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Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

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THE WORLD BANK
Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433
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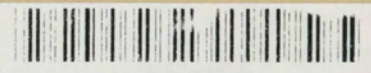
PUBLIC DISCLOSURE AUTHORIZED

McNamara files

1979 (Sept. - Oct.)

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Archives



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Chronological files - (outgoing) - Chrons 73

494/3 1277

October 30, 1979

His Excellency
Dr. Hans Matthoefer
Bundesminister der Finanzen
Bundesministerium der Finanzen
Graurheindorfer Strasse 108
D-5300 Bonn
Federal Republic of Germany

Dear Mr. Minister:

I am writing to you now to follow up on one of the points we touched on briefly in our conversation in Belgrade, namely, Germany's contribution to IDA 6 (and my request that Germany consider an increase in its share in IDA 6 from the 12 percent currently envisaged to 12.5 percent).

Following a meeting of the IDA Deputies in Dubrovnik immediately after the Annual Meeting, the negotiations are now scheduled to be concluded at a final meeting of the Deputies in Paris on December 12. At the Dubrovnik meeting, the Chairman, Peter Cargill, put out a proposal to conclude the negotiations on the key questions of the amount and share to be taken up by each country and we have reason to believe that the decisions of the contributors will closely accord with the Dubrovnik proposal. However, there remains a gap in the burden-sharing arrangements of about 1 percent of the total; in addition, a number of new contributors (for example in Latin America) have yet to take their final decisions. It would be most helpful both in consolidating the burden-sharing arrangements among the traditional contributors and in order to encourage the maximum participation of the new contributors, if Germany could increase its share to 12.5 percent from the 12.0 percent currently foreseen.

I recognize that the important place that IDA has in the aid programs of many contributors, not least in Germany, means that any extra commitment to IDA has to be examined against the various budget constraints. In this context, the extra amount involved for Germany to increase its share to 12.5 percent is less than 50 million SDR. I should mention in this context that countries may spread their note payments over three years in ascending amounts, and in the table attached the extra contribution has been spread equally in 1981 and 1982 in case this should be easier than accommodating the extra amount in 1980. Of course, the cash impact is spread out over about ten years as the contribution is actually drawn down to meet disbursements under the replenishment and the cash effect of the extra contribution is also shown in the table attached.

I have referred to the extra amount involved for Germany in SDR because I understand that Germany will be expressing its obligation to IDA 6 in terms of the SDR. This has been agreed between IDA and your Ministry with the concurrence

of the other contributors so as to give assurance that Germany's share in the replenishment will continue as finally negotiated and not be subject, as in the past, to upward movement as the U.S. dollar has declined against the deutsche-mark. I hope this will be helpful to you.

I should mention finally that there are a number of smaller European contributors that have indicated to us that they will be making an extra amount available to IDA over and above their normal IDA share so as to help eliminate the remaining gap in the IDA 6 burden-sharing arrangements. Because they are small, they cannot even together make up more than about half of the gap. It would obviously encourage them and assist the authorities in these other European countries to know that Germany is also prepared to make an extra effort.

With respect to the points you raised during our conversation--relating to Uganda, Nicaragua, Sahel and efforts to curb the illicit production of drug crops in developing countries--you will shortly receive a response which we will send through Mr. Kurth's office.

I very much look forward to your help in this matter which will go far to ensure the successful outcome of the IDA 6 negotiations in December.

Best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Cargill
Mr. Qureshi
Mr. Kurth

FVibert:RSMcNamara:ml

494 / 3/276

OCT 25 1979

Dear Mr. M'Bow:

The cabled message from Deputy Director-General Mayor, endorsing the approach of the Bank's new education sector policy paper, was most welcome and I thank you for it.

You will be interested to learn that the paper was discussed this week by the Bank's Executive Directors, who supported it warmly and urged widespread dissemination. It will be published in several languages. I myself think it one of the best papers the Bank staff has produced. As you know, the paper explicitly acknowledges Unesco's cooperation in its preparation. The staff also referred to this in the presentation to the Directors, and many Directors expressed their satisfaction that there had been consultations with Unesco as well as with other elements of the professional community. The reflections in the paper of the report of the External Advisory Panel on Education were also commented on favorably.

We much appreciate the opportunities for drawing on Unesco's experience. Like Mr. Mayor, I look forward to continued cooperation between our institutions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Amadou-Nahtar M'Bow
Director-General
United Nations Educational,
Scientific and Cultural Organization
7, Place de Fontenoy
F 75700 Paris, France

cc: Mr. Aklilu Habte, Director, EDC
Mr. Steckhan, Director, European Office

SEBoskey:di
October 24, 1979

494 / 3 / 274

OCT 23 1979

Excellency:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of Yen 85 billion in Japan as follows:

- (1) Up to Yen 55 billion in the form of a loan from a consortium of Japanese banks and insurance companies. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8.30% per annum payable semi-annually; and
- (2) Up to Yen 30 billion in the form of a loan from a consortium of Japanese trust banks. This borrowing transaction would have a term of 20 years and would bear interest at the rate of 8.30% per annum payable semi-annually.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank to approve these two borrowings by the Bank in an aggregate principal amount not to exceed Yen 85 billion. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowings may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

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

cc: Mr. Seiji Morioka, Executive Director
Cleared with and cc: Mr. Rothenbuhler, Legal Dept.
cc: Mr. McNamara's Office (2)
Mr. Qureshi (2)
Mr. Rotberg, Vice President and Treasurer
Mr. Hittmair, Director and Deputy Treasurer
Fin.Ops.Div/Yen Loans #

DEHarris:mkp
October 22, 1979

INFORMAL TRANSLATION

494/3/273
OCT 22 1979

Dear Mr. Minister,

I want to thank you for your letter of October 2 concerning Zaire. I am very much in favor of another meeting, at Brussels, of representatives of the Governments and international organizations concerned by the recovery of the Zairian economy, and I will be glad to have the Bank represented at such a meeting.

As you recall, and as I recently confirmed to President Mobutu, the Bank would be ready to convene the Consultative Group on Zaire as soon as the appraisal of the Three Year (1979-1981) Economic Recovery Program is completed and agreement reached on the settlement of arrears and rescheduling of debt.

I would be very glad to receive your suggestions with respect to the date, modalities and agenda of the proposed Brussels meeting.

With best regards,

Sincerely yours,
(Signed) Robert S. McNamara

Robert S. McNamara

OCT 22 1979

Monsieur le Ministre,

J'ai bien reçu votre lettre du 2 octobre 1979 concernant le Zaïre et vous en remercie. Je suis tout à fait en faveur d'une nouvelle réunion, à Bruxelles, des représentants des pays et Organisations internationales intéressés au redressement de l'économie zaïroise, et serai heureux d'y faire représenter la Banque Mondiale.

Comme vous le rappelez, et comme je l'ai récemment confirmé au Président Mobutu, la Banque serait prête à réunir le Groupe Consultatif sur le Zaïre dès que l'évaluation du Programme de Relance économique 1979-1981 aura été achevée et dès qu'un accord sur le remboursement des arriérés et le réaménagement de la dette extérieure du Zaïre aura été atteint.

Je serais très heureux de recevoir vos propositions quant à la date, aux modalités et à la substance de la réunion de Bruxelles.

Je vous prie de recevoir, Monsieur le Ministre, l'assurance de ma très haute considération.

(Signed) Robert S. McNamara

Robert S. McNamara

Son Excellence Henri Simonet
Ministre des Affaires étrangères,
du Commerce extérieur et de la
Coopération au Développement
2, rue des Quatre-Bras
Bruxelles 1000, Belgique

cleared with and cc: Messrs. Wapenhans, Gué

cc: Messrs. Roulet, Varon, Chadwick

JGuillot-Lageat:mdc
typed on October 18, 1979

cc: for Mr. McNamara (2)

494/3/272

OCT 18 1979

Dear Secretary-General:

I thank you for your letter of September 27, 1979, forwarding the General Assembly's decision on Assistance for the Reconstruction and Development of Lebanon.

We have noted the appointment of Ambassador Akhund to be the Co-ordinator and chairman of a joint United Nations committee in Beirut. The World Bank will be pleased to cooperate with Ambassador Akhund and ensure that its activities in Lebanon are brought to his attention.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Kurt Waldheim
Secretary-General
United Nations
New York, N.Y. 10017

Cleared with and cc: Mr. Benjenk

cc: Mrs. Boskey/Boucher
Mr. Grenfell

LPChatenay/bw

October 17, 1979

494/3/271

OCT 17 1979

Dear Halfdan:

By letter of September 12 I told you that the Bank's Executive Directors had approved my proposal to begin direct lending for projects in health. To implement that proposal, and because of the close relationships among the fields of health, nutrition, population and family planning, a Population, Health and Nutrition Department has just been established within the Central Projects Staff to be responsible for Bank operations--lending and country sector work--in these sectors. Dr. John Evans, of Canada, has been appointed Director of the new Department. He will be known to you and to your staff as a member of WHO's Advisory Committee on Medical Research.

Within the next few months we shall be making appropriate arrangements for the transfer of staff and responsibilities to the new Department. You may be sure, however, that this internal reorganization will in no way adversely affect the relationships between the Bank and WHO, the quality of the Bank's participation in our joint undertakings or the strength of the Bank's commitment to them.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

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

cc: Dr. J. L. Kilgour, Director, Division of Co-ordination, WHO
Dr. John Evans, Director, Population, Health and Nutrition
Mr. Mahmud Burney, IRD, Geneva

SEBoskey:di
October 16, 1979

RSMN added: I hope you are as pleased as I am
that John Evans has joined us.

494/3/270

OCT 16 1970

Dear Mr. Minister:

It was with great pleasure that I heard your declaration during your speech at our recent meeting in Belgrade, that your Government "has just decided to submit to the Parliament, in due course, the necessary legislation authorizing Portugal to become a member of the Association and to contribute - although with a modest amount - to the replenishment under consideration". Your statement represented an important step forward in the international effort to mobilize assistance for the least developed nations and I know was received with great appreciation by the many poor countries that are the recipients of IDA assistance.

We are now planning a final meeting of the IDA Deputies in Paris toward the end of November to complete the arrangements for the Sixth IDA Replenishment and we look forward to receiving from your Deputy at that time a formal pledge of Portugal's support for the replenishment. All the pledges by donor countries at that meeting will be made subject to eventual action by the respective legislatures where this is required by their domestic procedures.

We shall be sending you in due course material relating to the formalities of Portugal's application for membership in IDA.

I should like to take this occasion also to send you my warm thanks for your prompt and favorable vote in favor of the resolutions relating to the proposed increase in the authorized capital of the Bank.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Prof. Doutor Antonio da Sousa Franco
Minister of Finance
Ministry of Finance
Avenida Infante Dom Henrique
Lisbon 2, Portugal

cc: Mr. Antonio S. Labisa

Messrs. Cargill, Benjenk, Vibert, D.R. Clarke

ch
OCT 12 1979

494/3/269

Dear Mr. Khane:

I am grateful for your personal invitation to attend the Third General Conference of UNIDO opening in New Delhi on January 21, 1980, and thank you for the kind reference, in your letter of September 18, to the work of the World Bank in promoting the industrialization of developing countries.

Unfortunately, I will not be able to travel to New Delhi at the time of the Conference. I much regret this but, at the same time, trust that the Bank's delegation will be helpful, particularly in the consideration of items of mutual interest to our organizations.

I wish the Conference every success.

Sincerely,

(Signed) Robert S. McNamara
Robert S. McNamara

Mr. Abd-El Rahman Khane
Executive Director
United Nations Industrial Development Organization
Lerchenfelder Strasse 1
A-1070 Vienna, Austria

cc: Mr. William Clark, VPE
Mrs. Boskey, IRD
Mr. Tolbert, IDF

LPChatenay:di
October 12, 1979

494/3/268

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

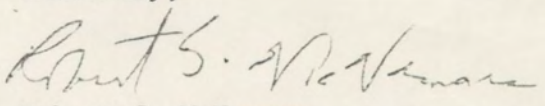
Office of the President

October 10, 1979

Dear Mr. Cemovic:

I want to tell you again how much Margaret and I enjoyed our evening with you at Sv. Stefan. The dinner was delicious, the conversation most interesting and the singing and music superb. It was a typical example of Montenegro hospitality which is unequalled anywhere else in the world.

We send you our thanks and best wishes.

Sincerely,

Robert S. McNamara

Mr. Momcilo Cemovic
President
Republican Executive Council, S.R. Montenegro
Titograd
Socialist Republic of Montenegro
Yugoslavia

RSMcN:js

484/3/266

OCT 17 1979

~~OCT 10 1979~~

The Honourable John Crosbie
Minister of Finance
Ottawa
Canada

Dear Mr. Minister:

I very much enjoyed meeting you for the first time in Belgrade. I greatly appreciate the speed with which you have turned to World Bank concerns so soon after taking office and amid your many other preoccupations.

In our conversation, I mentioned to you how helpful it would be to the World Bank if Canada could be one of those countries that could help maintain the momentum in implementing the General Capital Increase of the IBRD, in the first instance by assisting in the passage of the Governors Resolution authorizing the increase. I also mentioned the very crucial part which Canada's decision on IDA6 would play in securing the burden sharing arrangements for the Sixth Replenishment. In this connection, Mr. Cargill, who is handling the IDA negotiations, put out a proposal at the Dubrovnik meeting of Deputies immediately following the Annual Meeting in Belgrade, which suggested a share for Canada of 4.6% (Can\$643.8 million ^{1/}) in a \$12.0 billion total. Proportionately, this is a very large reduction in Canada's share (from 5.8% in IDA5) comparable only to the reduction envisaged for Sweden, which is in the rather different position of having an ODA program already equivalent to about 1% of its gross national product. I very much hope you can support the share proposed by Mr. Cargill so that the package can be finalized as now proposed. A further reduction by Canada would make it difficult for us to limit reductions elsewhere (such as for the United Kingdom) as well as complicate our task of persuading a group of 10 or 12 developing countries (including, for example, Mexico, Brazil and Korea) to contribute to the Replenishment.

You explained to me the very difficult budget situation you face and I understand your officials have discussed with IDA staff a method of payment for Canada's contribution to IDA6 which would involve a mixture of note deposits and cash payments in order to attempt to alleviate this problem. The agreement on this is reflected in the draft Report to the Governors and will, I hope, make it possible for Canada to limit the

1/ At October 5, 1979 exchange rates

reduction in its share to the 4.6% level. If Canada were to move on to a cash basis for its budget arrangements for IDA, provisions could, of course, be spread out over the 10-year period under which IDA6 disbursements take place and movement in this direction is certainly acceptable to IDA if it is helpful to you.

I realize that the financial demands which the World Bank makes on Canada would seem less onerous if the benefits were larger for Canada in terms of the return flow of orders for goods and services arising from procurement under Bank financed contracts. Although lower in recent years, Canada's share in IDA procurement over the long run has been about 2% of the total. If this proportion is maintained in the Sixth Replenishment period, this means that orders worth some Can\$280 million would flow to Canada from procurement under this Replenishment. In fact, I would hope that we could work together to see if Canadian business cannot obtain a larger share than this. On my return to Washington, I have asked my senior staff to review this matter and work closely with your associates so as to ensure that all steps are being taken by the Bank to spread awareness in Canadian official and business circles about Bank Group procurement procedures and methods so that Canadian business can take advantage of the increasing opportunities presented by the growing volume of Bank financed orders.

Best wishes,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with and cc:
Mr. Cargill
cc: Mr. McNamara (2)

FVibert:plo
October 17, 1979

OCT 16 1979

494/3/263

Dear Mr. Minister:

It was with great pleasure that I heard your declaration during your speech at our recent meeting in Belgrade, that your Government "has just decided to submit to the Parliament, in due course, the necessary legislation authorizing Portugal to become a member of the Association and to contribute - although with a modest amount - to the replenishment under consideration". Your statement represented an important step forward in the international effort to mobilize assistance for the least developed nations and I know was received with great appreciation by the many poor countries that are the recipients of IDA assistance.

We are now planning a final meeting of the IDA Deputies in Paris toward the end of November to complete the arrangements for the Sixth IDA Replenishment and we look forward to receiving from your Deputy at that time a formal pledge of Portugal's support for the replenishment. All the pledges by donor countries at that meeting will be made subject to eventual action by the respective legislatures where this is required by their domestic procedures.

We shall be sending you in due course material relating to the formalities of Portugal's application for membership in IDA.

I should like to take this occasion also to send you my warm thanks for your prompt and favorable vote in favor of the resolutions relating to the proposed increase in the authorized capital of the Bank.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Prof. Doutor Antonio de Sousa Franco
Minister of Finance
Ministry of Finance
Avenida Infante Dom Henrique
Lisbon 2, Portugal

cc: Mr. Antonio S. Labisa

Messrs. Cargill, Benjenk, Vibert, D.R. Clarke

JBKnapp:isk

494/3/262

OCT 16 1979

Dear Mr. Minister:

It was with great pleasure that I heard your statement during your address to the Annual Meeting in Belgrade that Spain would increase its contribution to the Sixth IDA Replenishment to the sum of \$50 million equivalent. This decision, and its public announcement at that time, has given an important impetus to our efforts to enlist the cooperation of other more advanced developing countries in the Replenishment, and I am most grateful for your positive response to my earlier appeal to you on this matter. We now look forward to reaching final agreement on the Sixth Replenishment at a meeting of the IDA Deputies to be convened in Paris toward the end of next month.

May I take this occasion to say that we would much appreciate receiving as soon as possible your vote on the resolutions relating to the increase in the authorized capital of the Bank. As you know, your vote on these resolutions would not carry with it any financial commitment by Spain but the approval of these resolutions by the Board of Governors would mark a very important step toward putting the Bank in a position to cope with its responsibilities in the 1980's.

With best regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
D. Jaime García-Añoveros
Minister of Finance
Calle Alcalá 11
Madrid 14, Spain

cc: Eduardo Mayobre

Messrs. Cargill
Benjenk
Vibert
D.R. Clarke

JBKnapp:isk

Chow
494/3/261

Office of the President

DECLASSIFIED

FEB 04 2013
STRICTLY CONFIDENTIAL

October 11, 1979

WBG ARCHIVES
MEMORANDUM OF CONVERSATION

Yesterday, I called Bill Dale (in the absence of Jacques de Larosiere) to report on the conversation in Belgrade between Mr. Stern and Mr. Chao. Dale reported that Chao had also called on him in Belgrade (with essentially the same message he had conveyed to Mr. Stern). I suggested to Dale that rather than continuing to carry on communication with China through U.N. staff members it might be wise to contact a member of the Government and inquire what channel they wished to pursue. He agreed and I said I would therefore put the question to the Chinese Ambassador to the United States.

I called Ambassador Chai's office at approximately 11:30 and was told by Miss Wang that he was out to lunch and did not speak English. I asked her to pass a message to the Ambassador stating that if he thought it helpful I would be happy to call on him in his office. She asked for a time and I suggested Thursday, October 11. She took the telephone number and said she would call back.

We heard nothing more until Thursday morning when she called and suggested I meet the Ambassador in his office at 3:00 p.m.

At the Embassy I was met by an interpreter who stated he understood the Bank's office was in New York. The Ambassador met me with no person present other than the interpreter. I stated to the Ambassador that:

- a. Last week the Governors of the IMF and the World Bank had met in Belgrade. While there, my associate, Mr. Stern, was visited by a Chinese member of the U.N. staff in New York who stated an interest in learning more about the World Bank.
- b. While in Belgrade, I had read in the foreign press reports of a statement by Vice Premier Gu Mu which indicated China was interested in associating with the World Bank.
- c. I would be pleased to have my associates meet with personnel of his Government at a time and a place convenient to them to answer any questions they might have about our organization.
- d. Following such a meeting, I myself would be happy to meet with representatives of his Government in Washington, or New York, or if more convenient in Peking, to carry on the conversations.

Ambassador Chai responded by saying that:

- a. "The association of China with the World Bank is under consideration now;
- b. "The situation is that we are not very familiar with the World Bank, the kinds of obligations we would be expected to assume, and the kinds of formalities we would go through to obtain membership;
- c. "We are also concerned about the relations of the Bank with Taiwan;
- d. "When we have information such as that referred to above, we will decide how to proceed;
- e. "I am not authorized to speak officially and therefore these statements are my personal comments;
- f. "I will transmit your remarks to my Government and after consultation, I will reply to you."

The meeting ended with pleasantries including the Ambassador's statement that his wife had met my wife and reported enthusiastically about the meeting, and that he had wanted to invite us to a Chinese dinner and would do so shortly.

I have reported the conversation to Bill Dale.

Robert S. McNamara

cc: Ernest Stern
Moeen Qureshi (by hand)

WORLD BANK

OFFICE OF THE PRESIDENT

10/11

Ernie please do not
discuss this with anyone
else.

DMW

494/3/257

September 29, 1979

Dear Mr. Kashiwagi:

The International Finance Corporation has a Panel of Advisers consisting of a few eminent persons representing the financial sector in some of our larger member countries. We have been privileged to have Mr. Schei Nakayama as a member of this panel for the last few years. We have valued his contribution and the Corporation has benefitted greatly from his advice. Recently, Mr. Nakayama informed us of his desire to limit his external activities, and to retire from the IFC Advisory Panel.

It gives me great pleasure to invite you to be a member of IFC's Panel of Advisers. We place great importance on IFC's relations with the business and financial community in Japan and I am confident that your participation will further strengthen these relations as well as help advance the broader purposes of the Corporation.

I look forward to hearing from you, and to meeting you in the near future.

With best regards,

Sincerely,

/s / Robert S. McNamara

Robert S. McNamara

Mr. Yusuke Kashiwagi
President
Bank of Tokyo
Tokyo
Japan

MAQureshi:gmb
September 28, 1979

SEP 26 1979 434/3/256

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HIS EXCELLENCY, ALHAJI SHEHU SHAGARI, PRESIDENT OF
THE FEDERAL REPUBLIC OF NIGERIA, LAGOS, NIGERIA

ON THE OCCASION OF YOUR ASSUMING THE PRESIDENCY OF NIGERIA,
WE SHOULD LIKE TO EXTEND TO YOU OUR BEST WISHES FOR SUCCESS
IN LEADING THIS GREAT COUNTRY IN THE YEARS TO COME. STOP WE
ARE LOOKING FORWARD TO A CONTINUED CLOSE AND FRUITFUL
COOPERATION WITH YOUR GOVERNMENT IN REALIZING THE DEVELOPMENT
OBJECTIVES AND ASPIRATIONS OF YOUR COUNTRY
SINCERELY ROBERT MCNAMARA

NOT TO BE TRANSMITTED

SUBJECT:	DRAFTED BY: PREitter:js
CLEARANCES AND COPY DISTRIBUTION: c.c. Messrs. Chaufournier Alisbah Fennell WAIA	AUTHORIZED BY (Name and Signature): Robert McNamara <i>[Signature]</i> 9/25
	DEPARTMENT:
SECTION BELOW FOR USE OF CABLE SECTION CHECKED FOR DISPATCH	

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494/3/255

SEP 26 1979

Lic. Eduardo Fernandez
Gobernador del Banco Central
de la República Dominicana
Santo Domingo, República Dominicana

Señor Gobernador:

Hago referencia a su carta del 14 de setiembre, por la cual nos informa sobre la grave situación por la que atraviesa la República Dominicana como resultado de los recientes huracanes David y Frederick.

Deseo, antes que todo, expresar mi profundo sentimiento de pesar por las sensibles pérdidas de vidas humanas y por las dificultades que atraviesa el pueblo dominicano, especialmente en las zonas rurales, dada la destrucción extensa de viviendas y las pérdidas en la capacidad productiva nacional.

Me place conocer que la misión que visitó la República Dominicana del 9 al 14 de setiembre, para informarse sobre la magnitud del desastre y determinar en que forma el Banco podría apoyar el programa de reconstrucción del Gobierno Dominicano, identificó con las autoridades dos proyectos que comprenderían:

- (a) reconstrucción de las carreteras que comunican el cruce de Guayacanes y Santiago de la Cruz y el empalme de Azua con Barahona. El costo total de este proyecto ha sido estimado aproximadamente en \$35 millones; el Banco consideraría un préstamo de aproximadamente \$24 millones.
- (b) un programa de \$25 millones para financiar importaciones de materias primas, productos semi-manufacturados y bienes finales para la recuperación de la producción.

Estamos conscientes de la necesidad de poder llevar a cabo estos programas urgentemente para lograr la recuperación económica del país y deseo asegurarle que haremos los mayores esfuerzos para procesarlos prontamente.

Finalmente, de acuerdo a lo discutido con la reciente misión del Banco, nuestro personal técnico trabajará con la Secretaría de Estado de Educación para investigar como el Banco podría participar en la reconstrucción de escuelas rurales. Asimismo, se han iniciado discusiones con el Instituto Nacional de Vivienda para iniciar la preparación de un posible proyecto de vivienda mínima que esté orientado a mejorar el nivel de vida de los sectores de menor ingreso.

Con los sentimientos de mi mayor estima y alta consideración.

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. McNamara's Office (2)

TRANSLATION

Mr. Eduardo Fernandez
Governor of the Central Bank
Santo Domingo, Dominican Republic

Mr. Governor:

I refer to your letter of September 14 in which you inform me of the difficult situation the Dominican Republic now faces as a result of Hurricanes David and Frederick.

First of all, I wish to express my deepest regrets for the sad loss of life, and for the difficulties the Dominican people are experiencing, specially in the rural areas, as a result of extensive destruction to housing and productive capacity.

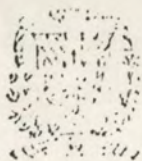
I am pleased to note that the Bank mission that visited the Dominican Republic on September 9-14 to assess the magnitude of the disaster and to determine the possibilities for Bank involvement in the Government's reconstruction programs has identified, together with the Authorities, two projects that would include:

- a) reconstruction of two highways that link Guayacanes and Santiago de la Cruz, and Azua with Barahona. The estimated total project cost would be about \$35 million. The Bank would consider a loan of about \$24 million.
- b) a \$25 million program for financing of imports of raw materials, semi-manufactured products required for the recovery of output.

We are aware of the need for urgent implementation of these programs and I wish to assure you that we will process these loans as rapidly as possible.

Finally, as agreed with the recent Bank mission, our technical staff will work with the Secretariat of Education in determining how the Bank could participate in the reconstruction of rural schools, and with the National Housing Institute to initiate the preparation of a sites and services project geared to meet the requirements of the lower income groups.

Robert S. McNamara
President



BANCO CENTRAL DE REPUBLICA DOMINICANA

SANTO DOMINGO, R. D.

AÑO DEL NIÑO

14 SET. 1979

13817

Señor
Robert Mc Namara
Presidente
Banco Internacional de
Reconstrucción y Fomento
1818 H Street, N. W.
WASHINGTON, D. C. 20433

Distinguido Señor Presidente:

Como es de su ilustrado conocimiento, los daños causados por los huracanes David y Frederick, que se internaron en nuestro país entre los días 31 de agosto y 5 de septiembre del presente año, además de la sensible pérdida de más de un millar de vidas humanas y de casi veinticinco mil viviendas, han afectado seriamente la capacidad productiva nacional y su potencial de desarrollo a corto y mediano plazo. Estos fenómenos meteorológicos azotaron duramente la costa sur y las regiones centro y centro-este, dañando profundamente los sistemas de transporte y comunicaciones y destruyendo gran parte de nuestros recursos agrícolas e industriales.

El Gobierno Dominicano ha tomado una serie de medidas para hacer frente a la grave situación por que atraviesa el país y se están haciendo serios esfuerzos para corregir las destrucciones que se han producido en todos los sectores de la vida nacional, así como para minimizar el impacto que los daños causados tendrán en la economía del país. En este sentido, consideramos que el Banco Mundial podría efectivamente colaborar en el proceso de recuperación de nuestra economía, a través del otorgamiento de un préstamo de reconstrucción por el equivalente a US\$50.0 millones, para el financiamiento de un programa que comprende la ejecución de los siguientes proyectos:

Carreteras

a. Las carreteras que comunican el cruce de Guayacanes

///



BANCO CENTRAL DE REPUBLICA DOMINICANA.

SANTO DOMINGO. R. D.

19947

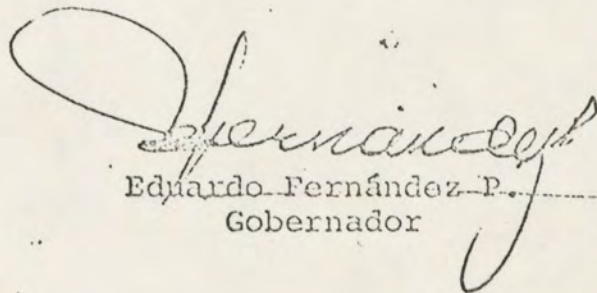
- 2 -

Santiago de la Cruz, así como la que empalma a la ciudad de Azua con Barahona, fueron prácticamente destruídas por el paso de los citados huracanes. La Misión Especial que usted tuvo a bien enviar a nuestro país determinó junto con las Autoridades Nacionales de Obras Públicas, que la rehabilitación de estas carreteras tendría un costo equivalente a US\$35.1 millones, de los cuales, US\$23.7 corresponderían al componente importado.

- b. La República Dominicana tendrá que realizar numerosas importaciones de materias primas, productos semi-manufacturados y bienes finales para la recuperación de la producción nacional, y en este sentido, un aporte de US\$26.0 millones para la importación de estos bienes sería de suma urgencia.

Consecuentemente, y en nombre del Gobierno Dominicano, me permito someter con carácter de urgencia al Banco Mundial, por su digno intermedio, una solicitud de préstamo por un monto de US\$50.0 millones, con el propósito de financiar la ejecución del antes citado programa, el cual contribuirá significativamente a dotar nuevamente a nuestro país de los recursos que requiere para su desarrollo económico.

Con sentimientos de la más alta consideración y estima, le saluda,


Eduardo Fernández-P.
Gobernador

OFFICE MEMORANDUM

434/13/254

SEP 26 1979

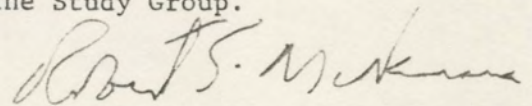
TO: Messrs. K.K. Kwaku and F.A. Mwine

DATE:

FROM: Robert S. McNamara

SUBJECT: Africa Study Group Report

I was pleased to learn from you that the Bank/IMF Africa Club has been having discussions with the Personnel Management Department on the participation of the African staff in the work of the Institution. I am hopeful that the African Study Group Report and your comments thereon will help focus future discussions on this subject. Upon Mr. Paijmans' return from Belgrade early next month, he intends to meet with all the parties involved in order to address the specific issues raised by the Study Group.



494/3/252

September 26, 1979

IBRD AND IDA HEADQUARTERS

In the absence of the President (and the Senior Vice President,
during the period from September 27, 1979, through October 9, 1979,
Mr. David Knox will be in charge at IBRD and IDA Headquarters.

(Signed) Robert S. McNamara

Robert S. McNamara
President

494/3/251

SEP 26 1979

Dear Roger:

I am pleased to learn that you are continuing to improve and that you will be transferred to London at the end of this week. You have gone through a very harrowing experience. I hope though that you will soon make a full and complete recovery. Let us know if you should need anything.

Mrs. McNamara joins me in sending you our very best wishes.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Roger du Mee
10361 Watkins Mill Drive
Gaithersburg, Maryland 20760

cc: Mr. McNamara's office (2)
Mr. Wapenhans

MLCarter:jz

484/3/247

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234 • Cables: INTBAFRAD

September 25, 1979

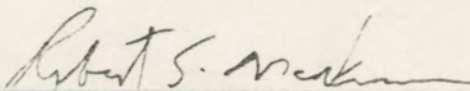
Price Waterhouse & Co.
1801 K Street, N.W.
Washington, D.C. 20006

Dear Sirs:

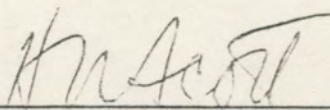
With respect to the financial statements of the International Bank for Reconstruction and Development included in the Prospectus relating to the offering of the 4-3/8% Swiss Franc Bonds of 1979, due 1989, in the principal amount of SwF 150 million, we confirm the statements made in our letters of July 31, and August 30, 1979 except that payments due to the Bank under loan agreements but unpaid at the close of business on September 24, 1979 are as shown in the attached list.

There have been no developments since August 30, 1979, which would materially affect the financial statements included in the above-mentioned Prospectus, and in addition, we know of no event since this date, which although not affecting such financial statements, has caused or is likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Bank.

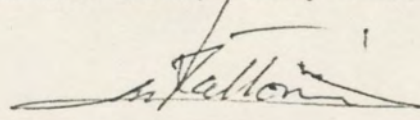
Sincerely,



President



Asst. General Counsel, Policy Admin. & Finance



Controller

Attachment

694 / 3 / 244

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

SEP 25 1979

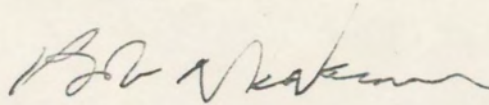
Office of the President

Dear Mr. Abernathy:

Enclosed is an advance copy of the statement I shall deliver to the Annual Meeting of the Board of Governors of the World Bank on Tuesday, October 2, in Belgrade. I hope you will find it of interest.

With best regards,

Sincerely,



Robert S. McNamara

Mr. Bob Abernathy
NBC
4001 Nebraska Avenue, N.W.
Washington, D.C. 20016

*My mail indicates you did a
great job on
the interview*

Enclosure

494/3/243

SEP 25 1979

Dear Mr. Abernathy:

Enclosed is an advance copy of the statement I shall deliver to the Annual Meeting of the Board of Governors of the World Bank on Tuesday, October 2, in Belgrade. I hope you will find it of interest.

With best regards,
Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Bob Abernathy
NBC
4001 Nebraska Avenue, N.W.
Washington, D.C. 20016

Enclosure

(Similar letter sent to those on the attached list.)

JEMerriam:rgw
September 25, 1979

1979 Speech

Mr. Joseph Kraft (Dear Joe)
3314 P Street, N.W.
Washington, D.C. 20007

Mr. Rowland Evans, Jr. (Dear Rollie)
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Mr. Marquis W. Childs (Dear Mark)
1701 Pennsylvania Avenue, N.W.
Suite 550
Washington, D.C. 20006

Mr. Leonard Silk (Dear Len)
The New York Times
229 West 43rd Street
New York, N.Y. 10036

Mr. Stephen S. Rosenfeld (Dear Steve)
The Washington Post
1150 15th Street, N.W.
Washington, D.C. 20071

Mr. Carl T. Rowan (Dear Carl)
Room 801
1220 19th Street, N.W.
Washington, D.C. 20036

Mr. James Reston (Dear Scotty)
The New York Times
1920 L Street, N.W.
Washington, D.C. 20036

Mr. Rod MacLeish (Dear Mr. MacLeish)
CBS
2020 M Street, N.W.
Washington, D.C. 20036

Mr. David Brinkley (Dear David)
NBC
4001 Nebraska Avenue, N.W.
Washington, D.C. 20016

Mr. Edward P. Morgan (Dear Ed)
4501 Crest Lane
McLean, Va. 22101

Mr. Robert MacNeil (Dear Mr. MacNeil)
MacNeil/Lehrer Report
WNET
356 West 58th Street
New York, N.Y. 10019

Mr. Charles Bartlett (Dear Charlie)
Room 301
1901 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Mr. Bob Abernathy (Dear Mr. Abernathy)
NBC
4001 Nebraska Avenue, N.W.
Washington, D.C. 20016

494/3/241

COPY

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

Office of the President

SEP 25 1979

His Excellency
Abdulrahman S. Al Ateeqi
Minister of Finance
Kuwait

Dear Mr. Minister:

I thank you for your letter of September 6, 1979 and much appreciate the fact that you have brought up with full frankness three sensitive and important issues. I assure you that I have given your communication my most careful attention.

The first issue relating to the World Bank Press Report is, I feel certain, based on a misunderstanding. The Press Report is purely an internal document put together for the sole information of Executive Directors, management and staff in regard to events and opinions affecting the World Bank and concerning general issues of development around the world. In no way is the Press Report meant for outside distribution nor is it meant to reflect, directly or indirectly, points of view espoused by the Bank.

The articles mentioned in your letter were included in the Press Report under the responsibility of the Director of the Information and Public Affairs Department who considered that the Executive Directors and the staff should be made aware, in the case of the August 10 Press Report, that the United States contribution to the World Bank might be affected, even cut off, as a result of appeals to the Government and Congress which this article specifically contained. In the June 28 Report, the topic was an attack on UNCTAD, an organization with which the World Bank is in close and continuous working relationship. Again, the subject was relevant to World Bank professional concerns. Generally, the Press Report reproduces in full all serious comments on and criticism of the Bank and, I might add, of its President personally.

The inclusion of these articles you mention in the Press Report was not meant to disseminate the ideas they contained but only to draw attention, within the confines of the Bank, to the fact that important American newspapers had raised points of view which could affect this institution directly or indirectly. Specifically, a reading of the two articles in question will show that the mention of the PLO was secondary to the main theme of both authors who sought to cast doubt on the support which international institutions, such as the World Bank, require.

I want to make it clear beyond a doubt that nobody in the World Bank, including staff concerned with the preparation and issuance of the Press Report, sought to take sides or to propagate a particular point of view. I do regret the misunderstanding concerning the very nature of the internal document which carried those Press extracts. I hope you will agree on the importance, in an institution such as the Bank, of keeping Executive Directors, management and

His Excellency
Abdulrahman S. Al Ateeqi

- 2 -

September 25, 1979

staff appraised of what appears in major press publications, including particular opinions, on all issues of significant concern.

The second issue raised by your letter relates to the World Development Report. Your supportive remarks on that Report are most encouraging and I am glad that you find it an important source of information and analysis on current development issues. With reference to your specific comments on some sections of the Report, I would like to make these observations.

I agree with you that the analysis of OPEC aid to developing countries is too brief in comparison to the analysis of DAC assistance. Although we would have liked to give a more detailed account of OPEC aid flows, we were constrained by limited data. Unlike the detailed statistical reporting by DAC countries, as yet there is no similar standardized reporting system for OPEC countries and I hope that the ongoing efforts to improve the data will be further strengthened. In addition to the brief analysis in the text, which presents averages for OPEC countries as a group, the World Development Indicators in Table 16 provide some country detail.

I also agree with you that a document such as the World Development Report should put the facts on oil and energy into a broad perspective to permit an informed discussion on these very important international issues. The Report may not have emphasized enough the specific points you make about the decline of oil prices in real prices during 1974 and 1978 and the possible upward pressures on oil prices in the future, but it does make the points you suggest. Both the chart on Page 11 and the discussion on Page 10 clearly indicate that the price of oil in real terms declined from 1974 to 1978. Secondly, although the base case projections assume a constant real price of oil, the high scenario discussed on page 17 of the Report assume a 2 percent per annum increase in the real price of oil. Moreover there are various references to the future upward pressure on the price of oil and the tight international energy balance expected in the future, for example on Pages 10, 35 and 36. These detailed references are merely to indicate that we were conscious of the very important factors which your letter points out and that, though perhaps too briefly, we tried to take account of them in the World Development Report.

Finally, on this issue, the reference to a 5 percent change in the net energy requirements of non-OPEC countries implying a 20 percent change in OPEC production was intended mainly to emphasize the importance of even small changes in demand in terms of OPEC production.

The third item mentioned in your letter concerns the representation of Arab countries in the decision-making posts of the World Bank. This is also a matter of great concern to me. In the past few years, we have made deliberate and systematic efforts to expand the number of experienced staff members from Arab countries but these efforts have met with mixed success. At the decision-making

His Excellency
Abdulrahman S. Al Ateeqi

- 3 -

level we were able to appoint Mr. Bouhaouala from Tunisia as an Assistant Director for our projects work in Western Africa. This process involved in his case a double promotion, a very unusual step in the Bank. But there is still some way to go for more Arab experts to find their way into the higher echelons of the Bank.

We are redoubling our efforts to ensure that all qualified candidates, both within and outside the Bank, are considered when vacancies arise at senior levels. In this context, we will continue to be very conscious of the views you have expressed and will endeavor to find a solution compatible with those views and the operational needs of the Bank.

Ultimately, the solution requires our close cooperation with you and other influential members of the Arab Economic Council in helping the World Bank identify suitable candidates from the Arab countries. I wish to assure you that we are ready to do our part.

Mr. Minister, you indicate at the end of your letter that it came out much longer than intended. I would also apologize for the length of this reply if I did not, like you, consider that these issues are worthy of careful elaboration. I look forward to our meeting in Belgrade where, I am confident, we will reach full understanding.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Cleared with

and cc: Mr. Benjenk
Mr. Merriam
Mr. Karaosmanoglu
Mr. Pollan
cc: Dr. S. El-Naggar
cc: Mr. William Clark
Mr. Paijmans
Mr. McNamara's Office (2)

LPChatenay:mmh
September 24, 1979

494/3/239

SEP 24 1979

The Honorable
Daniel Inouye
Chairman
Subcommittee on Foreign Operations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman,

As you know, there is now pending before the Congress appropriations legislation covering the commitment by the United States to the Fourth and Fifth Replenishments of IDA and the subscriptions by the United States to the capital stock of the Bank and International Finance Corporation. I would like to refer, in particular, to Sections 512 and 513 of the House passed Foreign Aid Appropriations Bill (H.R. 4473). As I understand it, if these provisions became law, the United States would have to condition its commitment and its subscriptions on a requirement that these funds not be used to finance loans to Viet Nam, Central African Empire and several other countries. The question arises, therefore, whether IDA could accept a United States commitment and whether the Bank and IFC could accept United States subscriptions to their capital stock, if they were made subject to such condition or others of similar effect.

As you will recall, similar restrictive provisions were included in an appropriations bill two years ago. The General Counsels of the World Bank, the Asian Development Bank and the Inter-American Development Bank (supported by the General Counsel of the U.S. Treasury) all concluded that the international institutions could not accept the funds with a restrictive condition of that kind. The same conclusion has been reached by the Comptroller General of the U.S., the Congressional Research Service of the Library of Congress and the American Bar Association. I conclude now, as I did two years ago, that the World Bank could not accept the funds, so conditioned.

With respect to the Fifth Replenishment of IDA, the agreement which was negotiated with 25 other donor countries -- provides that the U.S. contribution of \$800 million is to be matched by contributions of about \$1.6 billion by the other donors. Thus, if the U.S. is obliged so to condition the use of its funds, the U.S. contribution cannot be accepted and the other donors are relieved of their obligation to pay the remaining amount. The effect of this would be that IDA would not be able to continue operations. IDA is the prime institution for development assistance to the very poor and I know that I need not point out to you the serious effect a cessation of IDA's activities would have on the developing countries.

SEP 24 1979

As far as United States subscriptions to the Fourth IDA Replenishment and the Bank and IFC capital stock are concerned, while the technical problems involved are somewhat different than in the case of the Fifth Replenishment to IDA, the conclusion is the same. Any subscription to the Bank which is made subject to the conditions referred to above would not be consistent with the terms on which subscriptions can be made or with the obligations of shareholders to the Bank under the Articles of Agreement (for example, see Article IV, Section 10; Article VII, Section 6) and would therefore not be acceptable. The use of funds paid by shareholders for their stock cannot be conditioned in that way and, similarly, no condition can be imposed which would restrict the power of the Bank to make calls on the callable portion of Bank stock so as to enable the Bank, if necessary, to make payment on its borrowings or guarantees.

In summary, I believe that the restricted conditions now being considered by the United States Congress would, if enacted, mean that the World Bank Group would not be able to take the funds, that IDA would have to stop operations, and that this would result in most grave consequences to the future of these institutions.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Messrs. Qureshy
Rotberg

cc and cleared with Mr. L. Nurick

PR:sb

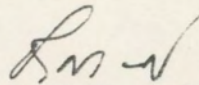
494/3/240

Office of the President

September 25, 1979

MEMORANDUM FOR MESSRS. QURESHI AND WAIDE

I conclude from the notes you sent me that the work on capital flows planned by the Finance Complex and included under the WDR III work program is similar. Therefore, work on and responsibility for the WDR's analysis of private and official capital flows should have first claim on Nick Hope's time until it is completed.



Robert S. McNamara

494/3/238

Office of the President

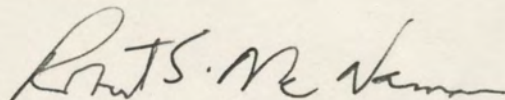
September 24, 1979

Excellency:

The International Bank for Reconstruction and Development proposes to borrow the principal amount of Yen 30,000,000,000 from the Bank of Japan by the issuance of one Obligation denominated in Japanese yen. The borrowing would have a term of 6-1/2 years. The interest rate has not yet been determined.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank, to approve the borrowing by the Bank from The Bank of Japan of Yen 30,000,000,000. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,



Robert S. McNamara

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

494/3/237

SEP 21 1979

Dear Frank:

Thank you for your thoughtful letter. I very much agree that the reluctance of editors to deal with the difficult issues posed by development and interdependence is a serious obstacle in the path of our work and better understanding of the growing economic problems that face the world.

You are to be congratulated on your article in The Minneapolis Star; it is regrettable that other papers did not print it.

The idea of a survey is an interesting one, and I suggest you get together with Duke Merriam to discuss it further. I am not sure what role the Bank could play in fostering such a project, but I know that Duke and his colleagues would be interested in talking to you about it.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Frank Vogl
The Times (London) Inc.
Room 541
The National Press Building
Washington, D.C. 20045

JEMerriam:rgw
September 19, 1979

434/3/236

SEP 21 1979

MEMORANDUM FOR MR. M. SYEDUZ-ZAMAN

Subject: BANGLADESH: IDA Allocation

In your memorandum of July 13 you raise the questions of the IDA allocation and program lending to Bangladesh. I will comment briefly on both and look forward to discussing these and related issues further with you, and the Bangladesh delegation, at Belgrade.

IDA Allocation. With regard to the overall IDA allocation for Bangladesh, you realize that resources available for IDA V are severely limited. Nonetheless, and subject to IDA resources being available, we will make every effort to include all suitable projects which are ready for Board presentation in this fiscal year. Mr. Hopper and his staff will keep in close touch with you on this.

There are two areas of project performance in Bangladesh about which I continue to be concerned. The first is the implementation of existing projects. I do not need to go into detail about the problems individual projects face, nor need I mention more than the fact that we regularly categorize a large number of projects in Bangladesh as "problem" projects demanding close internal review. While total disbursements have been high, if program credits are excluded, disbursements on projects, as a percentage of the amount outstanding at the beginning of each fiscal year, have not been satisfactory. They dropped from 20 percent in FY75 to 14 percent in FY76 and 10 percent in FY77. They have since risen back again to 14 percent and 19 percent respectively in FY78 and FY79. Thus, while there has been improvement for two years, we have just returned to the FY75 level. This record must be further improved if the Bank is to increase its lending to Bangladesh.

Central to the question of IDA assistance for projects is the status of the pipeline. While lending in FY79 was high, the effort required to develop projects reflects the difficulties the Bank staff continue to face. The FY80 program, with a record of continuous slippage and delay in project preparation, looks much less promising. This suggests that there has not yet been an adequate buildup in the ability to prepare projects. While the Bank Group's technical assistance has been of help in getting us to today's pipeline position, it would have been useful also to allocate some of the TA credits towards building a substantial project preparation capability within the individual agencies and ministries of the Government.

Program Lending. In recent discussions, members of the Board have said that the Bank Group should do more program lending to help combat the effects of rising petroleum prices and the deterioration in the trading

environment. I have stated my agreement that more program lending may be required and said that we will look for all opportunities to provide such assistance. But program lending requires a satisfactory program. The "action programs" used in the past to justify program credits for Bangladesh do not really qualify as a proper basis for program lending. In Bangladesh such a program should be designed to improve rapidly the national climate for economic advance. It should address the major structural imbalances in the Bangladesh economy. Central to these imbalances are the facts that the nation's investment ratio is at a low level of only 12 or 13 percent of GDP, and, even more disappointing, the national savings rate is only 3 percent of GDP. This leaves a resource gap of 9-10 percent to be financed by foreign aid. The Government must formulate and implement policies to redress this extreme dependence on aid. To help achieve this, the new development Plan must be formulated to give priority to enhanced food production and more effective population control. Large capital intensive projects - for instance in the industrial sector - are sensibly left until later.

Bangladesh is already in a privileged position as regards program lending: it is the only country for which the Bank has provided regular program lending each year for the last several years. You note that the Aid Group looks to the Bank to take the lead in such matters. We have been providing such leadership for some time through our annual provision of a large program credit, but even the present level of program credits cannot be continued indefinitely without progress by the Government in mobilizing domestic resources and reducing its dependence on foreign aid.

Let me close by repeating what I have often said to officials and Ministers of your Government: The Bank is prepared to assist Bangladesh with its economic development in any way feasible. But an enhanced flow of assistance from the Bank Group must depend on well-prepared, economically justified projects designed to overcome some of the country's major causes of widespread poverty. Well designed projects and a demonstrated will to execute them as planned and as scheduled are the simple requirements that will enable us to increase assistance to Bangladesh.

Robert S. McNamara

DADunn/MHWiehen/WDHopper/EStern:c

494/3/235

SEP 20 1979

Dear Dr. Leutwiler:

I wish to express my appreciation to you for the continued support by the Swiss National Bank of the World Bank's efforts to raise funds to finance its lending operations in our developing member countries. We particularly appreciated your approval of the World Bank's offering of 4% Swiss Franc Notes of 1979, due October 15, 1983 to central banks and other governmental institutions and the valuable assistance and advice we received from you and your associates for the successful execution of this borrowing. Subscriptions to this Issue of Notes totalled SwF 266,600,000 resulting in an oversubscription of SwF 66,600,000.

Thank you again warmly.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dr. Fritz Leutwiler
President
Swiss National Bank
Borsenstrasse 15
8022 Zurich,
Switzerland

cc: For Mr. McNamara's office (2)
Mr. Mead
Fin Ops Div/SwF Notes #71
DEHarris/JPUhrig/EHRotberg:mh
September 19, 1979

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

434/3/232

Office of the President

September 18, 1979

Dear Mr. Cemovic,

Although we have not had the opportunity of meeting personally since you became President, I still remember the close cooperation we had during the time you were in Belgrade and a Governor of the Bank. I have been closely following developments in the Republic of Montenegro, particularly your rehabilitation efforts after the various earthquakes you have suffered this year.

I am sure you were pleased to learn that today the Board of Executive Directors approved a loan of \$21 million to assist in the rehabilitation of highways. This represents the first part of the total rehabilitation loans of \$85 million which we plan to provide for the transport sector. This is only a modest contribution to the substantial efforts that your Government is undertaking, but we hope that it will assist you in your efforts in obtaining additional funding from other sources.

Following the Annual Meetings in Belgrade, my wife and I plan to have a brief vacation in Sv. Stefan. We will arrive in Sv. Stefan on the evening of October 5 and leave on October 9. Although this is a personal visit and I hope to spend a few quiet days recuperating from a recent illness, I wanted to personally inform you of my plans to visit the Republic of Montenegro.

With warmest regards,

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Momcilo Cemovic
President
Republican Executive Council, S.R. Montenegro
Titograd
Socialist Republic of Montenegro
Yugoslavia

494/3/231

September 18, 1979

Sir:

I enclose copy of a letter dated August 20, 1979 from the Alternate Governor for Germany, Ministry for Economic Cooperation, the official channel of communication between the Government of Germany and the Bank, requesting that you extend to Mr. Eberhard Kurth, an Executive Director in the International Bank for Reconstruction and Development, the privileges and immunities accorded to officials of Specialized Agencies referred to in paragraph 4 of Section 15 of Article V of the Headquarters Agreement between the United Nations and the United States.

In the event that you decide to accede to this request, I wish to inform you that, as President of the Bank, I shall have no objection.

Sincerely,

Robert S. McNamara

Enclosure

The Honorable
The Secretary of State
Department of State
Washington, D.C. 20520

Robert S. McNamara
8/15

HRMalik/PNDamry:df

494/3/230

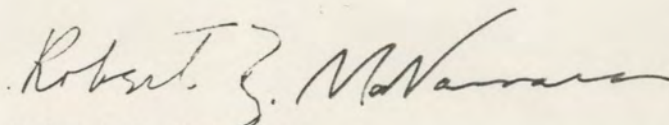
Office of the President

September 18, 1979

MEMORANDUM FOR MR. QURESHI

Subject: Work on Capital Market Flows

I am concerned about the state of our work on international capital flows and financial markets. In view of the growth in private capital flows to the developing countries, the increasing demands on the Bank to expand its cofinancing activities, the development of new financing techniques, and the re-emergence of the recycling problem caused by renewed OPEC surpluses, this area has assumed great importance for the work of the Bank. It is essential therefore that we intensify our efforts in this area and that we organize ourselves to do this work in a systematic and effective manner. We need to keep current developments under close review and develop a policy framework which will strengthen the Bank's role of financial intermediation and its development contribution to its members. I should like the Finance staff reporting to you to take the primary responsibility for carrying out this work. This should be done in close collaboration with the staff of DPS and Operations which also have responsibilities in this area and an important contribution to make.



Robert S. McNamara

cc: Mr. Chenery
Mr. Stern

DER BUNDESMINISTER
FÜR WIRTSCHAFTLICHE ZUSAMMENARBEIT

53 BONN.
KARL-MARX-STRASSE 4-6
FERNRUF: 5351 DURCHWAHL: 535/311-2
FERNSCHREIBER: 8869 452

Bonn, den 20.08.1979

Mr. Robert S. McNamara
President
International Bank for
Reconstruction and
Development
1818 H-Street, N.W.

Washington, D.C. 20433 - USA

Dear Mr. President:

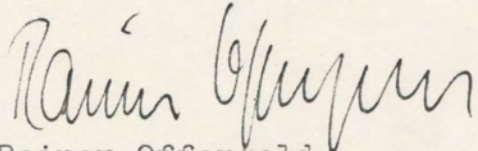
As you know, Mr. Eberhard Kurth is the principal representative of the Federal Republic of Germany among the Executive Directors of the International Bank for Reconstruction and Development and resides in Washington, the permanent Headquarters of the Bank. The Bank is a specialized agency of the United Nations.

According to paragraph 4, Section 15, Article V, of the Agreement between the United Nations and the United States of America, regarding the Headquarters of the United Nations, dated June 26, 1947, principal resident representatives of member countries to specialized agencies of the United Nations with Headquarters in the United States are entitled to the privileges and immunities covered by said agreement under the conditions therein provided.

I have the honor to request that you communicate to His Excellency the Secretary of State of the United States of America our desire that His Excellency extend the privileges and immunities covered by said international agreement to

...

Mr. Eberhard Kurth; and I beg you, in transmitting this request, to express to the Secretary of State of the United States your views thereon.

A handwritten signature in cursive script, appearing to read "Rainer Offergeld".

Rainer Offergeld

Alternate Governor for Germany

494/3/229

SEP 17 1979

Chuck:

Dear Senator Percy:

Thank you for your letter of September 4, 1979 on the subject of preparations for the 1981 UN Conference on New and Renewable Sources of Energy. We are particularly grateful for the copy of the Draft Report and of the charts prepared by Mr. Blum for the Congressional Research Service.

The World Bank's involvement in the subjects to be considered at the Conference has been growing steadily. At this time, we are considering an enlarged program in the sector of renewable energy and propose to assist in the extension of international cooperation for Research and Development in that area. I expect that the Bank will play an active and positive role throughout the preparatory stages of the Conference. Already my colleagues are in touch with Mr. Blum. I do not doubt that those and other outside contacts will expand as appropriate.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Senator Charles H. Percy
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510

Cleared in substance
and cc: Mr. E. Friedmann
Mr. C. Weiss
cc: Mr. McNamara's Office (2)
Mrs. Boskey/Mr. Boucher
Mr. Dosik
Mr. Riddleberger

LPChatenay:mmh
September 14, 1979

494/3/228

September 14, 1979

MEMORANDUM FOR MR. QURESHI

Attached for your information is the first draft of an outline for a paper on co-financing, prepared in Mr. Stern's office.

I have said to Mr. Stern I believe you should be responsible for directing the preparation of the paper. Please arrange to insure proper participation in the work by representatives of his office.

Robert S. McNamara

cc: Mr. Stern

494/3/227

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

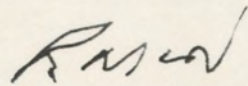
Office of the President

September 14, 1979

NOTE TO MR. PAIJMANS

With respect to your memorandum dated September 12,
subject "Administrative Tribunal":

- a) Please distribute copies of the memorandum to members of the Personnel Committee;
- b) Arrange for a meeting of the Committee to discuss the memorandum as soon as is practical (you may find it necessary to defer such a meeting until we return from Belgrade).


Robert S. McNamara

494/3/226

SEP 13 1979

Dear Mr. Deputy Prime Minister:

Thank you for your letter of July 23, 1979. I appreciate the sentiments you expressed in it regarding the assistance the Bank has afforded Korea over the years and wish to say that the Bank will continue to support Korea, to the extent possible, in its efforts to promote the further growth and development of the economy and to ensure that the Korean people at large benefit from such growth.

I consider the Bank's economic work on Korea an important vehicle of such support, and am pleased to respond positively to your request for Bank assistance with the preparation of the Fifth Economic Development Plan. I must add, however, that it would be necessary to be selective in determining the scope and coverage of the UNDP-financed project for which you have asked that the Bank be the executing agency. This is necessary because, even though the services of consultants would be financed by the UNDP, a considerable amount of Bank staff time would be involved in organizing and monitoring such services. Staff of the East Asia and Pacific Regional Office who deal with our work on Korea will be in touch with your staff and the UNDP to work out the timing and coverage of the planning assistance project.

I hope that through this project the Bank will make a useful contribution to the development of programs to deal effectively with the issues Korea will face in the next decade.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Hyon-Hwack Shin
Deputy Prime Minister
and Minister of Economic Planning
Economic Planning Board
Seoul, Korea

DLoos/pme

cc: Copy for Mr. McNamara's Office

494/3/225

SEP 13 1979

TRANSLATION

Dear Mr. President:

I would like to thank you for sending us your letter of August 30, in which you commented on the operations of the World Bank in general, and in your country in particular. I am especially gratified to know that the financial assistance of this institution is appreciated and considered highly useful in the efforts that your Government is carrying out to develop high priority programs.

As I indicated to Dr. Acosta in the course of our conversation of September 4, we are highly satisfied with the course of our relations with your country. In the last three years, we have more than doubled the volume of commitments which your country has contracted since it joined the World Bank Group in 1945. This represents, Mr. President, an increase of operations without precedent, which we hope will have an important impact in the development of Paraguay.

At the same time, I would not like to leave this opportunity without underscoring that we continue to be interested in supporting in a significant way the development programs of your Government. In this respect, and looking towards the future, it will be particularly important to give all necessary support to reinvestment activities. This will enable the replenishment of the pipeline of development programs, and with it, sustain in the longer run the volume of operations which we have undertaken over the recent years.

I take this opportunity to reiterate to you, our esteem and appreciation.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

His Excellency
Alfredo Stroessner
President of the Republic of Paraguay
Asuncion, Paraguay

MSchloss:cj
September 11, 1979

SEP 13 1979

Estimado Sr. Presidente:

Quisiera agradecer la fina atención que usted ha tenido al enviar su misiva del 30 de agosto, en la que comenta sobre las operaciones del Banco Mundial en general, y en su país en particular. Me es especialmente grato saber que la cooperación financiera de esta institución es apreciada y considerada de alta utilidad en los esfuerzos que su Gobierno está emprendiendo para promover programas prioritarios.

Como le señalara al Dr. Acosta en el curso de nuestra conversación el 4 de septiembre, estamos muy satisfechos con el curso que han estado tomando nuestras relaciones con su país. En estos últimos tres años, hemos más que duplicado el volumen de compromisos financieros que su país ha contraído desde que pasó a ser miembro del Grupo del Banco Mundial en 1945. Ello representa, Sr. Presidente, un aumento de operaciones sin precedente que esperamos tenga un importante impacto en el desarrollo del Paraguay.

Igualmente, no quisiera dejar pasar esta oportunidad sin recalcar que seguimos interesados en apoyar en forma significativa los programas de desarrollo de su Gobierno. Al respecto, y mirando hacia el futuro, será especialmente importante que se le dé todo el apoyo necesario a las actividades de preinversión. Ello permitirá resarcir el programa de proyectos de desarrollo y con ello mantener a la larga el volumen de operaciones que hemos emprendido en estos últimos años.

Al reiterarle los testimonios de mi más alta consideración, lo saluda usted,

Muy atentamente,

(Signed) Robert S. McNamara

Robert S. McNamara

Excelentísimo
Sr. Alfredo Stroessner
Presidente de la República del Paraguay
Asunción, Paraguay

MSchloss:cj
September 11, 1979

494/3/224

SEP 12 1979

~~September 12, 1979~~

Dear Halfdan:

I know that you are well aware that the Bank's Executive Directors have approved the changes I recommended in the Bank's health policy--changes which were proposed after consultation with WHO staff. But I thought you might like to see the document which went to the Directors, and I therefore enclose a copy. It was, in fact, discussed by the Board in late July, and ought to have reached you sooner.

With kind regards,

Sincerely,

Robert S. McNamara

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

Enclosure

cc: Dr. James Lee, PAS
Mr. McNamara's Office (2)

SEBoskey:di
September 10, 1979

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

1. Cases
2. Chron

434 / 3 / 223

Office of the President

September 10, 1979

Dear Jim:

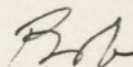
In your letter dated August 29 you referred to the discussions between your associates and mine regarding the servicing of the World Bank Travel account, and you say that "if we can't handle the account on a sensible, reasonable basis, we'll have to give up the business."

There is a problem. We have received an increased number of documented complaints from our staff regarding errors in flight and hotel bookings and other travel services.

I do not believe you would wish us to accept a deteriorating quality of service and I know we would not wish you to continue to service us if your profit level is unsatisfactory (by the way, Mr. Petera's statement is in error when he says "profits have fallen by almost 50% since 1977 which is primarily due to the Bank's policy of eliminating first-class air service" --- we have not eliminated, only partially reduced, first-class air service). I hope, and I believe, that our associates working together can develop a program satisfactory to both of us.

With best wishes,

Sincerely,



Robert S. McNamara

Mr. James D. Robinson, III
Chairman
American Express Company
American Express Plaza
New York, N.Y. 10004

1-Caw
S. Chron
494/3 1222

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

Office of the President

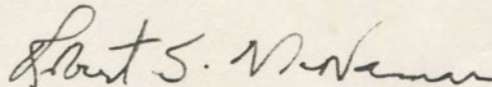
September 10, 1979

Dear Mr. Esser:

I am complimented by your invitation to stand for membership in the National Academy of Public Administration. However, because as you stated "membership....carries with it a commitment...to participate in Academy meetings, seminars, education and research projects....", I do not believe I could accept election to the Academy while continuing to serve in my present position. Following my retirement from the Bank I would be happy to be reconsidered for membership in the Academy.

With best wishes,

Sincerely,



Robert S. McNamara

Mr. George H. Esser
President
National Academy of Public Administration
1225 Connecticut Avenue
Washington, D.C. 20036

1. Cases
2. js (chron)
494/3/221

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

Office of the President

September 10, 1979

Dear Lloyd:

In your letter dated August 24, you stated that "our respective negotiating teams may have reached an impasse with regard to the proposed office building which the Bank would occupy". Were that to happen neither your purpose nor ours would be served. Fortunately, I am told by my associates that an impasse has not yet been reached and we are hopeful that the continuation of negotiations will lead to a solution that is satisfactory to each of the parties.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Lloyd H. Elliott
President
The George Washington University
Washington, D.C. 20052

RSMcNamara: js
cc: Messrs. Paijmans, Twining

494/3/220

SEP 10 1979

Monsieur,

J'aimerais en premier lieu vous remercier pour votre lettre du 29 mai, et vous prier d'excuser le retard avec lequel je vous répons. Je suis heureux de constater que le Rapport de 1978 sur le développement dans le monde et son annexe intitulée, "Indicateurs du développement dans le monde", sont, à vos yeux, des documents utiles et intéressants.

J'ai toutefois relevé les préoccupations que vous cause, par ses limitations mêmes, l'utilisation du déflateur implicite du PIB comme mesure du "taux moyen d'inflation". Mes services ont étudié ce point en détail après que M. Belkhodja, Administrateur pour l'Algérie, leur a eu transmis à ce sujet une note de votre collaborateur, M. G. Simon. M. Karaosmanoglu, alors directeur de notre Département de la politique du développement, a remis à M. Belkhodja le 5 juin dernier une note exposant la position de la Banque sur la question. Pour votre information, je joins à cette lettre une copie de la note de M. Karaosmanoglu. J'aimerais ajouter que, dans l'édition 1979 du "Rapport sur le développement dans le monde", une note succincte, plus explicite que celle de l'année précédente, a été attachée à l'indicateur du "taux annuel moyen d'inflation". Il va sans dire que nous reconsidérerons la question pour le Rapport de 1980.

L'élaboration du Rapport sur le développement dans le monde est par nature une entreprise vaste et complexe et les résultats auxquels nous aboutissons sont toujours perfectibles. C'est là une réalité dont nous sommes profondément conscients et nous n'en apprécions que d'autant les observations telles que celles que vous avez bien voulu formuler.

Dans l'espoir que vous continuerez de suivre nos travaux avec le même intérêt, je vous prie de croire, Monsieur, à l'expression de ma considération très distinguée.

(Signed) Robert S. McNamara

Robert S. McNamara

Pièce jointe

Monsieur Belaïd Abdesselam
Membre du Bureau Politique
du Front de Libération Nationale
Alger
Algérie

SELee:jg
September 6, 1979

SEP 10 1979

Cleared with and cc: Messrs. Laporte, Voyadzis

cc: for Mr. McNamara's Office (2), Messrs. Benjenk, Bart (o/r), Asfour,
Waide, Mrs. Hughes

La mesure du taux d'inflation de l'Algérie : Quelques observations

1. Les Indicateurs du développement dans le monde utilisent le déflateur implicite du PIB pour exprimer le "taux annuel moyen d'inflation". M. Simon, représentant des autorités algériennes, a mis en question la validité de ce déflateur en tant qu'instrument de mesure du taux moyen d'inflation, en particulier dans le contexte de l'économie algérienne. La présente note fournit quelques précisions sur les problèmes soulevés à cette occasion.

2. Les objections de M. Simon sont essentiellement les suivantes:

- a) le déflateur implicite du PIB ne tient pas compte de l'effet des importations sur les prix; il comprend seulement l'effet des exportations sur les prix, puisque le PIB inclut les exportations mais non les importations;
- b) le déflateur implicite du PIB incorpore l'effet inflationniste immédiat des exportations sans refléter les effets déflationnistes ultérieurs et décalés dans le temps des importations; et
- c) un instrument acceptable de mesure du taux d'inflation serait le déflateur implicite de la dépense intérieure.

3. Nous comprenons parfaitement la position adoptée par M. Simon et nous avons une conscience aiguë des problèmes techniques et sémantiques qu'implique le fait de vouloir exposer une question aussi complexe d'une façon qui soit à la fois directe et assez simple pour être comprise de la majorité des lecteurs du Rapport sur le développement dans le monde. Nous ne partageons toutefois pas entièrement les opinions exprimées ci-dessus. Tout d'abord, en ce qui concerne le point (a), les importations, qui représentent une production extérieure et non intérieure, sont exclues du total des dépenses intérieures et des exportations. Ceci ne signifie évidemment pas que les prix des importations n'ont aucun effet sur les prix intérieurs. Comme certaines importations consistent invariablement, soit en biens intermédiaires, soit en biens d'équipement, elles ont effectivement une incidence sur les prix de la production intérieure. Il n'est donc pas nécessairement exact de dire que le déflateur implicite du PIB reflète seulement les prix des exportations et non les prix des importations. Tout dépend de la nature des importations et de la profondeur de leur incidence indirecte sur l'économie intérieure. Les prix à l'exportation influencent

également les prix intérieurs par le jeu du simple mécanisme de modification du pouvoir d'achat au sein de l'économie nationale. Par exemple, lorsque les prix du pétrole (à l'exportation) augmentent, le pouvoir d'achat intérieur s'élève également (sauf en cas de mesures intérieures compensatrices) et, si la production n'augmente pas à court terme, les importations peuvent s'en trouver stimulées, d'où un effet déflationniste sur l'économie. L'objection exposée au point (b) ci-dessus n'est donc pas non plus entièrement valable. Il n'est pas possible de séparer complètement les effets de prix directs et indirects des exportations et des importations dans la formation des prix de l'économie nationale, dont l'incidence conjuguée est incorporée dans le déflateur du PIB. 1/

4. Avant d'en venir au point (c), disons que le déflateur implicite du PIB exprime le prix moyen de ce que l'on pourrait tout simplement appeler le produit total de l'économie. Dans une économie fermée, ce déflateur est le même que le déflateur implicite de la dépense intérieure brute. Dans une économie ouverte, ces deux déflateurs divergent et leur comportement différera d'autant plus en cas de fortes variations des prix à l'exportation et à l'importation. Ceci soulève naturellement la question de savoir lequel des deux déflateurs exprime le mieux l'inflation. Dans la mesure où nous interprétons le taux d'inflation comme étant la variation du niveau général des prix, nous préférons retenir le niveau moyen des prix de la production intérieure. A des fins spécifiques, on peut toutefois considérer d'autres prix, tels les prix à la consommation.

5. Nous tenons également à souligner que, pour un grand nombre de pays producteurs de pétrole, se posent des problèmes tenant à la qualité des données relatives à la comptabilité nationale. Une caractéristique commune à tous ces pays est que la consommation privée continue d'y représenter 25 à 45% du PIB, 2/ probablement parce que l'on sous-estime le PIB total 3/ tandis que les données relatives aux exportations et aux prix du pétrole sont des estimations assez exactes. Le taux de variation des déflateurs du PIB s'en trouve donc exagéré en période de bouleversements des prix à l'exportation. C'est pourquoi les notes techniques des Indicateurs du développement dans le monde 1979 doivent contenir la mise en garde suivante: "cette méthode de mesure de l'inflation ne va pas sans limitations, en particulier pour ce qui est des pays producteurs de pétrole, vu la flambée des prix de ce produit à la fin de 1973".

1/ Ces effets en chaîne prennent place avec un certain décalage dans le temps. On peut tenir compte de ces effets à retardement en faisant la moyenne des taux annuels de croissance des déflateurs du PIB sur toute période, comme nous l'avons fait.

2/ Normalement estimé comme valeur résiduelle.

3/ En particulier, le secteur privé des services et le secteur du commerce intérieur sont généralement sous-estimés en raison des difficultés qu'il y a à en mesurer les flux.

6. Pour les Indicateurs du développement dans le monde, dont l'objectif primordial est de permettre des comparaisons au niveau international, nous maintenons qu'à notre avis, ce sont les variations du déflateur implicite du PIB qui doivent constituer l'indicateur des taux moyens d'inflation de tous les pays. Ben entendu, nous appelons l'attention du lecteur sur les problèmes qui peuvent apparaître, chaque fois que cela est nécessaire.

Département de l'analyse et des projections
économiques
1er juin 1979

494/3/219

September 7, 1979

MEMORANDUM FOR MR. QURESHI

Over the past several years, on several occasions Elliot Richardson, U.S. Representative at the Law of the Seas Conference, has consulted me on financial matters relating to the Conference. He tells me that agreement is now in sight and he has asked if Mr. Allen Berlind, Director of the U.S. Law of the Seas Office could come to meet with you. I have suggested Berlind call you to make necessary arrangements.

(Signed) Robert S. McNamara
Robert S. McNamara

RSMcN:m1

494/3/218

September 7, 1979

Dear Marvin:

In your letter dated August 30 you ask whether I would be willing to participate in a round-table discussion on world energy perspectives to be held during the October 27 session of the Board of Trustees. I will be happy to do so and will try to explore the energy problems and potentials of the developing nations.

I regret very much my inability to be present at last year's fall meeting of the Board and I am looking forward to being with you in October.

With best wishes,

Sincerely,

Robert S. McNamara

Mr. Marvin L. Goldberger
President
~~California~~ California Institute
of Technology
Pasadena, California
91125

494/3/217

Class of Service: **TELEX**

Date: **SEPTEMBER 07, 1979**

Telex No.:

Originators Ext: **72001**

12

10

0 START
HERE
1 TO

FEDERAL EXECUTIVE COUNCIL AND FEDERAL SECRETARY FOR FINANCE

CITY/
COUNTRY

BELGRADE YUGOSLAVIA

MESSAGE
NO.:

**FOR MINISTER PETAR KOSTIC. DEAR MR. MINISTER. MANY THANKS FOR
YOUR KIND INVITATION, WHICH ARRIVED DURING MY ABSENCE, FOR MRS.
MCNAMARA AND ME TO BE ACCOMMODATED IN A GOVERNMENT VILLA DURING OUR
ANNUAL MEETINGS. I UNDERSTAND WE ARE BOOKED INTO THE INTERKONTI-
NENTAL HOTEL ADJACENT TO THE SAVA CENTAR WHICH ALLOWS READY ACCESS
TO THE CENTAR AND ALL NECESSARY COMMUNICATIONS FACILITIES. THERE-
FORE I BELIEVE IT BEST TO ADHERE TO THE PRESENT ARRANGEMENTS. WE
LOOK FORWARD TO SEEING YOU SOON IN BELGRADE. WITH BEST WISHES.**

ROBERT S. MCNAMARA

Handwritten signature and scribbles

21 END
OF
22 TEXT

NOT TO BE TRANSMITTED

SUBJECT:

DRAFTED BY:

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

Robert S. McNamara

DEPARTMENT:

President

**SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH**

494/3/274

SEP 5 1979

His Excellency
Prof. Doutor Antonio Sousa Franco
Minister of Finance
Ministry of Finance
Avenida Infante Dom Henrique
Lisbon 2, Portugal

Dear Mr. Minister:

I was glad to have a report from Mr. J. Burke Knapp regarding the very useful discussion that he had in Lisbon on September 4 with your Secretary of State, Dr. Antonio de Almeida, concerning the possibility of Portugal becoming a member of IDA, the affiliate of the World Bank supporting the development of the poorest countries, and participating in a modest way in the next (sixth) replenishment of IDA's resources.

I very much hope that your Government will now give its favorable consideration to this proposal. Such a gesture at this time would receive a warm welcome, I am sure, both from the major donor countries to IDA and from the poorest countries of the world who are the recipients of IDA assistance.

We are now planning to complete the arrangements for the Sixth IDA Replenishment at two meetings in connection with our forthcoming Annual Meeting in Belgrade, one in Belgrade on Saturday, September 29 and one in Dubrovnik on Monday and Tuesday, October 8 and 9. I understand that the papers for these meetings are being forwarded to you through Mr. Antonio Labisa, your Alternate Executive Director on our Board in Washington. If the decision of your Government is positive, subject of course to full ratification by your Parliament, I trust that you will designate a Deputy to represent you at these meetings.

With many thanks for your kind attention to this matter.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

cc: Mr. Antonio S. Labisa

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

JBKnapp:isk (Dictated from Lisbon)
9/4/79

CABLE
FULL RATE

SEPTEMBER 5/79
72004

494/3/213

MR. PETAR KOSTIC, FEDERAL SECRETARY FOR FINANCE
BELGRADE, YUGOSLAVIA

I MUCH APPRECIATE YOUR INVITATION TO ATTEND THE MEETING
OF MINISTERS OF FINANCE OR ECONOMY OF THE GROUP OF 77 ON
SEPTEMBER 29 IN BELGRADE. I LOOK FORWARD TO SEEING YOU
THEN. WITH BEST REGARDS, ROBERT S. MCNAMARA

G-77 Meeting, Belgrade, 1979

ESTern/lms, September 5, 1979

Robert S. McNamara
President

IBF GOVERNMENT

74601

494/3/272

LIC. EDUARDO FERNANDEZ, GOVERNOR, BANCENTRAL,

SANTO DOMINGO, DOMINICAN REPUBLIC

PLEASE ACCEPT ON BEHALF OF MYSELF AND MY COLLEAGUES OUR

DEEP SYMPATHY FOR THE DEVASTATION INFLICTED ON THE

DOMINICAN REPUBLIC BY HURRICANE DAVID. I HAVE INSTRUCTED

OUR LATIN AMERICA OFFICE TO IMMEDIATELY INITIATE

DISCUSSIONS WITH OFFICIALS OF YOUR GOVERNMENT ON

HOW WE CAN BEST ASSIST IN THE RECONSTRUCTION EFFORT.

KIND REGARDS, ROBERT S. MCNAMARA, INTRAFRAD.

CC: Mr. Doyen, LCP; Mr. Maps, ED.
Mr. Lari, LC10R
Mr. Goffin, LCP
Mr. Wyss, LCP
Mr. Gaessner, LCP

RNFernandes/ESTern: lms 915/79.
Robert S. McNamara
President

START
HERE
EDUARDO FERNANDEZ, GOVERNOR, BANCENTRAL

SANTO DOMINGO, DOMINICAN REPUBLIC

MESSAGE
1000
FOLLOWING YOUR CABLE TO MR. MCNAMARA I AM PLEASED TO INFORM YOU
THAT A BANK HIGHWAY MISSION CONSISTING OF MESSRS. SIKORSKI AND
KLIVER WILL BE IN THE FIELD ON SEPTEMBER 6 TO ASSESS WITH THE
SECRETARIA DE ESTADO DE OBRAS PUBLICAS WAYS IN WHICH PROPOSED BANK
LENDING FOR HIGHWAYS COULD ASSIST EXPEDITE RECONSTRUCTION WORK.

A BANK MISSION HEADED BY MR. ROBERTO FERNANDES, DIVISION CHIEF WILL
ALSO ARRIVE IN SANTO DOMINGO ON SEPTEMBER 9 FOR 5 DAYS TO CONSIDER
POSSIBLE BANK ASSISTANCE TO OTHER SECTORS. PLEASE CONFIRM
SUITABILITY OF THESE ARRANGEMENTS. REGARDS EUGENIO F. LARI,
DIRECTOR LATIN AMERICA AND THE CARIBBEAN REGIONAL OFFICE, INTBAFRAD

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END
OF
TEXT

SUBJECT
DOM. REP. Highways and Bank Lending

RMFernandes|hjw

cc: Messrs. Goffin|Wyss|Glaessner, LCPDR
Cl. cc: Mr. Doyen, LCPHW

Eugenio F. Lari, Director

cc: Mr. Mapa, ED's Office
Mr. Bonnick, LCLDC and Ms. C. Martinez

LAC I

SANTO DOMINGO, REP. DOM.

RECEIVED

SEPTIEMBRE 4, 197

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SEÑOR

ROBERT MC NAMARA

PRESIDENTE

BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO

1818 H STREET, N. W.

WASHINGTON, D.C. 20433

USA

ESTIMADO SEÑOR MC NAMARA:

ME DIRIJO A USTED LUEGO DE HABER VISITADO PERSONALMENTE LAS AREAS DEL PAIS QUE SE HAN VISTO SERIAMENTE EFECTADAS POR LOS EFECTOS DEL PODEROSO HURACAN DAVID. CAREZCO AUN DE LA CUANTIFICACION EXACTA DE LOS CUANTIOSOS DANOS SUFRIDOS PERO ESTIMO QUE EN TERMINOS CONSERVADORES LO OCURRIDO PUEDE CALIFICARSE DE UN DESASTRE DE MAGNITUD NACIONAL. EN EFECTO, EL AREA MAS ALTAMENTE INDUSTRIALIZADA Y MAS DENSAMENTE POBLADA DEL PAIS, QUE ESTA COMPUESTA POR LA CIUDAD DE SANTO DOMINGO Y POR LAS CIUDADES DE HAINA Y SAN CRISTOBAL, HA QUEDADO AL IGUAL QUE LA MAYORIA DEL PAIS, DESPROVISTA DE LOS SERVICIOS BASICOS DE ENERGIA Y AGUA POTABLE, OBSERVANDOSE CONSIDERABLES DESTROZOS EN LAS EDIFICACIONES DE LAS EMPRESAS INSTALADAS EN ESA ZONA.

EL HURACAN DAVID ATRAVESO TOTALMENTE EL TERRITORIO NACIONAL Y DESTROZO A SU PASO LA MAYOR PARTE DE LA PRODUCCION AGRICOLA, AFECTANDO POR IGUAL LOS PRODUCTOS DE LA DIETA BASICA DEL PUEBLO DOMINICANO Y AQUELLOS CULTIVOS CUYA EXPORTACION NOS HA PERMITIDO SOBRELLEVAR CON DIFICULTAD LOS PROBLEMAS DE NUESTRA BALANZA DE PAGOS, LA CUAL YA ESTABA MUY AFECTADA POR LOS CONTINUOS INCREMENTOS DEL PRECIO DEL PETROLEO Y EL MANTENIMIENTO DEL PRECIO DEL AZUCAR EN NIVELES SUMAMENTE DEPRIMIDOS.

MR. LARI
MR. MCNAMARA
MR. ARDITO BARLETTA

Mr. Fernandez

(To handle urgently)

LAS DESTRUCCIONES DE VIVIENDAS Y HABITACIONES HAN SIDO CUANTIOSAS Y SOLO GRACIAS A LA ATENCION PRESTADA POR SUS COLABORADORES A LOS ANUNCIOS Y AVISOS EMANADOS DEL GOBIERNO, ASI COMO TAMBIEN A LA PROVISION DE LUGARES APROPIADOS PARA REFUGIO Y ALBERGUE, PUDO EVITARSE MAYOR PERDIDA DE VIDAS HUMANAS.

LA DETERMINACION CON QUE EL PUEBLO DOMINICANO HA ENFRENTADO LOS RESULTADOS DEL HURACAN LA HE PODIDO COMPROBAR PERSONALMENTE EN LAS VISITAS QUE HE EFECTUADO Y EN LAS REUNIONES QUE HE SOSTENIDO CON LOS DISTINTOS REPRESENTANTES DE LA COLECTIVIDAD

LA ASISTENCIA MAS INMEDIATA NOS LA ESTAMOS PROPORCIONANDO NOSOTROS MISMOS. HEMOS SOLICITADO AYUDA DE EMERGENCIA DE PAISES AMIGOS Y DE ORGANIZACIONES DE LAS QUE NUESTRO PAIS ES MIEMBRO Y QUE SE ESPECIALIZAN EN ESTE TIPO DE ASISTENCIA. TAMBIEN PARA LA FASE DE RECONSTRUCCION CONTAMOS CON LA DECIDIDA DETERMINACION Y CON EL ESPIRITU DE SACRIFICIO DE TODOS LOS DOMINICANOS EN LA CONCIENCIA DE QUE LO QUE SE HA PERDIDO ES EL FRUTO DE LO QUE AUN NOS QUEDA: NUESTRA GENTE Y NUESTRA TIERRA.

CON EL PROPOSITO DE ACELERAR LA RECUPERACION DE NUESTRA ECONOMIA, NOS ESTAMOS DIRIGIENDO AL ORGANISMO QUE USTED TAN HONORABLEMENTE PRESIDE PARA SOLICITAR SU ESPECIAL ATENCION A NUESTRAS NECESIDADES Y PARA PEDIRLE ESPECIFICAMENTE QUE DESTAQUE LO ANTES POSIBLE UNA MISION DE ALTO NIVEL QUE, JUNTO CON LAS AUTORIDADES DOMINICANAS DESIGNADAS, DEFINA LOS SECTORES Y AREAS MAS PRIORITARIOS PARA NUESTRA RECUPERACION, ASI COMO AQUELLOS PROYECTOS Y PROGRAMAS EN QUE EL BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO PUEDA PROPORCIONARNOS, CON LA EFICIENCIA Y PRONTITUD QUE LA CARACTERIZA, EL APOYO FINANCIERO NECESARIO.

EN RELACION CON LO ARRIBA EXPUESTO, QUIERO DESTACAR QUE, NO OBSTANTE LA SITUACION DE EMERGENCIA PORQUE ATRAVESAMOS, SEGUIMOS CONSCIENTES DE LOS PROBLEMAS MONETARIOS Y DE LA BALANZA DE PAGOS QUE VENIAMOS PADECIENDO ANTES DEL HURACAN Y QUE CONTINUAM

TRAS NECESIDADES Y PARA PEDIRLE ESPECIFICAMENTE QUE DESTAQUE LO
ANTES POSIBLE UNA MISIÓN DE ALTO NIVEL QUE, JUNTO CON LAS AUTORI-
DADES DOMINICANAS DESIGNADAS, DEFINA LOS SECTORES Y AREAS MAS
PRIORITARIOS PARA NUESTRA RECUPERACION, ASI COMO AQUELLOS PROYEC-
TOS Y PROGRAMAS EN QUE EL BANCO INTERNACIONAL DE RECONSTRUCCION
Y FOMENTO PUEDA PROPORCIONARNOS, CON LA EFICIENCIA Y PRONTITUD

QUE LA CARACTERIZA, EL APOYO FINANCIERO NECESARIO.

EN RELACION CON LO ARRIBA EXPUESTO, QUIERO DESTACAR QUE,
NO OBSTANTE LA SITUACION DE EMERGENCIA PORQUE ATRAVESAMOS, SEGUI-
MOS CONSCIENTES DE LOS PROBLEMAS MONETARIOS Y DE LA BALANZA DE
PAGOS QUE VENIAMOS PADECIENDO ANTES DEL HURACAN, Y QUE CONTINUA-
MOS DETERMINADOS A SANEAR NUESTRA ECONOMIA, POR LO CUAL ESPECIAL-
MENTE EN ESTOS MOMENTOS REQUERIMOS EL APOYO FINANCIERO DEL BANCO
MUNDIAL.

HAGO PROVECHO DE LA OPORTUNIDAD PARA REITERAR A USTED, SENOR
PRESIDENTE, LAS SEGURIDADES DE MI CONSIDERACION MAS DISTINGUIDA.

EDUARDO FERNANDEZ P.

GOBERNADOR BANCENTRAL

LSL

REC. OK

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MOM

PERFECTO GRACIS

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SEP 4 1979

Dear Don:

Thank you for your letter of August 19 about the International Conference on Improving Public Management and Performance which will be held in Washington at the time of the World Bank's Annual Meeting in Belgrade.

I am glad that World Bank staff members have been able to assist in the preparatory stages and that they will participate in several discussion groups. For the final plenary session, Peter Wright could, I understand, sit on the panel. I heartily endorse his participation in that closing exercise.

The subject matter of the Conference is, without a doubt, of critical importance for all members of the World Bank. I send you my congratulations for all you have done to launch the Conference and my warmest wishes for its success.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Dean Donald C. Stone
Chairman
International Planning Committee
Route One
Traverse City, Mi. 49684

cc: Mr. McNamara's Office (2)
Mr. E. Peter Wright

LPChatenay:mmh
August 29, 1979