prefer to consider these proposals in the framework of your plans at all levels of education and in the light of their relative priority as compared to that of other vital elements in the education sector. As you are aware, post-secondary institutions are the most expensive educational institutions of all, and budgetary considerations are bound to influence the timing of the creation of new institutions. In this connection, we hope that one of the products of the sector review will be detailed proposals for reducing the unit costs of education at various levels, some of which are high in Sudan by comparison with those in other countries.

In a broader context, I would like to take this opportunity to reiterate our continuing concern over the financial problems facing your Government because, unless these are resolved, programs for educational



expansion will be frustrated along with all other aspects of your development program. Your Finance Minister, Sayed Mamoun Beheiry, described these problems to me last September and we fully support the government's effort in the difficult task of placing Sudan's finances on a surer footing. There are two particular points I would like to emphasize to you. First, we consider it essential that, by whatever means are appropriate, your government contributes more to the financing of the development program by generating budget surpluses and by ensuring that the public corporations earn adequate revenues. I know that some steps have been taken to improve the financial position of some public corporations, but savings in the public sector have been so low in recent years that there is much more to be done. Second, we consider it particularly important that the foreign exchange financing of your investment program should be on terms appropriate to your country's needs and stage of development. This means that most financing should be on concessionary terms. I am fully aware that the collapse of the cotton market has accentuated Sudan's balance of payments problem, but assistance in overcoming this difficulty can only be effective if appropriate internal and external financial policies are more effectively pursued.

I have been pleased to observe that the level of investment in Sudan has markedly increased in the last two years. It is, however, important that financial policies should be formulated which will permit this higher level of investment to continue without interruption. I can assure you that, together with the International Monetary Fund, we are willing to do whatever we can to help formulate appropriate financial policies. We are, furthermore, continuously examining our own lending program to determine whether we should be taking new initiatives in support of your development programs.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

cc: Dr. Mansour Khalid, Minister of Education  
Sayed Mamoun Bheiry, Minister of Finance and National Economy

JDucker/SPlease/10  
12/23/75

Cleared in substance with and cc: Mr. Pennisi, Div. Chief, EA Projects

cc: Mr. Farag, ResRep, Sudan

Cleared w/Mr. Husain



492/4/429

DEC 23 1975

Dear Ambassador Jacobi:

It gives me much pleasure to acknowledge your letter of December 19, 1975 in which you confirm your Government's intention to make a grant in U.S. dollars equivalent to 15 million Swiss francs towards the Interest Subsidy Fund for the Bank's Third Window. This action, together with similar actions during the last few days by two other governments, puts confirmed contributions to the Fund above the minimum level of \$100 million required to bring the Third Window into operation.

Please convey my thanks to your authorities for their decision to support the new facility which will be of substantial help to our poorer member countries during a very difficult period.

The payment arrangements for the Swiss contribution mentioned in your letter are entirely acceptable.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

H.E. Ambassador Klaus Jacobi  
Delegate of the Swiss Federal Council  
for Trade Agreements  
Division of Commerce  
Berne, Switzerland

RJGoodman:lgf  
December 22, 1975



492/4/428

December 23, 1975

Mr. R. Sternfeld  
Vice President  
Inter-American Development Bank  
808 17th Street, N. W.  
Washington, D. C. 20577

Dear Mr. Sternfeld:

Would you please refer back to our conversation regarding a possible World Bank contribution to what is now called the International Group for Agricultural Development in Latin America (IGAD-LA). You told me that you were thinking in terms of asking your Board to recommend a \$4 million contribution to the Latin American international agricultural institutes (funded by the CGIAR) and you suggested a World Bank contribution of "staff and/or \$50,000" towards the costs of IGAD-LA. I told you then that, because we were bearing one-third of the costs of the Consultative Group on Food Production and Investment (CGFPI), I thought it unreasonable that we should be expected to contribute to the Latin American group. However, I went on to say that if a contribution by the World Bank were necessary for the passage of the proposed IDB \$4 million to CGIAR, then I would agree that we would contribute in an amount between \$25-50,000.

Four of our staff attended the Preparatory Meetings of IGAD-LA held on October 28 and 29, and our representatives also attended the meetings of a Task Force which met on November 12. At this latter meeting the Chairman made a request that, out of a total estimated 3-year budget of \$1.3 million, of which \$740,000 has been authorized by your Board, the Bank should contribute \$50,000 for the first year.

I have reviewed the matter in the light of events since we spoke and, taking account of our commitments to the CGFPI, I am prepared to recommend that we make a contribution of \$50,000 for the first year of the group's operations. Any further contribution would be subject to a review of the group's activities during the first year of its operations.



I was glad to be informed that the Preparatory Meetings went well, that Mr. Rodriguez Adame has accepted the position of chairman of the ICAD-IA, and that the first Annual Meeting of the new Group will be held in the Spring. We look forward to participating in the activities of ICAD-IA. We hope that its work will focus primarily on aid coordination and programming and on the study of a small number of key problems, such as agricultural research, pricing and subsidy policies facing many Latin American countries. I know you share our view that the new Group should avoid any overlap with the activities of CCFPI. We shall be glad to work with you in these matters.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

cleared with and cc: W.C. Baum

*CB*  
CBruce:mt



492/4/426

DEC 22 1975

OFFICE OF THE PRESIDENT

Dear Mr. Minister:

The International Bank for Reconstruction and Development proposes to issue and sell to a syndicate of Dutch banks seven-year notes in an aggregate principal amount of Netherlands guilders 100,000,000, which will be offered by the syndicate to persons or entities which are not residents of The Netherlands.

I hereby request the Government of the Kingdom of The Netherlands, in accordance with Article IV, Section 1(b) of the Bank's Articles of Agreement to approve the borrowing by the Bank in Netherlands guilders of such amounts as may be raised by the issue and sale, in the manner described above, of seven-year notes in an aggregate principal amount not exceeding Netherlands guilders 100,000,000.

I hereby also request the Government of the Kingdom of The Netherlands, pursuant to the same provision of said Articles of Agreement, to agree that the proceeds of such borrowing 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  
Dr. W. F. Duisenberg  
Minister of Finance  
Ministry of Finance  
Casuariestraat 32  
The Hague  
The Netherlands

cc: Mr. Peter C. Witte, Executive Director

Cleared with and cc: Mr. T. M. C. Asser, Legal Dept.

- cc: For Mr. McNamara's office (2) ✓
- Mr. I. P. M. Cargill, Vice President-Finance
- Mr. Eugene H. Rotberg, Treasurer
- Mr. Hans C. Hittmair, Deputy Treasurer
- Mr. K. Georg Gabriel, Controller
- Mr. Raymond E. Deely/Sec.Div.Files

M.B.Levit:e  
Dec. 18, 1975



492/4/424

December 19, 1975

MEMORANDUM FOR MR. CHENERY

Some time ago I asked whether it would be possible for one of your people to stand back from our work in the educational sector and comment upon the effectiveness of our educational program. What, if anything, has come of our discussion?

R. S. McNamara

cc: Mr. Baum

RMcN:bmm



492/4/423

DEC 17 1975

Dear Chuck:

Thank you for your and Abe Ribicoff's warm invitation that I comment on the issues that now lie before the Government Operations Committee regarding congressional oversight of the government's intelligence activities.

It is a complex and difficult matter, and I am encouraged at the Committee's efforts to find a feasible solution to the serious problems involved. I appreciate your inviting my views, but quite frankly I feel it would be inappropriate for me in my present position as an international civil servant, heading a specialized agency of the United Nations, to comment on a matter of this kind.

I do hope you will understand, and please accept my warm best wishes for the success of the Committee's deliberations.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Charles H. Percy  
Ranking Minority Member  
Committee on Government Operations  
United States Senate  
Washington, D. C. 20510

JLMaddux:mwm  
December 16, 1975

2.5 PERCY, C.



492/4/422

December 16, 1975

**MEMORANDUM FOR DR. KANAGARATNAM**

U. S. Ambassador Marshall Green, who has been assigned the responsibility in the State Department for population planning, would like to meet with you to discuss population problems. Would you please call him to arrange a meeting: 632 3488.

**Robert S. McNamara**

RMcN:bmm



492/4/421

DEC 16 1975

Dear Mr. Fujimoto:

I am very grateful for your letter of December 2 expressing your appreciation of the financial and other support which the World Bank gave to your Company in the course of the past 19 years. We too are gratified that we were able to contribute to the very successful expansion of the operations of your Company and, in fact, of the entire steel industry of Japan. It is always a source of deep satisfaction to us when the assistance we provide is so effectively used as it has been by your Company.

Earlier this month Mr. Shozo Nagaoka and Mr. Masao Moriya, your representatives in New York, met and lunched with Mr. Peter Cargill, Mr. Gordon Street and Mr. Bernard Bell of our staff, to commemorate the complete repayment of the three loans which we made to your Company and to express your Company's gratitude and deep appreciation for assistance which this Bank provided. Mr. Cargill and Mr. Street, as you know, were deeply involved in the granting of those loans, and Mr. Bell is now the Regional Vice President for East Asia and Pacific.

I would be very happy to meet with you in person whenever either I am next in Japan or you should have occasion to visit Washington, although I do not believe that you need to feel under obligation to further express your appreciation of the Bank's assistance. I hope that your Company and others in Japan will fully support in whatever way you can our efforts to give the same kind of assistance to the developing countries which we gave to Japan in the period in which it so much needed this type of support.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Ichiro Fujimoto  
President  
Kawasaki Steel Corporation  
New Yurakucho Building  
11, Yuraku-Cho 1-Chome  
Chiyoda-Ku, Tokyo, Japan

Mr. McNamara's Office (2) ✓  
cc: Messrs. Cargill, Street

BRBell:ea  
December 12, 1975



692/4/417

December 10, 1975

MEMORANDUM FOR MR. ROTBERG

As you no doubt saw, the New York Times reports that "trust fund and pension fund managers assert the market for World Bank securities is not liquid enough and some hesitate to buy its bonds for that reason." What measures do we have of the liquidity of the market for our securities? Has it been improving and will it continue to improve?

R. S. McNamara

cc: Mr. Cargill

RMcN:bmm



692/4/496

December 10, 1975

MEMORANDUM FOR MR. ROTBERG

In a quiet, uncritical way, please try to find out how it happened that two hours before we priced our \$750 million issue the Treasury announced plans to raise \$4 billion in the next week or two.

R. S. McNamara

cc: Mr. Cargill

RMcN:bmm



492/4/1415

December 10, 1975

MEMORANDUM FOR MR. ROTBERG

Last night we asked the underwriters to:

- a. present us, on or before December 24, with a written critique of the pricing of today's \$750 million issue;
- b. present us shortly after the first of the year with a plan of action designed to strengthen the market for our next issue, assuming the issue is to be marketed in the spring of 1976.
- c. present us sometime in the first half of 1976 with a plan for expanding the US market for World Bank bonds to the point where it can absorb \$3 or \$4 billion of such bonds per year within 3 or 4 years.

Please keep me informed on the progress of these studies.

R. S. McNamara

cc: Mr. Cargill



492/4/413

DEC 5 1975

Dear Jan:

I have now been informed about the first meeting of IDA Deputies, which took place in Paris last week. While difficult problems lie ahead in negotiating the Fifth Replenishment, I am very much encouraged by what I have heard about the tone of the meeting, and about the views expressed. I am especially encouraged by the sense of urgency which seems to have been expressed by virtually all the Deputies, on the need to complete the Replenishment in time to prevent a hiatus from developing in IDA's commitment authority.

I want particularly to thank you for the appointment of Ambassador J.H. Lubbers as your Deputy for the Fifth Replenishment and to express my appreciation for the very generous approach which the Netherlands has taken towards that Replenishment. You have quite obviously appointed a man with a wealth of experience in development finance, who is well known in Part I countries, and whose voice is bound to be heard. He made an impression on the meeting in Paris by his forthright support for a Replenishment of \$9 billion or more.

I am sure that Ambassador Lubbers will be able to help us greatly in the Replenishment negotiations by visiting key countries and speaking on our behalf to key officials involved in Replenishment decisions. I understand he visited you in The Hague immediately after the Paris meeting and that one of the objectives of the meeting was to consider with you how active he could be in the months ahead. I hope he can be very active indeed. Mr. Cargill is writing to him directly, to resume the discussions started in Paris about the work that lies ahead.

With all good wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Jan P. Pronk  
Minister of Development Cooperation  
The Hague, the Netherlands

Cleared with Mr. Cargill  
cc Ambassador Lubbers

Mr. Witte

Messrs. Cargill, Goodman/Hattori, Nurick, Adler, Gaud, Vibert



692/4/412

DEC 5 1975

Mr. Julio Maza  
Personal Assistant to the  
President of the Republic  
Palacio Nacional  
Guatemala City  
Guatemala

Dear Mr. Maza:

Thank you very much for your letter of November 5, 1975 inviting me to visit Guatemala to see first hand the progress being made in the development of the cooperative movement.

My associates advise me that they have been following the growth of the cooperative movement in your country for some time and are encouraged by the support which your Government is giving to it. It is for this reason that earlier this year members of my staff contacted your Minister of Finance, Lic. Jorge Lamport Rodil and the Secretary General of the National Planning Council, Lic. Armando Gonzales Campo to express the Bank's interest in supporting the Government in its efforts to advance the development of the cooperatives. On the occasion of the Annual Meeting of the Bank last September, we were informed by Ministers Lamport and Palomo Escobar that the Government was preparing a document describing a program for the rural poor, including the cooperatives, for which Bank support would be requested.

During my recent visit to Costa Rica it was a pleasure for me to have the opportunity to discuss Government plans for rural development and the cooperatives with Ministers Lamport and Palomo and to learn that the document describing the rural program would be available in January. We look forward to receiving it by then and have planned a mission of the FAO/World Bank Cooperative Program to review the program in the field at the end of January.



Mr. Julio Maza

- 2 -

I am very sorry that I was unable to visit Guatemala during my trip to Costa Rica. I would like very much to visit Guatemala, but I am just unable to foresee when it might be possible to do so. My obligations at the Bank are such that I cannot get away with the frequency or the length of time that I would desire. Please be assured, however, that I sincerely appreciate your kind invitation and hope one day to have the opportunity to see the work you are doing to improve rural living standards through the cooperative movement.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc. Messrs. Krieger

Lerdau, Director, LAC I (o/r)

Knox, LAC Projects Director

Haasjes, Division Chief, LAC Projects

McGarry, LAC Projects

Castaneda, Loan Officer, LAC I

GFFlood:mdk



492/4/411

DEUTSCHE BANK AG  
FRANKFURT/MAIN

DECEMBER 4, 1975

TELEX

EXT.: 2001

GERMANY

ATTENTION: DR. GUTH AND DR. FEITH

THANK YOU FOR YOUR CABLE CONFIRMING THE SIGNING OF THE AGREEMENT FOR THE 8 PERCENT PUBLIC ISSUE OF DM 250 MILLION. I WOULD LIKE TO EXPRESS MY PERSONAL APPRECIATION FOR YOUR EFFORTS IN MAKING IT POSSIBLE FOR THE WORLD BANK TO COME TO THE GERMAN MARKET WITH THIS ISSUE ON THE TERMS AND CONDITIONS AGREED WITH YOU. WE ARE MOST APPRECIATIVE OF THE EXCELLENT COOPERATION WE ARE RECEIVING FROM YOU. BEST REGARDS TEST 948

ROBERT S. MCNAMARA  
PRESIDENT  
INTBAFRAD

Robert S. McNamara  
President

cc: for Mr. McNamara's Office (2) ✓  
Mr. Cargill  
Mr. Goodman  
Mr. Rotberg

JPUhrig:hb/EHRotberg



DEC 2 1975

692/4/410

THE RT. HON. MICHAEL T. SOMARE  
PRIME MINISTER  
PORT MORESBY  
Telex SENTROF NZ22144)

TELEX  
(2001)

(PAPUA NEW GUINEA)

THANK YOU FOR YOUR KIND CABLE OF NOVEMBER 21 STOP MR. HAWKINS IS INDEED  
THE MOST SUITABLE PERSON TO LEAD THE FORTHCOMING MISSION AND IN ACCORDANCE  
WITH YOUR SUGGESTION WE PLAN THAT THE MISSION WILL ARRIVE IN PORT MORESBY  
ON JANUARY 26 TO START WORK STOP THE MISSION'S REPORT WILL BE MOST  
EXPEDITIOUSLY PROCESSED AND WILL BE READY FOR DISCUSSION WITH YOU IN EARLY  
APRIL LOOKING TOWARD IMMEDIATE SUBSEQUENT DISTRIBUTION TO EXECUTIVE  
DIRECTORS STOP WARMEST REGARDS

McNAMARA  
INTBAFRAD

Robert S. McNamara  
President

Cleared with and cc: Mr. B.R. Bell  
LHalmers:rvh



492/4/409

DEC 1 1975

Dear Senator Domenici:

I was most pleased to receive your letter informing me of the establishment of LAMA International, the Latin American Manufacturer's Association International. In view of the Bank's substantial lending in Latin America and the vital role which such an Association could play in the development of the Region, I welcome and encourage its activities.

I have suggested to Mr. Adalbert Krieger, our Vice President in charge of Latin America and the Caribbean Region, that he meet with Mr. Jose Aceves and that he keep me informed. Mr. Krieger can be reached at 477-5901.

With very best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Pete V. Domenici  
United States Senate  
Washington, D.C. 20510

cc: Mr. McNamara's Office (2) ✓  
Mr. Krieger

LVPerez/UDabbagh:gc  
November 26, 1975



492/4/408

DEC 1 1975

Dear Senator Jackson:

I was most pleased to receive your letter informing me of the establishment of IAMA International, the Latin American Manufacturer's Association International. In view of the Bank's substantial lending in Latin America and the vital role which such an Association could play in the development of the Region, I welcome and encourage its activities.

I have suggested to Mr. Adalbert Krieger, our Vice President in charge of Latin America and the Caribbean Region, that he meet with Mr. Jose Aceves and that he keep me informed. Mr. Krieger can be reached at 477-5901.

With very best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

The Honorable  
Henry M. Jackson  
United States Senate  
Washington, D.C. 20510

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

LVPerez/UDabbagh:gc  
November 26, 1975



402/4/407

NOV 26 1975

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow five million dollars (\$5,000,000) from The Long-Term Credit Bank of Japan, Ltd., New York Branch.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the proposed borrowing by the Bank and to agree that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara  
President

The Honorable  
William E. Simon  
Secretary of the Treasury  
Treasury Department  
Washington, D. C. 20220

cc: Mr. Charles A. Cooper, Executive Director  
Mr. Hal F. Reynolds, Alternate Executive Director  
Mr. Robert S. Watson, U.S. Treasury  
Mr. Bernard Zinman, U.S. Treasury  
Cleared with and cc Mr. Patrick Heininger, Legal Dept.  
cc: For Mr. McNamara's office (2)  
Mr. I.P.M. Cargill, Vice President-Finance  
Mr. Rotberg, Treasurer  
Mr. Gabriel, Controller  
Mr. Deely/Sec. Div. Files

REDeely:ls  
November 25, 1975



492/4/403

NOV 21 1975

Dear Mr. Norris:

I was most gratified to read the recent declaration by the National Foreign Trade Council endorsing the capital increase of the World Bank and IFC, and calling for full funding of the Fourth Replenishment of the International Development Association.

It is indeed encouraging to know of the Council's continued interest in our operations.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Robert N. Norris  
President  
National Foreign Trade Council, Inc.  
10 Rockefeller Plaza  
New York, N.Y. 10020

PBRiddleberger:pam

Mr. McNamara's Office (2)



692/4/402

November 20, 1975

MEMORANDUM FOR MR. RAPLEY

In view of Mr. Shoaib's retirement as of December 31, I am now considering the reassignment of the Internal Audit function.

However, I wish to emphasize that regardless of the line of authority within the Bank leading to the Internal Auditor, he at all times should feel free to contact the President directly whenever he has any matter he wishes to discuss with him.

Robert S. McNamara

cc: Mr. Kearns

RMcN:mss



492/4/401

NOV 20 1975

Dear Mr. Corea:

Many thanks for your letter of November 6, 1975 regarding making Mr. Avramovic available in December for the Committee on Commodities, in March 1976 for the meeting of the Trade and Development Board, and during the UNCTAD IV conference. I am pleased to confirm that Mr. Avramovic will be able to assist you on each of these occasions. He will, of course, be in touch with you directly on the arrangements.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Gamani Corea  
Secretary-General of UNCTAD  
Palais des Nations  
Ch-1211, Geneva 10  
Switzerland

cc: Mr. McNamara's Office (two copies)

JDNorth:vbr  
November 18, 1975



492/4/400

NOV 19 1975

Muy estimado señor Ministro:

Me es muy grato acusarle recibo de sus dos cartas fechadas el pasado 20 de Octubre, relacionadas con la canalización a través de CORDIPLAN de las solicitudes de cooperación técnica que Venezuela presente al Banco, y con las posibilidades de acción conjunta de Venezuela y el Banco en apoyo del proceso de desarrollo de Bolivia.

En cuanto al primer aspecto, el Banco está desde luego dispuesto a recibir todas las solicitudes de asistencia a través de CORDIPLAN, con la excepción de las relacionadas con el Fondo de Inversiones de Venezuela, las cuales se transmitirían directamente, de acuerdo con lo conversado telefónicamente por Ud. con el Sr. Krieger el pasado 21 de Octubre.

Sin embargo, es claro que el Banco no puede evitar que otros funcionarios del Gobierno se comuniquen directamente con nosotros. En esos casos, el Banco no puede tampoco dejar de dar consideración adecuada a las comunicaciones que reciba, sobre todo cuando las mismas procedan de Ministros u otros funcionarios de alto nivel. A fin de colaborar efectivamente con Ud. en la coordinación de nuestra asistencia a Venezuela, le aseguro que continuaremos manteniéndolo sistemáticamente informado a través de nuestro Representante Residente en Caracas, de las solicitudes que podamos recibir de su Gobierno.

En lo que se refiere a las posibilidades de cooperación con Bolivia, me parece un momento especialmente apropiado para iniciar conversaciones a este respecto. El Banco está actualmente colaborando con el Gobierno en la preparación de una lista de Proyectos de Inversión. Esa lista, que debe estar terminada el próximo mes de Marzo, podría servir de base a la coordinación de la cooperación externa que pueda ser otorgada a Bolivia por el Banco Interamericano y sus Fondos Fiduciarios, el Banco Mundial, Venezuela y otros países e instituciones. Además, sería también posible iniciar conversaciones de inmediato sobre posibilidades de cofinanciamiento en relación con los proyectos en Bolivia que están siendo actualmente considerados por el Banco.

Nuestro Vice-Presidente, Sr. Adalbert Krieger, y sus colaboradores en la Oficina Regional para América Latina y el Caribe, están dispuestos a cooperar con su Gobierno en el momento que Ud. estime oportuno, en el estudio de las posibilidades de apoyo conjunto al proceso de desarrollo de Bolivia, y en los demás aspectos mencionados en los párrafos anteriores.



Ministro Rodríguez

Aprovecho esta oportunidad, señor Ministro, para reiterarle una vez más el testimonio de mi más alta consideración.

Cordialmente,

(Signed) Robert S. McNamara

Robert S. McNamara

Excmo. Sr.  
Gumersindo Rodríguez  
Ministro de Estado  
Oficina Central de Coordinación  
y Planificación  
Miraflores, Caracas  
Venezuela

RGonzalez-Cofino:cc



OUTGOING WIRE

492/4/399

TO: THE RIGHT HONORABLE  
MICHAEL T. SOMARE  
PRIME MINISTER  
PAPUA NEW GUINEA

DATE: NOVEMBER 19, 1975

CLASS OF TX (2103)  
SERVICE:

COUNTRY: DEAR MR. PRIME MINISTER:

TEXT: WHEN WE MET ON OCTOBER 9 I REFERRED TO THE BANK'S PLAN TO SEND TWO  
Cable No.: OR THREE ECONOMISTS TO PAPUA NEW GUINEA TO BRING US UP TO DATE ON RECENT  
DEVELOPMENTS AND TO COMPLETE A REPORT WHICH WOULD INFORM BANK/IDA EXECUTIVE  
DIRECTORS DURING THE FIRST MONTHS OF 1976 ON THE ECONOMIC CIRCUMSTANCES  
AND PROSPECTS OF INDEPENDENT PAPUA NEW GUINEA. I HAVE JUST LEARNED THAT,  
DURING MY TRIP TO LATIN AMERICA EARLIER THIS MONTH, THE REGIONAL OFFICE  
PROPOSED POSTPONING THE ECONOMISTS' VISIT BY TWO MONTHS. ALTHOUGH THAT  
PROPOSAL STEMMED FROM UNEXPECTED AND UNAVOIDABLE REASSIGNMENT OF KEY  
STAFF, I FIND IT DEEPLY DISAPPOINTING AND AM PREPARED TO ARRANGE FOR  
APPROPRIATE ECONOMIC STAFF TO VISIT PAPUA NEW GUINEA AT YOUR EARLIEST  
CONVENIENCE. OUR COMMON OBJECTIVE REMAINS THAT OF HAVING A REPORT SUITABLE  
FOR DISTRIBUTION TO EXECUTIVE DIRECTORS BY EARLY APRIL.

PARA EYE WOULD GREATLY APPRECIATE YOUR CABLED ADVICE ON WHEN OUR  
ECONOMIST COULD CONVENIENTLY MEET WITH YOUR ECONOMIC STAFF. MEANWHILE,  
PLEASE ACCEPT MY APOLOGY FOR THE DELAY WHICH HAS ONLY JUST COME TO MY  
ATTENTION.

REGARDS

*Robert S. McNamara*  
ROBERT S. McNAMARA

NOT TO BE TRANSMITTED

AUTHORIZED BY: Robert S. McNamara

NAME

DEPT.

SIGNATURE \_\_\_\_\_  
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Bell (o/r)  
Votaw *[Signature]*

GBVotaw:jw

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: \_\_\_\_\_





INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAFRAD

492/4/397

November 18, 1975

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

Dear Sirs:

Under date of July 25, 1975, we confirmed by letter certain information and opinions expressed to you during the annual audit of our accounts. With respect to the financial statements of the International Bank for Reconstruction and Development as of June 30, 1975 and for the fiscal years ended June 30, 1974 and 1975 to be included in the Prospectus relating to the offering of the Five Year Notes of 1975, due 1980, the Ten Year Notes of 1975, due 1985 and the Twenty-Five Year Bonds of 1975, due 2000, in the aggregate principal amount of \$ 750 million, we confirm that, to the best of our knowledge and belief, the statements made in said letter are correct as of this date (except that payments due to the Bank under loan agreements but unpaid as of November 17, 1975 are as shown in the list attached). There have been no developments since July 25, 1975, which would materially affect the financial statements for the year ended June 30, 1975. In addition, we know of no event since July 25, 1975, which, although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

The unaudited financial statements of the Bank as of September 30, 1975 and for the three-month periods ended September 30, 1974 and 1975, also included in the Prospectus, have been prepared in conformity with generally accepted accounting principles applied for each such period on a basis consistent in all material respects with that followed in the preparation of the financial statements for the year ended June 30, 1975 and we are not aware of matters or occurrences up to the present time which would materially affect such statements.

Sincerely,

(Signed) Robert S. McNamara

\_\_\_\_\_  
President

/s/ L. Nunick

\_\_\_\_\_  
Associate General Counsel

*K. Guy Ginn*  
\_\_\_\_\_  
Controller

Attachment



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

List of Payments due but not Received Under Loan Agreements

As of November 17, 1975

<u>Loan No.</u>	<u>Due Date</u>	<u>US \$ Equivalent</u>
754 GR	August 1, 1975	\$ 7,240
836 YU	October 1, 1975	175,285
710-1 SL	October 1, 1975	144,039
710-2 SL	October 1, 1975	67,684
863 KO	October 1, 1975	103,795
716 IRN	October 15, 1975	124,645
855 IRN	October 15, 1975	82,765
856 IRN	October 15, 1975	102,080
788 IRQ	October 15, 1975	19,575
573 TUN	October 15, 1975	1,625
886 CM	October 15, 1975	31,661
791 GR	November 1, 1975	40,405
921 IRE	November 1, 1975	19,505
410 IRN	November 1, 1975	108,845
717 IRN	November 1, 1975	124,370
927 IRN	November 1, 1975	1,371,957
972 IS	November 1, 1975	50,205
798 TUN	November 1, 1975	5,745
881 TUN	November 1, 1975	61,635
683 IN	November 1, 1975	58,285
378 AL	November 15, 1975	1,951,494
912 AL	November 15, 1975	37,530
776-1 BT	November 15, 1975	181,357
776-2 BT	November 15, 1975	4,085
255 CO	November 15, 1975	994,384
550 CO	November 15, 1975	97,702
1072 CO	November 15, 1975	101,250
1073 CO	November 15, 1975	67,819
1062 EGT	November 15, 1975	137,627
697 IRN	November 15, 1975	1,216,580
374 JA	November 15, 1975	63,620
532 NI	November 15, 1975	100,036
388 SL	November 15, 1975	158,567
772 SP	November 15, 1975	195,138
893 TU	November 15, 1975	364,229
1024 TU	November 15, 1975	3,495
694 UNI	November 15, 1975	121,694
554 YU	November 15, 1975	18,269
654 YU	November 15, 1975	180,180
657 YU	November 15, 1975	33,445
947 YU	November 15, 1975	100,914
	<b>Total</b>	<u>\$ 8,830,761</u>



492/4/396

Le 17 novembre 1975

Son Excellence  
Ismaïl Mahroug  
Ministre des Finances  
Palais du Gouvernement  
Alger  
Algérie

Monsieur le Ministre,

C'est avec satisfaction que j'ai accueilli l'issue heureuse des négociations relatives au prêt de la Banque pour le projet d'expansion de la Société Nationale des Matériaux de Construction (SNMC). La présentation du projet à notre conseil, pour son approbation, est prévue le mois prochain.

J'aimerais saisir cette occasion de poursuivre le dialogue que nous avons engagé lors de la Réunion Annuelle de septembre. Vous aviez souligné alors l'intérêt que les autorités algériennes attachent aux vues franches et constructives de la Banque sur les faiblesses que nous pourrions déceler dans le programme d'investissement public de l'Algérie. En tant qu'institution au service de nos pays membres, leur soumettre de tels commentaires nous est un devoir. L'examen du projet de la cimenterie de Saïda nous fournit une occasion de le faire, et j'ai l'honneur de vous envoyer ci-joint une note, préparée par les services techniques de la Banque, sur deux aspects de ce projet qui illustrent notre souci, et sur lesquels nous souhaitons attirer votre attention personnelle: le coût relativement élevé de l'investissement à la tonne de capacité installée, et les contraintes pesant sur la gestion financière de la SNMC.

Je tiens à vous assurer de l'intérêt très vif que nous attachons à la poursuite de notre collaboration avec les services concernés de l'Etat et de la SNMC pendant l'exécution du projet, dont nous connaissons l'importance pour le développement de l'Algérie. Cependant, nous sommes persuadés que votre gouvernement, tout en continuant sa politique d'industrialisation rapide, accordera à l'avenir une place sans cesse accrue aux considérations de coût, de productivité et d'utilisation maximale de



S.E. Ismail Mahroug

- 2 -

la main d'oeuvre disponible, de manière à éviter l'affectation des ressources précieuses du pays à des emplois ayant un faible rendement économique.

Je vous prie d'accepter, Monsieur le Ministre, l'expression de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Etàctér.Jéàndéf

cl.&cc: Messrs. Fuchs, Wapenhans, Bart

cc: Messrs. El-Darwish, Cash, Hilton, Cognet, Forget, Ms. Haug

AEEImendorf/CMérat/MPBart/su



## NOTE

### PROJET D'EXPANSION DE LA SNMC

1. Le coût de l'investissement pour la cimenterie de Saida est estimé à 285 dollars EU la tonne de capacité installée; il se compare à quelque 180 dollars EU pour les cimenteries semblables dont la construction est en cours dans divers pays du bassin méditerranéen. Par suite de ce coût élevé, le taux de rentabilité interne du projet<sup>1/</sup> (environ 10%) est plus bas que celui que la Banque estime normal (13 à 15%) dans le cas de cimenteries de cette taille. La Banque a pu identifier plusieurs facteurs à l'origine du coût élevé du projet, à savoir:

- l'inclusion dans le projet d'éléments et de marges de sécurité excédant les besoins; c'est ainsi que certains équipements auxiliaires permettraient - si l'ensemble des équipements était porté à ce niveau - une augmentation de la production annuelle du niveau de 500.000 tonnes prévu à 1.000.000-1.500.000 tonnes, alors que les possibilités d'écoulement n'autorisent pas à penser qu'une augmentation de cet ordre sera requise avant, au moins, huit années;
- le caractère fortement utilisateur de capital du projet qui trouverait une justification dans un pays manquant de main d'oeuvre, ce qui n'est pas le cas en Algérie;
- les garanties et les pénalités prévues au contrat avec le fournisseur qui dépassent nettement les normes internationales; et
- dans le contrat clef-en-main retenu, le paiement d'un prix qui paraît nettement plus élevé que celui qui aurait pu être obtenu par le biais d'un mode d'acquisition différent, fractionné par exemple.

2. Pris ensemble, ces quatre facteurs expliquent une part, estimée à 40 dollars EU par tonne de capacité installée, de la différence de 105 dollars EU observée entre le coût de l'investissement pour la cimenterie de Saida et celui enregistré pour des cimenteries semblables ailleurs qu'en Algérie. Les services de la Banque pensent que cette augmentation du coût aurait pu être évitée si ses spécialistes avaient pu coopérer de manière plus étroite que ce ne fût le cas avec la SNMC, pendant la phase de préparation du projet.

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<sup>1/</sup> Le taux de rentabilité interne est le taux d'actualisation qui égalise les bénéfices et les coûts obtenus pendant la durée de vie économique du projet.



Cette collaboration ne put malheureusement pas être établie; néanmoins, pendant les négociations, la Banque a indiqué à la SNMC la possibilité d'économiser environ 5 millions de dollars EU; un exemplaire de la lettre que la Banque a écrite à la SNMC à cet effet est joint en annexe.

3. La part restante de la différence de coût, soit 65 dollars EU, ne peut-être attribuée directement à des facteurs tangibles. Elle peut être expliquée en partie par la priorité accordée par la SNMC pendant la préparation du projet à ses objectifs d'investissement et de production, plutôt qu'à des considérations de coût. On ne peut exclure en effet que les fournisseurs de la SNMC n'aient été conscients de cette priorité, les conduisant à mettre l'accent davantage sur le respect du calendrier d'exécution du projet que sur les coûts, et qu'ils n'aient en conséquence tiré profit de cette situation, d'autant que la SNMC venait de signer des contrats clef-en-main pour cinq autres cimenteries utilisant les mêmes procédés. Ces précédents semblent expliquer que la procédure d'appel d'offres international n'ait pas conduit à un abaissement des prix à un niveau auquel on aurait pu s'attendre normalement, et qui a été atteint dans le cas de cimenteries financées par la Banque dans d'autres pays.

4. La Banque souhaiterait attirer l'attention du gouvernement sur la situation financière et les perspectives de développement de la SNMC. Pendant les négociations, la Banque a cherché à satisfaire pleinement le désir qu'a le gouvernement algérien d'assainir la situation financière de la SNMC. La Banque est particulièrement sensible aux mesures que le gouvernement a l'intention de prendre dans le but d'introduire plus de souplesse dans la politique des prix pour les produits de la SNMC, fondant ceux-ci sur les coûts moyens augmentés d'une marge fixe, et des conditions plus appropriées de financement des investissements et des fonds de roulement. Le succès des efforts communs du gouvernement et de la Banque risquerait cependant d'être compromis si le subventionnement devait rester le moyen à terme d'assurer l'équilibre financier de la SNMC. Le développement de la SNMC devrait donc avoir pour objectifs prioritaires d'améliorer de manière substantielle le contrôle des coûts d'investissement et de fonctionnement de l'entreprise, ainsi que la planification financière. L'accord de prêt prévoit à cet effet des mesures qui devraient entraîner une autonomie accrue dans la gestion et une efficacité améliorée dans la production, notamment si la direction et les cadres techniques de l'entreprise portaient leur attention non seulement sur les objectifs de production, mais également sur ceux concernant l'amélioration de la productivité et des résultats financiers.

B.I.R.D., le 12 novembre 1975



TRANSLATION

His Excellency  
Ismaïl Mahroug  
Minister of Finance  
Palais du Gouvernement  
Algiers, Algeria

Re: SNMC Expansion Project

Dear Mr. Minister:

I have noted with pleasure that the negotiations for the proposed Bank loan for the SNMC Expansion Project have now been successfully completed. We expect to present the project to our Board for approval next month.

I would like to take this occasion to revert to our discussion during the Annual Meetings early in September. At that time you indicated your Government's interest in obtaining the Bank's frank and constructive views on the possible weaknesses of Algeria's public investment program. As your servant, we feel we owe such comments to you. A review of the Saida cement plant project offers an opportunity to present them, and I am sending you herewith a note prepared by the technical staff of the Bank, on two aspects which illustrate our concern and which we consider important enough to bring to your personal attention; they are: SNMC's comparatively high investment cost per ton of capacity and the inherent constraints on its financial management.

We look forward to our continuing cooperation with Government and SNMC officials during execution of the project, whose importance in the framework of Algeria's development we fully recognize. However, in the future your Government, while continuing to proceed rapidly with industrial development, will no doubt wish to place greater emphasis on productivity and cost-effectiveness - and the role of labor to achieve it - so as to avoid the allocation of resources to activities with a low economic return.

Yours sincerely,

Robert S. McNamara



492/4 1395

NOV 17 1975

Son Excellence  
Leopold Sedar Senghor  
Président de la République du  
Sénégal  
Dakar, Sénégal

Excellence,

Au cours de notre récente Assemblée annuelle plusieurs ministres -- dont le Ministre des Finances et du Plan du Kenya parlant au nom des Gouverneurs africains -- avaient particulièrement insisté dans leurs discours sur la grande priorité accordée par leurs gouvernements à la cinquième reconstitution des ressources de l'Association Internationale de Développement (IDA). A cet égard, ils devaient souligner l'importance qu'il y avait à maintenir un niveau élevé d'activités de l'Association Internationale de Développement de manière à compenser pleinement les effets de l'inflation et à assurer également un niveau suffisant de croissance réelle. En outre, plusieurs ministres avaient admis qu'il était nécessaire que les donateurs traditionnels et les pays exportateurs de pétrole excédentaires soutiennent la cinquième reconstitution des ressources de l'Association.

Comme vous le savez, l'IDA compte pour ses opérations de prêt sur les contributions financières gouvernementales échelonnées sur des périodes triennales. C'est ainsi que ses ressources avaient été mobilisées durant la première reconstitution en 1964, la seconde en 1968, la troisième en 1971 et la quatrième en 1974. Il est urgent, si l'on tient à assurer la continuité des engagements de l'IDA au-delà de 1977, que les négociations de la cinquième reconstitution soient conclues avant la prochaine Assemblée annuelle de la Banque en octobre 1976 afin de laisser suffisamment de temps pour satisfaire aux mesures législatives requises. Par conséquent, j'ai proposé que de telles négociations soient entreprises actuellement pour qu'en juin 1976 les administrateurs de la Banque puissent examiner un programme à soumettre aux gouverneurs.

Je m'étais rendu en Europe il y a quelques semaines et j'avais procédé à un échange de vues approfondi avec plusieurs ministres et hauts responsables chargés des programmes d'aide au développement. J'ai constaté qu'ils étaient ouverts à l'idée d'une augmentation importante du niveau de la cinquième reconstitution



malgré leurs propres problèmes économiques et budgétaires internes. Ils reconnaissent aussi la gravité des difficultés rencontrées par les pays les plus pauvres sur lesquels l'aide de l'IDA est de plus en plus concentrée. Cependant, je suis moins sûr qu'ils soient déjà prêts à accepter la très grande augmentation des ressources de l'IDA qui sera nécessaire pour permettre de compenser l'inflation et réaliser un accroissement même modeste du volume des biens et services acquis grâce à ces ressources. Il faudra, par ailleurs, les rassurer que ceux des pays exportateurs de pétrole qui sont en mesure de fournir de l'aide au développement à cause de l'augmentation importante de leurs recettes en devises accepteront de contribuer une part adéquate dans le cadre de la cinquième reconstitution.

J'ai tenu à vous écrire personnellement car vous avez toujours manifesté un intérêt particulier pour la cause du développement économique et social. Au demeurant, je sais, d'après nos conversations antérieures et vos déclarations officielles, que vous reconnaissez l'utilité de l'IDA pour votre pays et certains de vos voisins. Je suis convaincu que, comme nous tous, vous considérez une cinquième reconstitution des ressources de l'IDA, à un niveau approprié, comme une question de la plus haute importance pour le rôle futur du Groupe de la Banque Mondiale dans les pays en voie de développement les plus pauvres, tout spécialement en Afrique.

A ce moment critique, je me souviens de l'aide inappréciable que vous nous aviez accordée durant les négociations de la quatrième reconstitution et j'espère que nous pourrons compter sur votre appui pour promouvoir de la même façon un heureux aboutissement de la cinquième reconstitution. J'ai donc demandé à Monsieur Kochman de vous remettre en main propre cette lettre et de vous faire part de nos vues. Je suis fort aise qu'il puisse évoquer avec vous en détail nos préoccupations actuelles.

Veuillez agréer, Excellence, l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

cleared with and cc. Mr. Cargill  
Mr. Goodman

11/14/75

MNKochman/cl



492/4/394

NOV 17 1975

Son Excellence  
Félix Houphouët-Boigny  
Président de la République de  
Côte d'Ivoire  
Abidjan, Côte d'Ivoire

Excellence,

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Robert S. McNamara

cleared with and cc. Mr. Cargill  
Mr. Goodman

11/14/75

MNKochman/cl



492/4/393

NOV 17 1975

Son Excellence  
Moktar Ould Daddah  
Président de la République Islamique  
de Mauritanie  
Nouakchott, Mauritanie

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Veillez agréer, Excellence, l'expression de ma haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

cleared with and cc. Mr. Cargill  
Mr. Goodman

11/14/75

MNKochman/cl



h92/4/1392

November 14, 1975

His Excellency Olof Palme  
Prime Minister of Sweden  
Kanslihuset Mynttorget 2  
Stockholm, Sweden

Dear Mr. Prime Minister:

I am glad that I had an opportunity to discuss with you our common interest in the developing world and I want you to know how much I appreciate the time you took out of a busy schedule to meet with me.

The purpose of this note is to elaborate on some of the subjects which we touched on in our conversation.

In the past Sweden has been in the forefront of those member countries which have given unwavering support to the Bank Group because the authorities of your country were convinced that the objectives of our operations and those of Swedish bilateral development assistance were identical and our activities complementary. I am aware of the doubts which have been raised in some quarters in your country regarding some of our operations and, more importantly, regarding the sincerity of our efforts to carry out those policies which I have announced in formal addresses at our Annual Meetings and on numerous other occasions.

I can assure you that these doubts are ill-founded. The thrust of all our activities is to mitigate and ultimately eradicate what I have called absolute poverty, by a combination of financial support and technical assistance. Two years ago in Nairobi I called attention to the problem of rural poverty and promised our member countries to direct a major part of our lending and advisory efforts toward the goal of raising the productivity of the small farmers of the world, the largest single group of human beings living in subhuman conditions. I am proud of what we have achieved so far: since I spoke in Nairobi in 1973, the Bank Group has quadrupled its volume of lending for rural development. Moreover, an analysis of our FY75 lending program shows that 80% of all beneficiaries of agricultural and rural development projects financed by the Bank and IDA were the rural poor. I have asked my associates to prepare the attached descriptions of 10 projects which illustrate in concrete terms how we select and shape the project which will foster rural development. The examples show that it is possible to combine the objective of high economic yields with the social aim of raising the productivity and the income of the poor. Our lending program for the five-year period FY75-79 includes about 200 other rural development projects with the benefits concentrated in the lowest income groups. These 200 projects will raise the productivity and improve the living standards of some 100 million people.



Although every one of these projects is different in technical design and institutional arrangements, they have two features in common: they are based on the assumption that poor people the world over are eager to help themselves if they are given opportunities to do so, and the best, and probably the only feasible way of attaining the social goal of a society freed of the material and cultural shackles of low productivity and absolute poverty is to harness economic programs directly to that end.

There is still another aspect of the Bank Group's concern with the problem of absolute poverty which I want to call to your attention: during the five-year period FY1969-73, 83% of commitments of IDA credits went to countries with a per capita GNP of \$200 or less. The comparable figure for FY74 is 88%, for FY75 90% and for the current fiscal year, ending June 30, we expect it to be 92%. For the five-year program FY75-79 as a whole we project it at the same level.

The preceding paragraphs on our activities aimed at mitigating rural poverty, and, more generally, at alleviating the economic and social conditions of our poorest member countries have been written to confirm, in some detail, what I told you the other day: we believe that the Bank Group's objectives of supporting the development efforts of our member countries are identical with those of your Government.

But if the Bank Group is to play the role which I outlined in Nairobi with regard to rural poverty (and at this year's Annual Meeting with regard to urban poverty), it must have the support of those countries whose vision of the advancement of the Developing World is the same as ours. This applies not only to the economic, social and cultural aims of the development process, but also to the financial support of the Bank Group in general and of the Fifth Replenishment of IDA in particular.

Today many of the largest industrial nations are consumed by their domestic problems and are disinclined to expand their programs of assistance to the Developing World. In such an environment, if the poor nations are to receive the help they need, it will come only as a result of progressive statesmen such as yourself taking the lead in proposing the expansion of multilateral programs of financial assistance. The multiplier effect of such leadership can be tremendous.

Specifically with respect to IDA, it is our belief that the Fifth Replenishment should provide both for a full offset to price inflation and for a modest increase, say 5% per year, in real purchasing power. The two factors combined lead to an IDA V figure of approximately \$2800 million per year compared to the \$1500 million level of IDA IV.

On the basis of our conversation and what I have tried to convey to you in this letter, I very much hope that we can count on the support of your Government for such an objective.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara



492/4/389  
NOV 13 1975

BOOK OF 6 CABLES

1. LIC. EDUARDO PALOMO  
MINISTRO DE ECONOMIA  
MINISTERIO DE ECONOMIA  
GUATEMALA, GUATEMALA

FULL RATE

2. LIC. RIGOBERTO ANTONIO MARTINEZ  
MINISTRO DE HACIENDA  
MINISTERIO DE HACIENDA  
SAN SALVADOR, EL SALVADOR

5. DR. NICOLAS ARDITO-BARLETA  
MINISTRO DE PLANIFICACION  
MINISTERIO DE PLANIFICACION  
PANAMA CITY, PANAMA

3. LIC. PORFIRIO ZAVALA  
MINISTRO DE HACIENDA  
MINHACIENDA  
TEGUCIGALPA, HONDURAS

6. LIC. PORFIRIO MORERA BATRES  
MINISTRO DE HACIENDA  
MINHACIENDA  
SAN JOSE, COSTA RICA

4. GEN. GUSTAVO A. MONTIEL  
MINISTRO DE HACIENDA  
MINHACIENDA  
MANAGUA, NICARAGUA

MY COLLEAGUES AND I WOULD LIKE TO EXPRESS OUR MOST SINCERE  
APPRECIATION FOR THE OPPORTUNITY TO MEET WITH YOU AND YOUR COLLEAGUES IN  
SAN JOSE AND TO EXCHANGE VIEWS ON MULTILATERAL AND BILATERAL ISSUES STOP  
I BELIEVE WE ARE NOW IN A POSITION BETTER TO UNDERSTAND PROBLEMS OF YOUR  
COUNTRY AS WELL AS THE ISTMUS OF CENTRAL AMERICA STOP WE SHALL SEEK WAYS OF  
ADJUSTING OUR FUTURE ACTIVITIES SO AS TO CONTRIBUTE MORE EFFECTIVELY TO THE SOCIO-  
ECONOMIC OBJECTIVES OF THE REGION STOP I TAKE THIS OPPORTUNITY TO EXPRESS OUR  
READINESS TO SUPPORT ECONOMIC INTEGRATION OF CENTRAL AMERICA AS WELL AS TO  
IMPROVE FURTHER OUR BILATERAL RELATIONS STOP WITH BEST REGARDS ROBERT S. McNAMARA

Robert S. McNamara

Cleared with and cc:  
Mr. Lerdau, Director  
Mr. Krieger

GDolenc/GFFlood:mdk



492/4/387

NOV 11 1975

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of \$750,000,000 in the markets of the United States of America through an issue of five year notes in the aggregate principal amount of \$250,000,000, an issue of ten year notes in the aggregate principal amount of \$250,000,000 and an issue of twenty-five year bonds in the aggregate principal amount of \$250,000,000. The interest rates and the prices of the securities have not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the proposed borrowings by the Bank in the markets of the United States of America of such amounts as may be raised by the issuance of not exceeding \$750,000,000 aggregate principal amount of securities. The Government of the United States of America 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

The Honorable  
William E. Simon  
Secretary of the Treasury  
Treasury Department  
Washington, D.C. 20220

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

Cleared with and cc Mr. Patrick Heining, Legal Dept.

cc: For Mr. McNamara office (2)  
Mr. I.P.M. Cargill, Vice President-Finance  
Mr. Rotberg, Treasurer  
Mr. Hittmair, Deputy Treasurer  
Mr. Georg Gabriel, Controller  
Mr. Deely/Sec.Div.Files

DEHarris:mh  
November 11, 1975



492/4/385

NOV 11 1975

Dear Rudi,

This is with reference to your letter of October 27, 1975.

I think it is entirely appropriate for you to take an initiative to explore ways in which the UN system might respond to the resolution of the Seventh Special Session of the General Assembly, concerning the improvement of the productivity and competitiveness of non-food agricultural and forestry products. I agree with you that the issues are important but also complex, probably far more so than those we have been dealing with in connection with research on food products through the CGIAR.

For one thing, there is not likely to be nearly as clear or universal an agreement concerning priorities as, for instance, in the case of foodgrains. For this reason, among others, I would not start by taking it for granted that we ought to be looking for a single coordinating and financing mechanism to deal with all non-food agricultural and forestry products, or instead that all of these products should be the subject of an international initiative at this time.

We are, of course, prepared to engage in discussions with you and other interested agencies on these matters, and I have assigned responsibility for arranging for Bank representation in forthcoming discussions to Mr. Warren Baum, Vice President, Projects Staff.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Rudolph A. Peterson  
Administrator  
U.N.D.P.  
866 United Nations Plaza  
New York, N. Y. 10017

MLHoffman:pa  
Typed Nov. 7, 1975

Cleared with and cc: Mr. Baum

cc: Mr. Yudelman, Mr. Karaosmanogly, Mrs. Boskey,  
Mr. Grenfell, Mr. Riley.



492/4/382

NOV 10 1975

Dear Mr. Governor:

Having returned to Washington, I wish to thank you for your part in having made our visit to Colombia so successful.

You must be congratulated on the progress with your plans for bringing about an improvement in the well-being of the people living in your department. In particular, my associates and I were most impressed with your efforts to raise the productivity and improve the nutritional status of both the urban and rural poor in and around Cali.

Allow me, Mr. Governor, to express our gratitude for such a successful first visit to the Valle del Cauca.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. José Raúl Orejuela  
Valle del Cauca  
Cali, Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

HvanderHeijden/dpb

November 10, 1975



492/4/381

NOV 10 1975

Dear Gobernadora:

Having returned to Washington, I wish to thank you for your part in having made our visit to Colombia so successful.

You must be congratulated on the progress with your plans for bringing about an improvement in the well-being of the people residing in your department. In particular, my associates and I were most impressed with your efforts to raise the productivity and increase the incomes of the small farmers in the area surrounding Pereira.

Allow me, Gobernadora, to express our gratitude for such a successful first visit to Risaralda.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Dra. Maria Isabel Mejia  
Departamento de Risaralda  
Pereira, Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

HvanderHeijden/dpb

November 10, 1975



492/4/380

NOV 10 1975

Dear Mr. Governor:

Having returned to Washington, I wish to thank you for your part in having made our visit to Colombia so successful.

You must be congratulated on the progress with your plans for bringing about an improvement in the well-being of the poorest segments of the population residing in your department. In particular, my associates and I were most impressed with your efforts to raise the productivity of the poorest farmers in Cauca.

Allow me, Mr. Governor, to express our gratitude for such a successful first visit to Cauca.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Aurelio Iragorri  
Departamento del Cauca  
Popayan, Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

HvanderHeijden/dpb

November 10, 1975



492 / 4 / 379

NOV 10 1975

Dear Ernesto:

This is just to let you know how much Margaret and I appreciated your assistance and enjoyed your company during our trip to Colombia. We had a most interesting time indeed, and we are most grateful for the courtesies shown to us by President Lopez and the officials of his Government. In particular, I appreciated the kind remarks which the President was good enough to make about the Bank's role in Colombia's development efforts; we shall try to live up to his high opinion of us.

With best personal regards from Margaret and myself.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Dr. Ernesto Franco-Holguin  
Executive Director  
World Bank  
Washington, D.C.

cc: Messrs. Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

HvanderHeijden/dpb

November 10, 1975



492 14/378

NOV 10 1975

Dear Rodrigo:

Now that we are back in Washington, I wish to let you know how much Margaret and I are grateful for the warm hospitality and for the many courtesies extended to us by Luisa and you. We had a most interesting time indeed, and we very much appreciated the excellent arrangements that were made to make our visit to Colombia so successful.

My associates and I were most interested to learn firsthand from you, and from the able men and women you have gathered in your Economic Team, the achievements and the problems in the field of development policy. You must be congratulated on the remarkable success of your efforts to bring about improvements in Colombia's financial situation, thereby strengthening the Government's development program. At the same time, I was most impressed by the progress that is being made with the Government's plans for improving the productivity and raising the incomes of the poorest half of Colombia's population. As President Lopez described so eloquently in our meeting with him, the time has come to implement those plans urgently, and in this area you can count on us in the World Bank to do our utmost to assist you.

Allow me once again to express our gratitude for such a successful visit to Colombia.

Margaret joins me in extending our warmest personal regards to you and Luisa.

Sincerely,  
(Signed) Robert S. McNamara  
Robert S. McNamara

His Excellency  
Dr. Rodrigo Botero Montoya  
Minister of Finance and Public Credit  
Bogota, D.R., Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

Hvan der Heiden/dob  
November 10, 1975



492 / 4 / 377

NOV 10 1975

Dear Mr. President:

Having returned to Washington, I wish to thank you for the warm hospitality and for the many courtesies extended to Mrs. McNamara and myself, and to my associates, during our visit to Colombia. We very much appreciated your graciousness in giving a luncheon for us and we shall long remember the charm and dignity of that occasion. Your views that day were particularly impressive as a wise and eloquent description of the problems faced by democratic leaders who wish to see the poorest segments of their populations participate urgently and fully in the benefits of economic growth.

It was good to have had the opportunity to deepen our acquaintance and to continue the thought-provoking discussions which we had in Washington. At the same time, I found it most interesting to capture at firsthand an impression of the able men and women you have gathered in your Government, and of their remarkable achievements during their short time in office. In the years to come we shall have to work hard in carrying out the promise of your campaign, namely to ensure that the poorest half of Colombia's population will be helped to increase its productivity and income. You can be sure that we in the World Bank will do our utmost to assist you in this important endeavor.

Allow me once again, Mr. President, to express our gratitude for such a successful visit to Colombia.

With best personal regards to you and your charming wife.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency  
Dr. Alfonso Lopez Michelsen  
Palacio San Carlos  
Bogota, D.E., Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano

for Mr. McNamara's Office (2)

HvanderHeijden/dpb  
November 10, 1975



492 / 4 / 376

NOV 10 1975

Dear Mr. Governor:

Having returned to Washington, I wish to thank you for your part in having made our visit to Colombia so successful.

You must be congratulated on the progress with your plans for bringing about an improvement in the well-being of the poorest segments of the population residing in your department. In particular, my associates and I were most impressed with your efforts to improve the living conditions and raise the productivity of the people living in Ciénaga de la Virgen.

Allow me, Mr. Governor, to express our gratitude for such a successful first visit to Bolivar.

Sincerely,

(Signed) Robert S. McNamara  
Robert S. McNamara

Dr. Nicolás del Castillo  
Departamento de Bolivar  
Cartagena, Colombia

cc: Messrs. Franco-Holguin  
Clark  
Krieger  
Wiese  
Quijano  
for Mr. McNamara's Office (2)

HvanderHeijden/dpb

November 10, 1975



492 / 4/375

LIC. DANIEL ODUBER QUIROS  
PRESIDENT OF THE REPUBLIC  
SAN JOSE  
COSTA RICA

NOVEMBER 10, 1975

FULL RATE

MRS. McNAMARA COMMA MY ASSOCIATES AND I JOIN IN THANKING YOU FOR  
EXTRAORDINARY KINDNESS AND HOSPITALITY EXTENDED BY YOU COMMA  
MRS. ODUBER AND YOUR GOVERNMENT DURING OUR VISIT COSTA RICA STOP  
WE ALSO THANK YOU FOR ORGANIZING MEETING OF MINISTERS OF CENTRAL  
AMERICA AND PANAMA WHICH PROVIDED US UNIQUE OPPORTUNITY TO LEARN  
ABOUT REGION'S PROBLEMS STOP MY ASSOCIATES AND I VERY MUCH APPRECIATE  
THE OPPORTUNITY TO TRAVEL THROUGH YOUR BEAUTIFUL COUNTRY AND TO SEE  
FIRST HAND SOME OF THE IMPRESSIVE INITIATIVES WHICH YOUR GOVERNMENT  
IS UNDERTAKING TO IMPROVE WELL-BEING OF ALL YOUR PEOPLE STOP OUR  
VISIT WILL BE INSPIRATION FOR US IN WORLD BANK TO CONTINUE SEEKING  
NEW WAYS TO ASSIST COSTA RICA IN OUR EFFORTS TO ACHIEVE ECONOMIC  
DEVELOPMENT AND SOCIAL JUSTICE STOP WITH BEST PERSONAL REGARDS

(Signed) Robert S. McNamara  
ROBERT S. McNAMARA

Robert S. McNamara

Cleared with and cc:  
Mr. Krieger  
Mr. Lerdau, Director, LAC I

GFF/lood/GDoLenc:mk