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McNamara Papers

Travel briefs - Middle East
March 5-15, 1975 / Burmester

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MULTI-COUNTRY BRIEFING

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MULTI-COUNTRY

A

MEMORANDUM TO THOSE LISTED BELOW　　　　　　　　　　February 6, 1975

Preparation of Briefing for Mr. McNamara's Trip to Kinshasa and the Middle East March 4-16, 1975

As per our telephone conversation today.

1. Kinshasa

A. Briefing for meeting with Mr. Qadhafi. The briefing should include:

(i) English and appropriate Arabic versions of Mr. Kochman's briefings on subscribed capital for OPEC countries, Third Window and borrowing program. Mr. Shoaib is responsible. (Mr. Cargill, El Fishawy, [illegible])

(ii) Status of the proposed borrowing program in Libya. About one page on what has been done and suggested rates and terms. Mr. Cargill is responsible.

(iii) Brief statement on Mr. Qadhafi and the situation in Libya. Mr. Benjenk is responsible.

(iv) Memoranda of conversations in Libya by Messrs. McNamara, Cargill and El Fishawy. Mr. Cargill is responsible.

(v) The Gecamines project, President's and Appraisal Reports. Mr. Husain is responsible.

B. Zaire--brief note on past, present and future problems. Mr. Husain is responsible.

2. Middle East

A. A 5-10 page paper on Bank technical assistance to Saudi Arabia, including a detailed description of technical assistance already underway and future plans. Mr. Benjenk is responsible.

B. Bank technical assistance to Arab aid programs, such as the Saudi Arabian Development Corporation, the Kuwait Development Corporation, the Arab Development Corporation, the Islamic Bank, etc. Mr. Benjenk is responsible.

C. Co-financing with Arab countries past and future. Messrs. Cargill, Benjenk and Stern are responsible.

D. Memoranda of conversations from Mr. McNamara's latest trip to the Middle East and all relevant conversations that have taken place since. Examples: Al-Hamad and Anwar Ali. Messrs. Cargill and Benjenk are responsible.

E. Bank lending to:

(i) Arab countries past and future;

(ii) Poorest countries past and future; and

(iii) Least developed countries past and future. Messrs. Cargill and Stern are responsible.

F. Reserves (1973-1980) for the four countries to be visited (table to be revised). Mr. Stern is responsible.

G. Capital requirements of developing countries--two to three page summary paper. Mr. Stern is responsible.

H. Information system required for reporting OPEC aid programs and what we need to know to establish such a system. Mr. Stern is responsible.

I. Up-to-date report on OPEC aid flows, consisting of a complete report for all OPEC countries and by individual countries. Messrs. Cargill and Stern are responsible.

J. The results of Mr. Witteveen's trip to the Middle East. Mr. Stern is responsible.

Mr. Paijmans has the over-all responsibility for preparation of the briefs. I would appreciate having the briefs for review by Wednesday, February 19, to be finalized not later than Friday, February 21. A copy of Mr. McNamara's itinerary is attached.

Copies: Mr. Cargill
Mr. Shoaib
Mr. Benjenk
Mr. Husain
Mr. W. Clark
Mr. Stern
Mr. Wiehen
Mr. Paijmans
Mr. Kochman
Mr. Davar
Mr. El Fishawy

Sven Burmester

February 6, 1975

PROPOSED ITINERARY FOR MR. McNAMARA

3/4 Tuesday	Leave New York	2030	PA 184 via Dakar/Monrovia/Accra/Lagos	B707
3/5 Wednesday	Arrive Kinshasa	1915		
3/6 Thursday	Leave Kinshasa	2200	SN 328	DC-10
3/7 Friday	Arrive Brussels	0535		
" "	Leave Brussels	0740	SN 603	
" "	Arrive London	0840		
" "	Leave London	1020	KU 102	B-707
" "	Arrive Kuwait	1935		

3/8 Saturday — Kuwait

3/9 Sunday — Kuwait

Meet with:
1. The Emir, H.H. Sheikh Sabah Al-Salem Al-Sabah
2. H.H. Sheikh Jabir Al-Ahmad, Crown Prince and Prime Minister
3. H.E. Abdul Rehman Salim Al-Ateeqy, Minister of Finance and Oil
4. Mr. Abdlatif Y. Al-Hamad, Director General of Kuwait Fund
5. Dr. Ali Ahmed Attiga, Secretary General of OAPEC
6. Dr. Saeb Al-Jaroudi, Chairman of Arab Fund for Economic and Social Development
7. Mr. Badr Al-Daoud, Chairman of Kuwait Investment Company

Leave Kuwait	1720	SV 831
Arrive Jeddah	2155	

3/10 Monday — Jeddah

Meet with:
1. H.E. Sheikh Abdel Aziz Al-Quraishi, Governor of the Saudi Arabian Monetary Agency (SAMA)
2. H.E. James E. Akins, U.S. Ambassador

Leave Jeddah	1700	SV 894
Arrive Riyadh	1820	

3/11 Tuesday — Riyadh

3/12 Wednesday — Riyadh

Meet with:
1. The King
2. Prince Mussad, Minister of Finance
3. H.E. Sheikh Mohammed Abalkhail, Minister of State for Financial Affairs and National Economics
4. Prince Fahad, Minister of Interior
5. H.E. Sheikh Zaki Yamani, Minister of Petroleum
6. Prince Saud, Deputy Minister of Petroleum
7. H.E. Dr. Hisham Nazir, Minister of Planning
8. UNDP Resident Representative

3/13 Thursday	Leave Riyadh	0905	SV 766
	Arrive Dahran	0945	
" "	Leave Dahran	1015	Charter
	Arrive Doha	1100	

3/13 Thursday (Continued)	Doho Meet with: 1. H.H. Sheikh Khalifa bin Hamad Al-Thani, Emir of the State of Qatar 2. H.E. Sheikh Abdel Aziz Al-Thani, Minister of Finance and Petroleum
3/14 Friday	Leave Doha 0810 GF 331 Arrive Abu Dhabi 0950
3/15 Saturday	Abu Dhabi Meet with: 1. H.H. Sheikh Zayed bin Sultan Al-Nahyan, President, United Arab Emirates 2. H.E. Prince Khalifa, Prime Minister and Finance Minister 3. H.E. Mohammad Habroush, Minister of State for Financial and Industrial Affairs 4. H.E. Sheikh Ahmad Khalifa Al-Sweidi, Minister of Foreign Affairs 5. Dr. Hassan Abbas Zaki, Vice Chairman, Abu Dhabi Fund for Arab Economic Development 6. Mr. John Butter, Ministry of Finance (to be arranged when there) Leave Abu Dhabi 1535 GF 482 Arrive Bahrein 1635
	To Washington expeditiously

Country Briefing

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- Foreign assistance and debt
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G. Bank Group Operations

- Statement of Loans, Credits and IFC Operations
- Existing projects
- Prospective Operations
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H. UNDP activities

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Information media (by Information & Public Affairs)

B

	SUBSCRIBED CAPITAL INCREASE	THIRD WINDOW	BORROWING PROGRAM FY 76
KUWAIT	PM; Supports 15% for OPEC and agrees to Kuwait's share	PM + MINFIN: will support to extent of not less than $20 million	MINFIN: in principle committed to lending but exact amount and timing to be discussed in June 1975
SAUDI ARABIA	MINFIN: supports in principle	GOV SAMA: will support in amounts to be determined	GOV SAMA: support continued lending to the Bank. Decision on amounts by mid-July 1975
QATAR	MINFIN: supports an increase	MINFIN: supports. Amount will be determined when Ruler returns and IBRD will be informed	MINFIN: Amount to be lent to IBRD will be determined by June 1975 in light of Qatar's financial position. ($200 million presently included in budget for IMF and IBRD)
UNITED ARAB EMIRATES	MINFIN: strong support	MINFIN: Supports. Amount will be decided week of March 17 and IBRD promptly informed	MINFIN: amount will be decided by early May 1975 with a view to oil production outlook. Strong support in principle. ("We are not going to be stingy with the IBRD.")

PM = Prime Minister

MINFIN = Minister of Finance

GOV SAMA = Governor of Saudi Arabian Monetary Agency

Technical Assistance Saudi Arabia:
Agreed to:
a) programming and budgeting exercise in April 1975
b) establishment of resident office
c) reimbursement of incremental cost
d) support to Saudi Development Fund

[illegible]cy of discussion between the [illegible]
Minister of Finance, and Mr. McNamara in Riadh, March 11 1975

The following five points were discussed in the meeting between the Minister of Finance, the Governor of SAMA on the one hand, and Mr. McNamara and his associates on the other:

1) Increase in OPEC countries voting power;
2) Third Window;
3) IBRD borrowing program Fiscal Year 1976;
4) Technical Cooperation between Saudi Arabia and the Bank;
5) Bank support to the Saudi Fund for Development.

With respect to the first three, summary notes had been previously prepared, in Arabic and English, and presented by the Bank to the Government. The following conclusions were reached on these three points:

i) subject to being assured of the wishes of the OPEC countries in this regard, the Bank's management would be willing to try to negotiate an increase in the voting power of the OPEC countries and in their subscribed capital in such a way as to increase their voting power from about 5% to 15%. The Saudi delegation stated its support for such an increase.
ii) the Saudi Government stated its support for the setting up of a "third window" lending facility within the Bank Group. The principle of the Kingdom's contribution to an interest subsidy fund in this connection was accepted and the amount thereof would be considered by the Government and determined at a later date. The Bank agreed to keep the Saudi Government informed of the support and contributions received from other participating OECD and OPEC countries.
iii) Mr. McNamara informed the Saudi delegation of the scope of the Bank's borrowing program for FY 1976. He expressed the view that borrowing to the extent of one billion dollars equivalent or more at market rates from Saudi Arabia would be highly desirable and appropriate. The Government confirmed that it would in the future continue lending to the Bank, which it considered as one of the principal beneficiaries of its lending. The amounts for FY 1976 would be determined sometime in July after the budget had been prepared. The question of lending in other than US dollars was raided and Mr. McNamara stated that it would be possible to borrow in a basket of currencies equivalent to SDRs.

With regard to the last two points on the agenda, agreements in principle were reached and embodied in separate memoranda which were initialled by both sides.

Riyadh, March 12 1975

Rsd

Arrangements for Technical Cooperation between the Government of Saudi Arabia and the IBRD as discussed March 11 and 12, 1975 during Mr. McNamara's visit.

On the basis of a request made to Mr. McNamara during his first visit to Saudi Arabia in February 1973, informal arrangements were concluded between the Government and the Bank, which involved the provision of technical assistance by the Bank in a number of sectors. Prior to that time, the Bank had already undertaken to act as Executing Agency for UNDP for a Transport Survey.

During 1974 and early 1975 the technical assistance activities of the Bank in Saudi Arabia have grown very rapidly and are encompassing such sectors as transportation, manpower and education, the Bahrein Causeway and pilgrims accommodation. Requests are pending concerning prefabricated housing, educational construction, project appraisal expertise for the Public Investment Fund and others. The growth of these activities and their range, touching as they do upon vast investment decisions involving billions of dollars, requires a new approach to the cooperative arrangements between Saudi Arabia and the Bank. It requires that, in future, they be programmed on the basis of their priority to the Saudi authorities, the expertise available to the Bank on the subject matters concerned and the high quality manpower available to the Bank to service such a program in the efficient manner which the Government has a right to expect.

In the light of recent requests made during contacts between the Ministry of Finance and the C.P.O. on the one hand, and Bank staff on the other, and pursuant to the discussions just held between the Saudi Government and Mr. McNamara and his associates the following steps (subject where appropriate to approval of the Board of the Bank) would seem to ensure an effective continuation and expansion of the ongoing technical cooperation activities: --

1) The Bank agrees with the view of the Saudi authorities that the presence in Riyadh of a Bank resident mission, headed by a senior staff member of recognized technical and managerial competence is an indispensable element for effective Bank technical assistance. The names(s) of proposed members of such a mission will be submitted to the Government very shortly.

2) An annual program and budget will be drawn up in the early Spring of each year by the two parties which will reflect the priorities of the Government and the expertise available in the Bank. The first such exercise will be conducted end March/ early April of 1975 to take effect in the (Bank) fiscal year beginning on July 1 1975. The program and budget will include contingencies for unforeseen requests in mid-year.

3) In accordance with the suggestion made by the Saudi Arabian authorities in 1973 concerning which a decision was deferred by the Bank pending the initial launching of an effective technical assistance program, it will in the future be appropriate fon the major part of the Bank's costs in supplying technical assistance to be reimbursed by the Saudi authorities. The reimbursement would conver the incremental costs to the Bank of professional manpower and supporting staff and structures, while part of the overhead would be absorbed by the Bank's budget. (A rough calculation estimates the respective shares of the full cost at two-thirds and one-third respectively).

4) On the basis of presently received requests, it is roughtly estimated that 20 direct professional man-years, backed by supporting staff and structures, would be expended by the Bank in the fiscal year 1975/76. This would imply a full cost to the Bank of something on the order of \$3.5 million of which the incremental cost on the order of \$2.5 million would be reimbursed by Saudi Arabia. The exact program and budget and method of payment will be determined during the forthcoming programming discussions to be held in Riyadh shortly.

5) The Saudi authorities will establish (or confirm) a point of contact for the initiation and implementation of the program, for each element of which separate, written project agreements will be concluded, outlining the action to be taken. The points of contact in the Bank for correspondence will be the Director, Projects, EMENA Region and the future Resident Representative in Riyadh.

Supplementary Agreement

The Bank will endeavour upon request and whenever possible to help the Saudi Fund for Development organize its activities, evaluate projects and invest its surplus funds. Details of these arrangements and reimbursement methods for assistance provided, whenever appropriate, will be worked out during the Fund's Managing Director's forthcoming visit to Washington in April 1975.

Riyadh, March 12 1975

Summary of discussion between the Qatar Government, represented by the Minister of Finance, and Mr. McNamara in Doha, March 13, 1975

The following conclusions were reached:

1) Increase in OPEC countries voting power. The Government of Qatar supported such an increase.

2) Third Window. The Government supported the establishment of a Third Window lending facility within the Bank Group. The amount of the Government's contribution to the interest subsidy fund (which the Bank had suggested to be 15 million dollars) would be determined upon return of the Ruler. The Minister of Finance stated that he would inform the Bank of the Government's decision soon.

3) IBRD borrowing program, Fiscal Year 1976. The Government stated that the amount to be lent to the Bank was under consideration and would be determined by June 1975 in light of Qatar's financial position — the budget presently includes 200 million dollars for the World Bank and the IMF for 1976.

Doha, March 13, 1975 RMcN

THIRD WINDOW: QUESTIONS AND ANSWERS

Question 1 The figures cited for possible contributions to the interest subsidy fund show OPEC giving more than OECD countries. Is this the Bank's idea of a fair sharing of the burden of concessional assistance?

Answer: No. The contributions cited are illustrative estimates of what may be obtainable quickly and on a voluntary basis. In view of the urgency of the need, and the capacity of the OPEC countries to respond without the lengthy delay which legislative procedures may require in some of the OECD countries, it has been assumed that 50% (or perhaps even more) of the initial voluntary contributions will come from OPEC countries. This proportion bears no relation to the shares which may later emerge in a negotiated burden-sharing agreement.

Question 2 Will the Bank Group contribute to the interest subsidy fund? If not, why not?

Answer: At present, no Bank contribution to the interest subsidy fund is proposed. But the Bank will be supporting the Third Window in other important ways. First, it will borrow the additional sums needed to cover disbursements under Third Window loans. Second, it will be carrying the risk of Third Window loans, which like all other Bank loans would represent a potential claim on its capital and reserves.

Question 3 Can you tell us what other countries have pledged to the interest subsidy fund?

Answer: It is too early to answer this question. Mr. McNamara has only just initiated talks on the subject with OPEC and OECD countries. He may be in a better position to answer this question on his forthcoming visit.

February 1, 1975

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433 U.S.A.

OFFICE OF THE PRESIDENT

February 1, 1975

Third Window

The "Third Window" refers to a new lending facility, which would provide capital to the developing countries on terms intermediate between those now charged by the IBRD and IDA. The Bank would borrow the necessary capital funds and an interest subsidy fund would be established which would be sufficient together with the earnings thereon to reduce the interest rate to borrowers over the life of the loans from 8½% to 4%-4½%. The proposal now under consideration would involve additional lending in the first year of $1 billion, committed over a one year period and benefitting mainly the poorest and most seriously affected developing countries.

The reason for considering the creation of a Third Window at this time is the desperate situation faced by many of the Bank's borrowers, especially the poorest among them. Unless a way can be found to provide additional resources to these countries, whose population includes more than a billion people, they face the prospect of negligible or even negative real growth in their per capita incomes for the remainder of this decade. It would be desirable if the extra resources could be supplied on IDA-type terms. But it seems very unlikely that a sufficient volume of highly concessional assistance will be forthcoming in the near future. Hence the concept of a Third Window has attracted attention as an interim measure.

The Third Window was discussed by the Development Committee on January 17th this year. At that meeting, the OPEC representative stated:

> " .... some of the countries I represent have already agreed to make a meaningful contribution (to a Third Window in the form of a contribution to the) interest subsidy which will naturally be required in the form of grants."

As a result of this strong expression of interest by several of the OPEC countries, the Third Window proposal was widely endorsed by the other Ministers present and referred to the Board of the World Bank for study and for presentation of a proposal by the Bank within 90 days to the Development Committee for consideration at its next meeting in June.

Clearly, however, a multilateral negotiation of the kind which would be required to bring this scheme into being would take a very long time since, although the concept itself is quite simple, there will be much discussion and negotiation about particular points. Accordingly, as an interim measure the Dutch have suggested that the scheme be started on the basis of voluntary contributions to the subsidy fund. The Dutch proposal has the support of the Bank management because in view of the urgency of the need of the poorer countries at the present time, it wishes to take advantage of this initiative without delay. The Bank is now engaged in approaching all countries which may be in a position to make such voluntary contributions.

The management would hope to obtain the subsidy fund for the first year by voluntary contributions of between $100 million and $150 million from 4 to 5 OPEC countries, including approximately $15 million from Qatar, and approximately $100 million from 4 or 5 OECD nations. In addition, it will be necessary for the Bank not only to borrow the funds required to cover Third Window loans but also in due course to obtain additional capital or reserves in amounts adequate to protect it against the risk of Third Window loans.

It is the view of the Bank's management that an interim scheme would be worthwhile, starting as early as possible in FY76 as soon as contributions totalling at least $100 million (sufficient to support $500 million of Third Window commitments) are available. This would have the advantage of giving us experience with the scheme and would provide time to complete discussions with other potential contributors. Accordingly the Bank is now attempting to get support for this scheme on the simplest possible understanding that it will be operated in consultation with the contributing countries pending the formal resolution of the many questions regarding organization and operations which must be settled before the Third Window can be established on a permanent basis.

It would be much appreciated if your Government could consider participation in the proposed Third Window through a contribution to the interest subsidy fund. Mr. Shoaib and Mr. McNamara are looking forward to discussing this matter on their forthcoming visits and will hope to learn at that time what the position of your Government may be.

BORROWING PROGRAM

The Bank borrows money in capital markets and from governments in order to support its lending program to underdeveloped countries. It is obviously difficult to forecast the amounts and timing of borrowings in the world capital markets of which the three most important for the Bank are New York, Frankfurt and Tokyo. It is clear, however, that our total requirements cannot be met from issues and placements in these markets alone. The Bank's gross needs for FY1975 have been calculated at $3.55 billion and the similar figure for FY1976 at $3.25 billion. The program for FY1975 seems to be well in hand and the program for FY1976 will be negotiated during the next six months, although deliveries need not be made until the second half of FY1976.

As in the past, and especially in FY1975, the Bank will be looking to OPEC countries for support of this borrowing program and several OPEC governments have asked the Bank to indicate the scale of borrowing contemplated for their consideration and for use in their own financial planning. In this program, borrowings from Qatar at the level of $100 million have been included. Such borrowings would be in US dollars or in a package of currencies equivalent to SDRs. The interest rate paid on dollar borrowings would be close to the yields on US Government or US Agency securities of a similar maturity. Rates on borrowings in a package of currencies would have to be adjusted accordingly and, in any case, should have an appropriate relationship to the interest charged on any borrowings by the IMF. Mr. Cargill will be discussing this matter with you within the next three months.

Arabic version of

Increase in voting power and subscribed capital for OPEC countries

THIRD WINDOW: QUESTIONS AND ANSWERS

Question 1 The figures cited for possible contributions to the interest subsidy fund show OPEC giving more than OECD countries. Is this the Bank's idea of a fair sharing of the burden of concessional assistance?

Answer: No. The contributions cited are illustrative estimates of what may be obtainable quickly and on a voluntary basis. In view of the urgency of the need, and the capacity of the OPEC countries to respond without the lengthy delay which legislative procedures may require in some of the OECD countries, it has been assumed that 50% (or perhaps even more) of the initial voluntary contributions will come from OPEC countries. This proportion bears no relation to the shares which may later emerge in a negotiated burden-sharing agreement.

Question 2 Will the Bank Group contribute to the interest subsidy fund? If not, why not?

Answer: At present, no Bank contribution to the interest subsidy fund is proposed. But the Bank will be supporting the Third Window in other important ways. First, it will borrow the additional sums needed to cover disbursements under Third Window loans. Second, it will be carrying the risk of Third Window loans, which like all other Bank loans would represent a potential claim on its capital and reserves.

Question 3 Can you tell us what other countries have pledged to the interest subsidy fund?

Answer: It is too early to answer this question. Mr. McNamara has only just initiated talks on the subject with OPEC and OECD countries. He may be in a better position to answer this question on his forthcoming visit.

February 1, 1975

Table 2

AID FLOWS FROM FOUR OPEC COUNTRIES TO INTERNATIONAL ORGANIZATIONS

	1970	1971	1972	1973	1974	Total	Opec Total	Amount Paid to Multilateral Organization
Kuwait								
Multilateral Commitments								
Arab Bank for Industrial and Agricultural Development in Africa	200.0					200.0	200.0	28.3
Arab Bank for Economic Development in Africa				20.0	200.0	220.0	240.0	
Arab Fund for Economic and Social Development		101.0				101.0	204.1	
Asian Development Bank		17.2				17.2	17.2	
IMF Oil Facility					483.0	483.0	3,196.5	176.1
Islamic Bank					120.0	120.0	1,148.0	
Special Fund for Arab Non-Oil Producers					16.9	16.9	69.9	
Special Arab Fund for Africa					30.0	30.0	151.0	30.0
UNDP			.4	.4	.4	1.2	13.3	
U.N. Emergency Special Account					10.0	10.0	170.0	
U.N. Miscellaneous Agencies			.5	.5	35.0	36.0	51.9	
IBRD		91.1	125.8	166.8		383.7	2,958.2	378.1
IDA			13.0		32.0	45.0	47.7	10.9
Annual Totals	200.0	209.3	139.7	187.7	927.3	1,664.0	—	823.4
Saudi Arabia								
Multilateral Commitments								
Arab Bank for Industrial and Agricultural Development in Africa					40.0	40.0	240.0	40.0
Arab Bank for Economic Development in Africa				25.0		25.0	380.0	
Arab Fund for Economic and Social Development					60.0	60.0	204.1	
Arab Technical Assistance Fund for Africa					3.0	3.0	5.0	
IMF Oil Facility					1,206.0	1,206.0	3,196.5	381.2
Islamic Bank					480.0	480.0	1,148.0	
Islamic Solidarity Fund					4.5	4.5	18.5	
Special Fund for Arab Non-Oil Producers					15.0	15.0	69.9	
Special Arab Fund for Africa					40.0	40.0	151.0	40.0
UNDP			.4	.4	1.5	2.3	13.3	
U.N. Emergency Special Account					30.0	30.0	170.0	30.0
U.N. Miscellaneous Agencies			.4	.3	11.0	11.7	51.9	10.0
World Food Program				30.0		30.0	57.4	
IBRD	—	19.9	—	15.0	913.4	948.3	2,598.2	924.0
Annual Totals	—	19.9	.8	90.7	2604.4	2,915.8	—	1,475.2
Totals for All OPEC Countries	274.6	356.0	303.8	679.4				10,077.6
Abu Dhabi								
Multilateral Commitments								
Arab Bank for Economic Development in Africa				20.0		20.0	380.0	-
Arab Cities Organization					3.5	3.5	3.5	
Arab Fund for Economic and Social Development			16.9			16.9	204.1	
Arab Technical Assistance Fund for Africa					2.0	2.0	5.0	
IMF Oil Facility					120.6	120.6	3,196.5	25.3
Islamic Bank					132.0	132.0	1,148.0	
Islamic Solidarity Fund					2.0	2.0	18.5	
Libya/United Arab Emirates Fund				125.0		125.0	250.0	25.0
Special Fund for Arab Non-Oil Producers					10.0	10.0	69.9	
Special Arab Fund for Africa					20.0	20.0	151.0	20.0
UNDP				.2	.2	.4	13.3	
U.N. Emergency Special Account					10.0	10.0	170.0	10.0
U.N. Miscellaneous Agencies				.3	.2	.5	51.9	
World Food Program					5.0	5.0	57.4	
IBRD	—	—	15.4	2.3	79.0	96.9	2,958.2	81.7
Annual Totals	—	16.9	15.4	148.0	384.5	564.8	—	162.0
Qatar								
Multilateral Commitments								
Arab Bank for Economic Development in Africa				20.0		20.0	380.0	
Arab Fund for Economic and Social Development		5.0				5.0	204.1	
Islamic Bank				20.0		20.0	1,148.0	
Islamic Solidarity Fund					10.0	10.0	18.5	
Special Fund for Arab Non-Oil Producers					5.0	5.0	69.9	
Special Arab Fund for Africa					10.0	10.0	151.0	10.0
UNDP			.2	.2	.2	.6	13.3	
U.N. Emergency Special Fund					14.0	14.0	214.0	
U.N. Miscellaneous Agencies				.1		.1	51.9	
IBRD	.1	.3	20.8	—	.1	21.3	2,958.2	.5
Annual Totals	.1	5.3	21.0	40.3	39.3	106.0	—	10.8
Totals for All OPEC Countries	274.6	356.0	303.8	679.4	8,463.8		10,077.6	

Source: P & B Table 4, dated January 15, 1975.

Policy Planning & Program Review
Policy Planning Division
February 14, 1975

Table 1

AID FLOWS FROM FOUR OPEC COUNTRIES

	1970	1971	1972	1973	1974	1975
Kuwait						
Bilateral Commitments						
ODA	62.3	162.0	33.8	374.9	340.8	-
Other	-	12.3	46.9	93.8	467.8	-
Total	62.3	174.3	80.7	468.7	808.6	-
Multilateral Commitments						
ODA	-	101.0	17.1	20.9	444.3	-
Other	198.2	91.1	122.6	166.8	499.7	-
Total	198.2	192.1	139.7	187.7	944.0	-
Total Commitments	260.5	366.4	220.4	656.4	1,752.6	-
Total Disbursements	115.6	348.2	266.7	530.5	561.3	-
Saudi Arabia						
Bilateral Commitments						
ODA	48.7	55.4	121.3	412.4	2,946.7	10.0
Other	-	-	15.0	28.2	75.0	-
Total	48.7	55.4	136.3	440.6	3,021.7	10.0
Multilateral Commitments						
ODA	-	19.9	.8	75.7	685.0	-
Other	-	-	-	15.0	2,119.3	-
Total	-	19.9	.8	90.7	2,804.3	-
Commitments	48.7	75.3	137.1	531.3	5,826.0	10.0
Disbursements	217.5	219.8	271.7	343.5	1,579.6	375.0
Abu Dhabi						
Bilateral Commitments						
ODA	-	16.3	41.0	821.1	1,360.1	.8
Other	-	-	15.0	-	266.3	-
Total	-	16.3	56.0	821.1	1,626.4	.8
Multilateral Commitments						
ODA	-	16.9	15.4	145.5	189.9	-
Other	-	-	-	2.5	199.6	-
Total	-	16.9	15.4	148.0	389.5	-
Total Commitments	-	33.2	71.4	969.1	2,015.9	.8
Total Disbursements	-	6.3	25.2	35.6	651.3	.8
Qatar						
Bilateral Commitments						
ODA	-	-	1.3	190.5	114.8	-
Other	-	-	-	-	11.0	-
Total	-	-	1.3	190.5	125.8	-
Multilateral Commitments						
ODA	-	5.0	20.9	20.3	59.2	-
Other	.1	.3	.1	-	.1	-
Total	.1	5.3	21.0	20.3	59.3	-
Total Commitments	.1	5.1	22.3	210.8	185.1	-
Total Disbursements	.1	.3	1.6	100.5	91.6	-

	1970	1971	1972	1973	1974	1975
Other OPEC						
Bilateral Commitments						
ODA	48	46.1	19.4	755.1	2,640.5	1.0
Other	-	-	37.2	53.1	[illegible]	-
Total	48	46.1	56.6	808.2	[illegible]	1.0
Multilateral Commitments						
ODA	40	120.8	101.4	118.7	1,683.0	-
Other	36.3	1.0	25.5	113.8	[illegible]	-
Total	76.3	121.8	126.9	[illegible]	[illegible]	-
Total Commitments	124.3	167.9	183.5	[illegible]	[illegible]	1.0
Total Disbursements	110.3	59.6	130.1	206.7	2,229.2	[illegible]
Total OPEC						
Bilateral Commitments						
ODA	159.0	279.8	216.8	2,554.0	7,402.9	11.8
Other	-	12.3	114.1	175.1	[illegible]	-
Total	159.0	292.1	330.9	2,729.1	[illegible]	11.8
Multilateral Commitments						
ODA	40	263.6	155.6	381.1	3,061.4	-
Other	234.6	92.4	148.2	298.1	[illegible]	-
Total	274.6	356.0	303.8	679.2	[illegible]	-
Total Commitments	433.6	648.1	634.7	3,408.3	17,421.1	-
Total Disbursements	443.5	634.2	695.3	1,215.8	5,012.0	616.8

Policy Planning & Program Review Depa[rtment]
Policy Planning Division
February 14, 1975

Table 3

BILATERAL AID FLOWS FROM FOUR OPEC COUNTRIES TO MSA COUNTRIES

	1970	1971	1972	1973	1974	1975	1970-1975
Kuwait							
Bilateral Commitments to MSA Countries							
Bangladesh	-	-	-	-	20.0	-	-
Mauritania	-	-	-	-	111.6	-	-
Niger	-	-	-	-	.4	-	-
Pakistan	5.0	-	-	-	-	-	-
Senegal	-	10.9	-	-	37.8	-	-
Somalia	-	-	-	2.0	7.2	-	-
Sri Lanka	-	1.4	-	-	46.0	-	-
Sudan	-	-	4.8	20.2	15.0	-	-
Yemen, A.R.	2.4	.5	6.5	6.6	9.7	-	-
Yemen, P.D.R.	-	1.1	.2	-	17.9	-	-
Total Commitments to MSA's	7.4	13.9	11.5	28.8	265.6	-	327.2
Total Disbursements to MSA's	1.9	15.7	5.0	5.8	24.5	-	52.9
Other Bilateral Commitments	-	-	-	-	-	-	1,267.4
Total	-	-	-	-	-	-	1,594.6
Saudi Arabia							
Bilateral Commitments to MSA Countries							
Mali	-	-	-	-	5.0	-	-
Mauritania	-	-	-	2.0	33.5	-	-
Niger	-	-	-	2.0		-	-
Pakistan	-	-	-		150.0	10.0	-
Somalia	-	-	-	29.3		-	-
Sudan	-	-	15.0	26.3	14.0	-	-
Yemen, A.R.	7.2	13.4	13.4	5.7	3.0	-	-
Total Commitments to MSA's	7.2	13.4	28.4	65.2	205.5	10.0	329.7
Total Disbursements to MSA's	7.2	13.4	37.4	33.1	33.0	-	84.1
Other Bilateral Commitments	-	-	-	-	-	-	1,383.0
Total	-	-	-	-	-	-	1,712.7

	1970	1971	1972	1973	1974	1975	1970-75
Abu Dhabi							
Bilateral Commitments to MSA Countries							
Bangladesh	-	-	-	-	150	-	-
Chad	-	-	-	.1	-	-	-
Mauritania	-	-	-	-	15	-	-
Pakistan	-	-	-	-	107	.8	-
Somalia	-	-	-	-	99.5	-	-
Sudan	-	10.0	-	-	19.2	-	-
Yemen, A.R.	-	-	26.0	8.1	6.0	-	-
Total Commitments to MSA's	-	10.0	26.0	8.1	395.7	.8	441.6
Total Disbursements to MSA's	-	-	10.0	.1	-	.8	10.9
Other Bilateral Commitments	-	-	-	-	-	-	2,073.0
Total	-	-	-	-	-	-	2,514.6
Qatar							
Bilateral Commitments to MSA Countries							
Bangladesh	-	-	-	-	1.5	-	-
Mauritania	-	-	-	-	9.0	-	-
Pakistan	-	-	-	.5	30.0	-	-
Somalia	-	-	-	-	10.0	-	-
Sudan	-	-	-	-	14.0	-	-
Yemen, A.R.	-	-	-	-	2.1	-	-
Total Commitments to MSA's	-	-	-	.5	66.6	-	67.1
Total Disbursements to MSA's	-	-	-	.5	10.0	-	10.5
Other Bilateral Commitments	-	-	-	-	-	-	250.5
Total	-	-	-	-	-	-	317.6

Source: P & B Tables 4 and 5 of January 15, 1975.

Policy Planning & Program Review Dept.
Policy Planning Division
February 14, 1975

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433 U.S.A.

OFFICE OF THE PRESIDENT

February 1, 1975

Third Window

The "Third Window" refers to a new lending facility, which would provide capital to the developing countries on terms intermediate between those now charged by the IBRD and IDA. The Bank would borrow the necessary capital funds and an interest subsidy fund would be established which would be sufficient together with the earnings thereon to reduce the interest rate to borrowers over the life of the loans from 8½% to 4%-4½%. The proposal now under consideration would involve additional lending in the first year of $1 billion, committed over a one year period and benefitting mainly the poorest and most seriously affected developing countries.

The reason for considering the creation of a Third Window at this time is the desperate situation faced by many of the Bank's borrowers, especially the poorest among them. Unless a way can be found to provide additional resources to these countries, whose population includes more than a billion people, they face the prospect of negligible or even negative real growth in their per capita incomes for the remainder of this decade. It would be desirable if the extra resources could be supplied on IDA-type terms. But it seems very unlikely that a sufficient volume of highly concessional assistance will be forthcoming in the near future. Hence the concept of a Third Window has attracted attention as an interim measure.

The Third Window was discussed by the Development Committee on January 17th this year. At that meeting, the OPEC representative stated:

> " .... some of the countries I represent have already agreed to make a meaningful contribution (to a Third Window in the form of a contribution to the) interest subsidy which will naturally be required in the form of grants."

As a result of this strong expression of interest by several of the OPEC countries, the Third Window proposal was widely endorsed by the other Ministers present and referred to the Board of the World Bank for study and for presentation of a proposal by the Bank within 90 days to the Development Committee for consideration at its next meeting in June.

Clearly, however, a multilateral negotiation of the kind which would be required to bring this scheme into being would take a very long time since, although the concept itself is quite simple, there will be much discussion and negotiation about particular points. Accordingly, as an interim measure the Dutch have suggested that the scheme be started on the basis of voluntary contributions to the subsidy fund. The Dutch proposal has the support of the Bank management because in view of the urgency of the need of the poorer countries at the present time, it wishes to take advantage of this initiative without delay. The Bank is now engaged in approaching all countries which may be in a position to make such voluntary contributions.

The management would hope to obtain the subsidy fund for the first year by voluntary contributions of between \$100 million and \$150 million from 4 or 5 OPEC countries, including approximately * and approximately \$100 million from 4 or 5 OECD nations. In addition, it will be necessary for the Bank not only to borrow the funds required to cover Third Window loans but also in due course to obtain additional capital or reserves in amounts adequate to protect it against the risk of Third Window loans.

It is the view of the Bank's management that an interim scheme would be worthwhile, starting as early as possible in FY76 as soon as contributions totalling at least \$100 million (sufficient to support \$500 million of Third Window commitments) are available. This would have the advantage of giving us experience with the scheme and would provide time to complete discussions with other potential contributors. Accordingly the Bank is now attempting to get support for this scheme on the simplest possible understanding that it will be operated in consultation with the contributing countries pending the formal resolution of the many questions regarding organization and operations which must be settled before a Third Window can be established on a permanent basis.

It would be much appreciated if your Government could consider participation in the proposed Third Window through a contribution to the interest subsidy fund. Mr. Shoaib and Mr. McNamara are looking forward to discussing this matter on their forthcoming visits and will hope to learn at that time what the position of your Government may be.

*\$15 million from the Lybian Arab Republic
\$25 million from Kuwait
\$35 million from Saudi Arabia
\$15 million from Qatar
\$20 million from the United Arab Emirates

February 1, 1975

INCREASE IN VOTING POWER AND SUBSCRIBED CAPITAL

FOR OPEC COUNTRIES

OPEC countries have asked that their voting power and subscribed capital in the Bank be increased. The Management agrees that a situation clearly exists now in which the position of the oil-surplus countries in the Bank should be reconsidered and adjusted to their new circumstances.

The Articles of Agreement of the International Monetary Fund require that the quotas in the Fund be reviewed at least every five years. As part of the current review, the Executive Board of the Fund has proposed, and the Interim Committee has accepted, that the OPEC countries will have an opportunity to increase their quotas in such a way as to approximately double their voting power from around 5% to about 10%.

In the past it has been the practice to provide for a change in the voting power and capital subscribed by individual members of the Bank at the same time as their quotas are changed in the Fund. It has been customary to relate voting power in the Bank to voting power in the Fund. Were this practice to be continued, it would mean that the voting power of OPEC countries in the Bank would be limited to about 10%.

In the present circumstances, however, the President of the Bank agrees with those OPEC members who say that a doubling of the OPEC voting power in the Bank would not be sufficient and, consequently, provided that OPEC countries agree, he is willing to try to negotiate an increase in their voting power and in their subscribed capital in such a way as to increase their voting power from 4.96% to 15%. This would require an appropriate increase in authorized capital.

A change of this kind would involve the consent of other members since, according to the Articles, whenever the authorized capital stock of the Bank is increased, any member has the preemptive right to increase its subscription in order to maintain its relative share in authorized capital; and it would therefore be necessary before firm proposals can be made to obtain the consent of members other than the oil-surplus countries to the proposal. The first question, therefore, is whether the oil-surplus countries would agree that it is desirable for their subscriptions in the Bank as a group to be increased in the manner described in this note.

The formula for the purchase of additional shares of the Bank's capital is slightly complicated. However, the objective would be that the individual countries of OPEC should be offered additional shares in amounts which, if all members of OPEC accepted them in full, would bring the collective voting power of these countries to 15% of the total voting power. An additional important consideration is that, if possible, it would be desirable for the increase in the voting power of OPEC countries to be made in a way which would have minimum

effect on the voting power and representation of the less developed countries other than the oil countries on the Executive Board. This can only be stated as a present objective because it will only be known after discussions and negotiations whether in practice this will be possible.

A country obtaining an increase in its capital subscription would pay into the Bank in gold or dollars 1% of its new subscription and a further 9% payable in its own currency which it may release in whole or in part for use by the Bank in its operations. The balance of 90% is available for call by the Bank, if necessary, to meet its obligations to its bondholders. In the present circumstances, it would appear appropriate for the OPEC countries to release in convertible form for use by the Bank 9% of their total subscriptions.

This capital increase operation requires detailed preparation and a long series of complicated negotiations inasmuch as it requires prior acceptance of the principles by the individual members of the Bank and in some cases agreement to waive preemptive rights. Thus, all information given to the OPEC countries on the prospective increases should be regarded as illustrative. However, the preparations have sufficiently advanced for the President to start the preparatory negotiations.

But before doing so, and in the light of the indication received through the Executive Director representing Qatar of your desire to increase the voting power and subscribed capital of Qatar in the order of magnitude shown below, he would like to receive your confirmation of this position:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.15	0.06	0.21
Subscribed Capital (in million 1944 dollars)	17.1	26.8	43.9
Paid-in Capital (in million 1944 dollars)	1.7	2.7	4.4

February 1, 1975

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The Articles of Agreement of the International Monetary Fund require that the quotas in the Fund be reviewed at least every five years. As part of the current review, the Executive Board of the Fund has proposed, and the Interim Committee has accepted, that the OPEC countries will have an opportunity to increase their quotas in such a way as to approximately double their voting power from around 5% to about 10%.

In the past it has been the practice to provide for a change in the voting power and capital subscribed by individual members of the Bank at the same time as their quotas are changed in the Fund. It has been customary to relate voting power in the Bank to voting power in the Fund. Were this practice to be continued, it would mean that the voting power of OPEC countries in the Bank would be limited to about 10%.

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This capital increase operation requires detailed preparation and a long series of complicated negotiations inasmuch as it requires prior acceptance of the principles by the individual members of the Bank and in some cases agreement to waive preemptive rights. Thus, all information given to the OPEC countries on the prospective increases should be regarded as illustrative. However, the preparations have sufficiently advanced for the President to start the preparatory negotiations.

But before doing so, he will wish to know your attitude regarding an increase in the relative voting power and subscribed capital of Saudi Arabia in the order of magnitude shown below:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.49	2.37	2.86
Subscribed Capital (in million 1944 dollars)	114.3	799.6	913.9
Paid-in Capital (in million 1944 dollars)	11.4	80.0	91.4

BORROWING PROGRAM

The Bank borrows money in capital markets and from governments in order to support its lending program to underdeveloped countries. It is obviously difficult to forecast the amounts and timing of borrowings in the world capital markets of which the three most important for the Bank are New York, Frankfurt and Tokyo. It is clear, however, that our total requirements cannot be met from issues and placements in these markets alone. The Bank's gross needs for FY1975 have been calculated at $3.55 billion and the similar figure for FYL976 at $3.25 billion. The program for FY1975 seems to be well in hand and the program for FY1976 will be negotiated during the next six months, although deliveries need not be made until the second half of FY1976.

As in the past, and especially in FY1975, the Bank will be looking to OPEC countries for support of this borrowing program and several OPEC governments have asked the Bank to indicate the scale of borrowing contemplated for their consideration and for use in their own financial planning. In this program, borrowings from * at the level of * have been included. Such borrowings would be in US dollars or in a package of currencies equivalent to SDRs. The interest rate paid on dollar borrowings would be close to the yields on US Government or US Agency securities of a similar maturity. Rates on borrowings in a package of currencies would have to be adjusted accordingly, and, in any case, should have an appropriate relationship to the interest charged on any borrowings by the IMF. Mr. Cargill will be discussing this matter with you within the next three months.

* Lybia	$300 million
Kuwait	$300 million
Qatar	$100 million
Abu Dhabi	$300 million

In the case of Saudi Arabia, the whole sentence is replaced by the following:

Mr. Anwar Ali had stated during the summer of 1974 that in his view annual borrowings by the Bank of at least $1 billion annually from Saudi Arabia would be reasonable.

effect on the voting power and representation of the less developed countries other than the oil countries on the Executive Board. This can only be stated as a present objective because it will only be known after discussions and negotiations whether in practice this will be possible.

A country obtaining an increase in its capital subscription would pay into the Bank in gold or dollars 1% of its new subscription and a further 9% payable in its own currency which it may release in whole or in part for use by the Bank in its operations. The balance of 90% is available for call by the Bank, if necessary, to meet its obligations to its bondholders. In the present circumstances, it would appear appropriate for the OPEC countries to release in convertible form for use by the Bank 9% of their total subscriptions.

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But before doing so, and in the light of the wish expressed by Libya for an increase in its voting power and subscribed capital, he would wish to know your attitude regarding an increase in the relative voting power and subscribed capital in the order of magnitude shown below:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.16	1.02	1.18
Subscribed Capital (in million 1944 dollars)	20.0	342.4	362.4
Paid-in Capital (in million 1944 dollars)	2.0	34.2	36.2

effect on the voting power and representation of the less developed countries other than the oil countries on the Executive Board. This can only be stated as a present objective because it will only be known after discussions and negotiations whether in practice this will be possible.

A country obtaining an increase in its capital subscription would pay into the Bank in gold or dollars 1% of its new subscription and a further 9% payable in its own currency which it may release in whole or in part for use by the Bank in its operations. The balance of 90% is available for call by the Bank, if necessary, to meet its obligations to its bondholders. In the present circumstances, it would appear appropriate for the OPEC countries to release in convertible form for use by the Bank 9% of their total subscriptions.

This capital increase operation requires detailed preparation and a long series of complicated negotiations inasmuch as it requires prior acceptance of the principles by the individual members of the Bank and in some cases agreement to waive preemptive rights. Thus, all information given to the OPEC countries on the prospective increases should be regarded as illustrative. However, the preparations have sufficuently advanced for the President to start the preparatory negotiations.

But before doing so, and in the light of the wish expressed by Kuwait for an increase in its voting power and subscribed capital, he would wish to know your attitude regarding an increase in the relative voting power and subscribed capital in the order of magnitude shown below:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.33	1.33	1.66
Subscribed Capital (in million 1944 dollars)	69.4	450.5	519.9
Paid-in Capital (in million 1944 dollars)	6.9	45.1	52.0

effect on the voting power and representation of the less developed countries other than the oil countries on the Executive Board. This can only be stated as a present objective because it will only be known after discussions and negotiations whether in practice this will be possible.

A country obtaining an increase in its capital subscription would pay into the Bank in gold or dollars 1% of its new subscription and a further 9% payable in its own currency which it may release in whole or in part for use by the Bank in its operations. The balance of 90% is available for call by the Bank, if necessary, to meet its obligations to its bondholders. In the present circumstances, it would appear appropriate for the OPEC countries to release in convertible form for use by the Bank 9% of their total subscriptions.

This capital increase operation requires detailed preparation and a long series of complicated negotiations inasmuch as it requires prior acceptance of the principles by the individual members of the Bank and in some cases agreement to waive preemptive rights. Thus, all information given to the OPEC countries on the prospective increases should be regarded as illustrative. However, the preparations have sufficiently advanced for the President to start the preparatory negotiations.

But before doing so, and in the light of the indication received through the Executive Director representing Qatar of your desire to increase the voting power and subscribed capital of Qatar in the order of magnitude shown below, he would like to receive your confirmation of this position:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.15	0.06	0.21
Subscribed Capital (in million 1944 dollars)	17.1	26.8	43.9
Paid-in Capital (in million 1944 dollars)	1.7	2.7	4.4

effect on the voting power and representation of the less developed countries other than the oil countries on the Executive Board. This can only be stated as a present objective because it will only be known after discussions and negotiations whether in practice this will be possible.

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This capital increase operation requires detailed preparation and a long series of complicated negotiations inasmuch as it requires prior acceptance of the principles by the individual members of the Bank and in some cases agreement to waive preemptive rights. Thus, all information given to the OPEC countries on the prospective increases should be regarded as illustrative. However, the preparations have sufficiently advanced for the President to start the preparatory negotiations.

But before doing so, and in the light of the wish expressed by Minister Habroush to Mr. Cargill for an increase in the subscribed capital of Abu Dhabi, he would wish to know your attitude regarding an increase in Abu Dhabi's relative voting power and subscribed capital in the order of magnitude shown below:

	Present Position	Proposed Addition	Proposed Position
Relative Voting Power (% of total)	0.13	0.47	0.60
Subscribed Capital (in million 1944 dollars)	12.8	159.2	172.0
Paid-in Capital (in million 1944 dollars)	1.3	15.9	17.2

C

Table I

IBRD AND IDA LENDING TO ARAB COUNTRIES

	FY69		FY70		FY71		FY72		FY73		FY74		FY75	
Algeria		- -		- -		- -		- -	Education Highways Total IBRD	6.0 18.5 24.5	Port of Bethioua Power Railways Total IBRD	70.0 38.5 49.0 157.5	Ag./Rural Devt. * DFC (BAD) * Total IBRD	8.0 35.0 43.0
Egypt		- -	Nile Delta Drain Total IDA	26.0 IDA 26.0		- -	Railways Total IDA	30.0 IDA 30.0	BOA I Cotton Gin. Eng. Cr. Upper Egypt Drain. Total IDA	15.0 IDA 0.2 IDA 36.0 IDA 51.2	Cotton Ginning Talkha Eng. Credit Talkha Fertilizer Population Total IDA	18.5 IDA 0.4 IDA 20.0 IDA 5.0 IDA 43.9	Railways * Tourah Cement Ind./Ag. Imports Suez Canal Rehab. Telecommunications * Total IBRD Total IDA	32.5 40.0 35.0/35.0 IDA 50.0 30.0 IDA 157.5 65.0
Iraq		- -		- -		- -	Telecom. Education Total IBRD	27.5 12.9 40.4	Lower Khalis Irrig. Grain Storage Total IBRD	40.0 40.0 80.0		- -		- -
Jordan		- -		- -	Highways Total IDA	6.0 IDA 6.0	Education Total IDA	5.4 IDA 5.4	Thermal Power Water Supply Total IDA	10.2 IDA 8.7 IDA 18.9		- - -	Education II N.E. Ghor Irrigation Potash Eng. * Total IDA	6.0 IDA 7.5 IDA 1.0 IDA 14.5
Lebanon		- -		- -		- -		- -	Highways Education Total IBRD	33.0 6.6 39.6		- -		- -
Mauritania	Road Maintenance Total IDA	3.0 IDA 3.0		- -		- -	Livestock Total IDA	4.2 IDA 4.2	Drought Relief Total IDA	2.5 IDA 2.5	Education Irrigation Eng. Total IDA	3.8 IDA 1.1 IDA 4.9	Highways III Port * Total IDA	3.0 IDA 4.0 IDA 7.0
Morocco	Industry BNDE Total IBRD	15.0 15.0	Roads Irrigation Industry BNDE Total IBRD Total IDA	7.3/7.3 IDA 46.0 15.0 68.3 7.3	Industry-BNDE Tourism CIH Total IBRD	35.0 10.0 45.0	Ag. Cr. II CIH Education II Total IBRD Total IDA	24.0/10.0 IDA 15.0 8.5 IDA 39.0 18.5	Water Supply BNDE (DFC) Total IBRD	48.0 24.0 72.0	Sebou II Devt. Phosphoric Acid Plant Roads II Power Total IBRD	32.0 50.0 29.0 25.0 136.0	Souss Ground Water * BNDE VII Meknes Int. Devt. * Total IBRD Total IDA	15.0 30.0 10.0 IDA 45.0 10.0
Oman		- -		- -		- -		- -		- -	Education Technical Assistance Total IBRD	5.70 2.75 8.45		- -
Somalia	Port Engineering Total IDA	0.6 0.6		- -	Education Total IDA	3.3 IDA 3.3	Highways II Total IDA	9.7 IDA 9.7	Port Total IDA	13.0 IDA 13.0	Livestock Total IDA	10.0 IDA * 10.0	Education II Port Extension * Total IDA	8.0 IDA 3.0 IDA 11.0
Sudan	Agriculture Total IBRD	5.0 5.0		- -		- -	Farming II Total IDA	11.3 IDA 11.3	Highway Maint. Irrigation Total IDA	7.0 IDA 42.0 IDA 49.0	DFC (IBS I) Railways III Ag. Rehab. Total IDA	4.0 IDA 24.0 IDA 10.7 IDA 38.7	Education II * Power II * Total IDA	10.0 IDA 23.0 IDA 33.0
Syria		- - -		- - -		- - -	Highways II Total IDA	13.8 IDA - 13.8	Water Supply Total IDA	15.0 IDA - 15.0	Power Balikh Irrig. Total IBRD Total IDA	25.0 63.0/10.0 IDA 88.0 10.0	Power II * Total IBRD	60.0 60.0
Tunisia	Ports Water Supply Railways Highways Eng. Total IBRD Total IDA	8.5 15.0 8.5/8.5 IDA 0.8 32.8 8.5	Industry (SNI) Water Supply Total IBRD Total IDA	10.0 10.5 IDA - - 10.0 10.5	Gas Pipe Roads Population Total IBRD Total IDA	7.5 24.0 4.8 IDA - 31.5 4.8	Industry (SNI) Ag. Credit Power Tourism Fisheries Total IBRD Total IDA	10.0 5.0/3.0 IDA 12.0 14.0/10.0 IDA 2.0 IDA 41.0 15.0	Industry (SNI) Total IBRD Total IDA	14.0 - - - - 14.0 -	Hotel Training Water Supply Urbanization Total IBRD Total IDA	5.6 23.0 11.0/7.0 IDA - - 39.6 7.0	Irrigation Rehab. Phosphate BDET VI * Education III * Urban Sewerage Total IBRD Total IDA	12.2 23.3 15.0 7.0 28.0 85.5 -
Yemen AR		- -		- -		- -	Highway Total IDA	7.7 IDA 7.7	Ag./Irrigation Total IDA	10.9 IDA 10.9	Education Sana Water Supply Small Industry Total IDA	11.0 IDA 6.25 IDA 2.3 IDA 19.55	Ag. S. Uplands * Highways II * Hodeida Water Supply * Total IDA	10.0 IDA 6.0 IDA 8.0 IDA 24.0
Yemen PDR		- -		- -	Highway Total IDA	1.6 IDA 1.6		- -	Highways Eng. Fisheries Dev. Total IDA	0.6 IDA 3.5 IDA 4.1		- - -	Highways III * Education I Fisheries Supplement Total IDA	15.0 IDA 5.4 IDA 1.6 IDA 22.0
IBRD IDA TOTAL		52.9 12.1 64.9		78.3 43.8 122.1		76.5 15.7 92.2		120.4 115.6 236.0		230.1 164.6 394.7		429.55 134.05 563.60		391.0 186.5 577.5

* Project being processed; Board Presentation expected during FY75.

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Table 3: LENDING PROGRAM BY COUNTRY, FY64-78
(Million U.S. Dollars)

Country	IBRD/IDA	1964	1965	1966	1967	1968	Total 1964-68	1969	1970	1971	1972	1973	Total 1969-73	1974	1975	1976	1977	1978	Total** 1974-78
1. Bahrain	IBRD	(1) 20.5	-	-	-	-	(1) 20.5	-	-	-	-	(2) 24.5	(2) 24.5	(3) 157.5	(2) 43.0	(5) 193.0	(5) 17[illegible]	(5) 150.0	(20) 7[illegible]3.5
2. Egypt	IBRD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1) 4.0	(2) 25.00	(1) 15.0	(4) [illegible]
3. Egypt	IBRD IDA	- -	- -	- -	- -	- -	- -	- -	(1) 26.0	-	(1) 30.0	(3) 51.2	(5) 107.2	(4) 43.9	(4) 157.5 (2) 65.0 (5)*	(4) 150.0 (1) 65.0	(4) 165.0 (1) 65.0	(3) 155.0 (2) 90.0	(15) 627.5 (10) 325.9 (24)*
4. Iraq	IBRD	-	-	-	(1) 23.0	-	(1) 23.0	-	-	-	(2) 40.4	(2) 60.0	(4) 100.4	-	-	-	-	-	-
5. Jordan	IBRD IDA	- (2) 6.5	- -	- -	- (1) 3.0	- -	- (3) 9.5	- -	- -	(1) 6.0	- (1) 5.4	- (2) 18.9	- (4) 30.3	- -	- (3) 14.5	(1) 20.0 (1) 5.0	(1) 25.0 (1) 3.0	(1) 12.0 (1) 5.0	(3) 57.0 (6) 27.5
6. Kuwait		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Lebanon	IBRD	-	-	-	-	-	-	-	-	-	-	(2) 39.6	(2) 39.6	-	-	(1) 15.0	(1) 25.0	(1) 25.0	(3) 65.0
8. Libya		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mauritania	IBRD IDA	- (1) 6.7	- -	- -	- -	- -	- (1) 6.7	- (1) 3.0	- -	- -	- (1) 4.2	- (1) 2.5	- (3) 9.7	- (2) 4.9	- (2) 7.0	- (1) 4.0	- (1) 4.0	- (2) 14.0	- (3) 33.9
10. Morocco	IBRD IDA	- -	(1) 17.5 -	(2) 27.5 (1) 11.0	- -	- -	(3) 45.0 (1) 11.0	(1) 15.0 -	(3) 68.3 (1) 7.3 (3)*	(2) 45.0 -	(2) 39.0 (2) 18.5 (3)*	(2) 72.0 -	(10) 239.3 (3) 25.8 (11)*	(4) 136.0 -	(2) 45.0 (1) 10.0	(4) 90.0 -	(5) 100.0 -	(5) 110.0 -	(20) 481.0 (1) 10.0
11. Oman	IBRD	-	-	-	-	-	-	-	-	-	-	-	-	(2) 8.45	-	(1) 6.0	(3) 11.0	(1) 5.0	(7) 30.45
12. Qatar		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Saudi Arabia		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Somalia	IDA	-	(1) 7.5	-	-	(1) 2.7	(2) 10.2	(1) 0.6	-	(1) 3.3	(1) 9.7	(1) 13.0	(4) 26.6	(1) 10.0	(2) 11.0	(3) 15.0	(1) 6.0	(2) 11.0	(9) 53.0
15. Sudan	IBRD IDA	- -	- -	(1) 31.0 -	- -	(1) 24.0 (1) 8.5	(2) 55.0 (1) 8.5	(1) 5.0 -	- -	- -	- (1) 11.3	- (2) 49.0	(1) 5.0 (3) 60.3	- (3) 38.7	- (2) 33.0	- (3) 32.0	- (4) 32.0	- (3) 50.0	- (15) 155.7
16. Syria	IBRD IDA	- (1) 8.5	- -	- -	- -	- -	- (1) 8.5	- -	- -	- -	- (1) 13.8	- (1) 15.0	- (2) 28.8	(2) 88.0 (1) 10.0 (2)*	(1) 60.0 -	(2) 40.0 -	(3) 85.0 -	(4) 90.0 -	(12) 363.0 (1) 10.0 (12)*
17. Tunisia	IBRD IDA	(1) 7.0 -	- -	(1) 5.0 -	(2) 12.0 (2) 19.0 3*	(1) 10.0 -	(5) 34.0 (2) 19.0 6*	(4) 32.8 (1) 8.5 (4)*	(1) 10.0 (1) 10.5	(2) 31.5 (1) 4.8	(4) 41.0 (3) 15.0 (5)*	(1) 14.0 -	(12) 129.3 (6) 38.8 (15)*	(3) 39.6 (1) 7.0 (3)*	(5) 85.5 -	(4) 60.0 -	(3) 40.0 -	(4) 50.0 -	(19) 275.1 (1) 7.0 (19)*
18. United Arab Emirates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Yemen AR	IDA	-	-	-	-	-	-	-	-	-	(1) 7.7	(1) 10.9	(2) 18.6	(3) 19.55	(3) 24.0	(2) 16.0	(3) 16.0	(3) 22.0	(14) 97.55
20. Yemen PDR of	IDA	-	-	-	-	-	-	-	-	(1) 1.6	-	(2) 4.1	(3) 5.7	-	(3) 22.0	(2) 6.0	-	(2) 9.0	(7) 37.0
	IBRD	(2) 27.5	(1) 17.5	(4) 63.5	(3) 35.0	(2) 34.0	(12) 177.5	(6) 52.8	(4) 78.3	(4) 76.5	(8) 120.4	(9) 230.1	(31) 558.1	(14) 429.55	(14) 391.0	(23) 578.0	(27) 646.0	(25) 642.0	(103) 2636.55
	IDA	(4) 21.7	(1) 7.5	(1) 11.0	(3) 22.0	(2) 11.2	(11) 73.4	(3) 12.1	(3) 43.8	(4) 15.7	(12) 115.6	(13) 164.6	(35) 351.9	(15) 134.05	(18) 18[illegible].5	(13) 143.0	(11) 12[illegible]	(15) 2[illegible]	([illegible]) [illegible].55
	TOTAL	(6) 49.2	(2) 25.0	(5) 74.5	(5)* 57.0	(4) 45.2	(22)* 250.9	(8)* 64.9	(6)* 122.1	(8) 92.2	(17)* 236.0	(22) 394.7	(61)* 909.9	(27)* 563.60	(31)* 577.5	(36) 721.0	(38) 772.0	(40) 843.0	(172)* 3477.10

* [Numb]er of Projects (some are IBRD and IDA Credit).
** 1-½ Actual, 3-½ years estimated.

EMENA Region
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Table ~~4~~ 3. SUMMARY OF LENDING PROGRAM BY COUNTRY, FY64-78

(In million U.S. Dollars)

	Country	IBRD/IDA	1964-68 No. of Projects (Actual)	1964-68 Amount	1969-73 No. of Projects (Actual)	1969-73 Amount	1974-78 No. of Projects (1-½ Years Actual & 3-½ Years Est.)	1974-78 Amount
1.	Algeria	IBRD	1	20.5	2	24.5	20	743.5
2.	Bahrein	IBRD	-	-	-	-	4	44.0
3.	Egypt	IBRD	-	-	-	-	15	627.5
		IDA	-	-	5	107.2	10 24*	328.9
4.	Iraq	IBRD	1	23.0	4	120.4	-	-
5.	Jordan	IBRD	-	-	-	-	3	57.0
		IDA	3	9.5	4	30.3	6	27.5
6.	Kuwait		-	-	-	-	-	-
7.	Lebanon	IBRD	-	-	2	39.6	3	65.0
8.	Libya		-	-	-	-	-	-
9.	Mauritania	IBRD	-	-	-	-	-	-
		IDA	1	6.7	3	9.7	8	33.9
10.	Morocco	IBRD	3	45.0	10	239.3	20	481.0
		IDA	1	11.0	3 11*	25.8	1	10.0
11.	Oman	IBRD	-	-	-	-	7	30.45
12.	Qatar		-	-	-	-	-	-
13.	Saudi Arabia		-	-	-	-	-	-
14.	Somalia	IDA	2	10.2	3	26.0	9	53.0
15.	Sudan	IBRD	2	55.0	1	5.0	-	-
		IDA	1	8.5	3	60.3	15	185.7
16.	Syria	IBRD	-	-	-	-	12	363.0
		IDA	1	8.5	2	28.8	1 12*	10.0
17.	Tunisia	IBRD	5	34.0	12	129.3	19	275.1
		IDA	2 6*	19.0	6 15*	38.8	1 19*	7.0
18.	United Arab Emirates		-	-	-	-	-	-
19.	Yemen Arab Republic	IDA	-	-	2	18.6	14	97.55
20.	Yemen, P.D.R. of	IDA	-	-	3	5.7	7	37.0
		TOTAL	22 *	250.9	60 *	909.3	172 *	3477.10
		IBRD	12	177.5	31	558.1	103	2686.55
		IDA	11	73.4	34	351.6	72	790.55

* Number of Projects (some are IBRD and IDA Credit).

EMENA Region
February 18, 1975

Table 4

International Finance Corporation
Statement of Loan and Equity Investments to Arab Countries
June 30, 1974 (From 1974 Annual Report)
Expressed in United States Dollars (in thousands)

COUNTRY and Obligor	Type of business	Fiscal years in which commitments were made	Investments held for the Corporation (including undisbursed balances)		
			Loans	Equity	Total loans and equity (at cost)
JORDAN					
Jordan Ceramic Industries Co., Ltd.	Ceramics	1974	1,350	222	1,572
LEBANON					
Lebanese Ceramic Industries Co., S.A.L.	Ceramic tiles	1971	678	-	678
MAURITANIA					
Societe Miniere de Mauritanie	Copper mining	1968	8,217	724	8,941
MOROCCO					
Banque Nationale pour de Developpement Economique	Development financing	1963	-	985	985
Compania Industrial del Lukus, S.A.	Food processing	1966	290	398	688
		TOTAL	290	1,383	1,673
SUDAN					
Khartoum Spinning and Weaving Company, Ltd.	Textiles	1964, 1972	260	273	533
TUNISIA					
NPK - Engrais, S.A.T.	Fertilizers	1963	-	1,149	1,149
Banque de Developpement Economique de Tunisie	Development financing	1966, 1970	-	1,208	1,208
Compagnie Financiere et Touristique, S.A.	Tourism financing	1969	6,843	2,248	9,091
Societe Touristique et Hoteliere Rym, S.A.	Tourism	1973	1,632	297	1,929
Societe d'Etudes et de Developpement de Sousse-Nord	Tourism	1973	-	38	38
Industries Chimiques du Fluor, S.A.	Chemicals	1974	-	648	648
		TOTAL	8,475	5,588	14,063

February 14, 1975

IFC Loan and Equity Investments to Arab Countries
since June 30, 1974

A. Approved in FY 1975

			------(\$ thousands)----- Loan	Equity	Total
SUDAN					
Cotton Textile Mills (CTM)	Textiles	1975	16,000	1,100	17,100
(\$16.0 million loan includes participations. Net IFC loan would be around \$7.0 million)					

B. Pending in FY 1975

EGYPT	Ceramics
JORDAN	Fertilizer
TUNISIA	Tourism (Expansion of 1973 Sousse-Nord Project)

Table 6 : ECONOMIC AND SECTOR MISSIONS TO ARAB COUNTRIES, FY69-73; FY74 & FY75

	1969	1970	1971	1972	1973	Five Year Total 1969-1973	1974	1975 *
1. Algeria	-	-	EB	-	EU	2	SP	EU
2. Bahrein	-	EB	-	-	-	2	EB	-
3. Egypt	-	EB	EU	S	S,EU	6	SP	S,EU S,SP
4. Iraq	-	-	EU EU	-	- -	1	EU	-
5. Jordan	EB	-	EU	-	EU	3	-	EU
6. Kuwait	-	-	-	S	-	1	-	-
7. Lebanon	EU	EU	EU	-	EU	4	-	EU
8. Libya	-	-	-	-	-	-	-	-
9. Mauritaina	-	-	EB	-	-	1	EU	-
10. Morocco	EU	EB	EB	EB,S S,EU	EU	8	EU, S	-
11. Oman	-	-	-	-	EU S	2	EU	EU
12. Qatar	EB	-	-	-	-	1	-	I
13. Saudi Arabia	-	-	-	S	-	1		S
14. Somalia	-	-	EU	EU	-	2	-	EU
15. Sudan	-	EB	-	EB SP	-	3	S,S	S
16. Syria	-	-	-	EU S	EU S	4	-	EU
17. Tunisia	EB	EB SP	EB	EU	EU	6	EB S	EU S SP
18. United Arab Emirates	EB	-	-	-	-	1	-	I
19. Yemen Arab Republic	-	EB	EU	EU	EU, S S	6	-	EU
20. Yemen, PDR of	-	EB	EU	-	EU S S	5	-	EU
						59		

EB = Economic Mission - basic
EU = Economic Mission - Updating
S = Sector Mission -
SP Economic Mission - Special
I Introductory (First)
* ½ year actual; ½ year estimated

EMENA Region
February 18, 1975

D

CAPITAL REQUIREMENTS OF DEVELOPING COUNTRIES:

Highlights of the Forthcoming Analysis to be Presented to the Board in April 1975

As the work on this document has started only in the last week, no specific new projections are yet available . It is not possible at this stage, to do more than indicate comparisons with the presentation in R477.

1. Growth in the Industrial Countries: (Table I) The projection in R477 for real growth in the OECD countries distinguished two alternatives, but the higher one (1973-80 average annual rate of 4.7 percent) was given clear preference. Our own analyses suggest that "potential growth" could be quite strong; because the recession is likely to be deeper and longer than seen in R477, potential growth in 1973-80 would average about 4.1 percent, even with very rapid recovery in 1976 and sustained high growth thereafter. However, we agree with the OECD staff in the judgement that the policy choices in a situation of deep recession combined with high inflation rates, substantial balance of payments deficits and international borrowing needs are exceedingly difficult. The policy mix required to achieve the full growth potential seems therefore unlikely to be implemented. Slower recovery, leading to an assumed average growth of only 3.1 percent per annum in the 1973-80 period, thus appears equally probable.

2. Inflation in the Industrial Countries: (Table II) The projection in R477 is not substantially revised and current projections of the OECD staff tend to support our own earlier assertion that inflation would continue at its present rate through 1975, abating only gradually to about 7 percent per year around 1980. Slower real growth in OECD countries may not lead to lower rates of inflation; some factors could even lead to less abatement of inflation if the recovery is slow.

3. Supply and Demand of Energy and Oil: In R477 the average 1974 price of oil (Saudi Arabian Light) was assumed to be \$8.65 per barrel; in fact, that 1974 price averaged \$9.80 per barrel. Present estimates indicate a current price of about \$10.50 per barrel, equivalent to \$9.40 in 1974 dollars and thus involving a slight (4 percent) reduction of the "real" price of oil. This appears to result from slower growth of energy demand which itself reflects the recession and relatively mild weather in OECD countries. Stockpiling in 1974 added to OPEC exports of oil; the continued recession and full use of storage capacity could result in a decline of OPEC export volumes in 1975 as compared to 1974. Even so, supply adjustments by OPEC countries would remain within a feasible range and oil prices could therefore be maintained. Our demand estimates for oil from OPEC in 1980 do not, at this time, differ much from those in R477; the effect of lower real growth in OECD countries is partially offset by slower substitution for imported oil. (We tend to the view that the substitution possibilities seen in R477, which were taken from the OECD's analysis, may have been optimistic.)

The impact of these factors on OPEC exports and on its ability to maintain the present oil price may, on balance, suggest some weakening of OPEC's position. But the deviations from R477 appear rather small. Tables IIIa and IIIb show the preliminary estimates of oil and energy balances.

4. Oil Prices: (Table IV) The choice of a lower price alternative at \$7.00 per barrel (in 1974 dollars), set at the marginal cost of producing alternatives to imported oil, still therefore appears to be realistic. The new projections will be based on a high oil price of \$9.40 maintained in 1974 dollars through 1980 and a lower alternative which declines about 6.0 percent per year after 1975 reaching \$7.00 (in 1974 dollars) in 1980. Given the present inflation assumptions, the lower alternative is roughly equivalent to a 2 percent annual increase in the normal price of oil through 1980.

5. Prices of Other Primary Commodities: (Table V) Preliminary indications are that mainly as a consequence of the deeper recession, prices of primary commodities exported by developing countries will decline more substantially in 1975 than was projected in R477. However, prices of primary commodities imported by developing countries (grains, sugar) may rise somewhat further; this applies also to imported intermediate goods (fertilizers, steel). Combined with the effect of inflation on prices of imported manufactures, this suggests a significant further deterioration of the terms of trade for developing countries in 1975 in addition to that already experienced in 1974. Slower growth in OECD countries through 1980 suggests that primary commodity prices may fall further, or at best stabilize at lower levels after 1975. This would imply that the purchasing power of primary goods exports would be reduced below their level of the 'sixties; R477 projected a return to about the level of the 'sixties after 1976.

6. The Volume of International Trade: Recession in the OECD countries and the uncertainties regarding their long term real growth prospects affect volumes of trade, reducing the volumes of their imports from developing countries. Positive action following from the multilateral trade negotiations under GATT, and from the new EEC association agreements, may ameliorate these reduced rates of export growth for developing countries, but the effects of these will not be very significant before 1980. Particularly vulnerable are developing countries' exports of manufactured goods, which consist largely of consumer goods; higher income developing countries may be hurt in this area, especially by protective measures taken in industrial countries experiencing relatively high levels of unemployment.

7. OPEC Balance of Payments Prospects: (Table VI) The major change from R477 is the higher projection for imports of OPEC countries, and the consequent reduction of surplus resources accumulating through their balances of payments. The cumulative current account surplus of all OPEC countries in 1980 was estimated at \$653 billion (\$411 billion in 1974 dollars) in R477; a preliminary revision reduces this to about \$400 billion (close to \$250 billion in 1974 dollars). More than 80 percent will be in the hands of the low absorbers (Saudi Arabia, Kuwait, Qatar, Libya and the United Arab Emirates (see Table VII); by 1980 the other members of OPEC will already be in deficit, thus reducing their reserves and investments abroad.

8. Supply of Capital from OPEC: The accumulated current account surpluses of countries other than the low absorbers (Groups II and III in R477) will amount in 1980 to some \$75 billion, equivalent to about 6-7 months'

imports. It is reasonable to assume that these countries will hold at most half of this total in liquid form, as foreign-exchange reserves, and the other half in interest-bearing medium-term investments (maturities of up to 5 years). These countries' long-term investments in stocks, bonds, real estate and participations are therefore likely to be relatively small; in any case they will decline over time. Investments in U.S. Treasury bonds, the IMF oil facility and medium-term credits associated with oil exports to other developing countries are, one would expect, among the most attractive possibilities to these countries.

The low absorbers (Group I in R477) will accumulate surpluses which will continue to rise in current dollars through 1980, the average annual increment should be around $45 billion. These annual surpluses may begin to decline somewhat in the years after 1980 and may disappear around 1985, by that time, the accumulation may total some $500 billion in current dollars, out of which at most 10 percent needs to be held in liquid form. This suggests a concentration in long-term investment opportunities, including participations and other direct investments, with maturities of 10-20 years or longer. Data collected so far on flows of OPEC resources through 1974 are shown in Table VIII.

On the basis of commitments of funds to developing countries in 1974 a possible scenario of capital supplies from OPEC will be formulated; it will take into account the distribution of lending by terms and by destination (income groups of countries). Account must also be taken of the possibility that some countries will receive more than reasonably needed for attainable rates of growth, this would reduce availabilities of such capital for other countries.

9. <u>Supply of Capital from OECD</u>: Evidence available at present tends to confirm estimates of the supply of concessionary assistance from DAC members as presented in R477 (case B); price increases appear to result in faster disbursements in 1974 and 1975, but commitments do not seem to have changed appreciably from earlier estimates. The paper will address itself in more detail than presented in R477 to capital flows by types, particularly within the category of concessionary capital. Because the paper will focus on the need for resources to finance imports, flows which represent technical assistance will be excluded, and budget support will be separately identified. Possible shifts in the geographic distribution of concessionary capital and the scope for debt relief will be treated explicitly. Our present estimates of capital flows from DAC countries to the developing countries for 1973-1975 are shown in Table IX.

10. <u>Private Capital from National and International Markets</u>: (See also Table IX) The IMF study on access of developing countries to capital markets will provide some leads, together with assessments of the possible evolution of the markets and the capacity of borrowing countries to assume larger debt burdens. The most likely outcome of this exercise is some reduction of the amounts (in terms of net capital flows) which developing countries can obtain from these sources as compared to the estimates of R477.

11. Growth Prospects of Developing Countries: (Table X) The length and depth of the recession suggest a presentation of growth projections for two successive periods, 1973-76 and 1976-80. The first period covers the full impact of the recession and the changes in international prices; the second presents alternative growth paths under conditions of either fast or slow recovery in the OECD countries.

(a) Higher/middle income countries: Per capita income growth in 1973-76 was projected in R477 at 3.1 percent per year, but would under present conditions be less than 1.0 percent per year. However, this is predicated on the assumption that these countries limit their international borrowing to levels projected in R477. The scattered information available at present indicates that at least in 1974 growth rates have been more or less maintained though heavy additional borrowing which cannot remain without consequences for their creditworthiness. A higher rate of 4.3 percent for 1976-80 projected in R477 can still be achieved, if creditworthiness of these countries can be maintained.

(b) Lower income countries: Per capita income growth in 1973-76 was estimated in R477 at 0.2 percent per year, but will now show a decline of up to 2.0 percent per year. The projected rate of 1.5 percent per year for 1976-80 projected in R477 remains attainable.

12. Capital Requirements for Higher Growth: It should be emphasized that hardly any action to increase capital flows during 1975 will make a significant difference for the projected 1973-76 growth rates. The real losses of this period can, to some extent, be made up in subsequent years, but a strong recovery in OECD countries would be a means of achieving this which is preferable to augmenting capital flows. However, this compensation of earlier growth losses by later growth acceleration appears to be mainly available to the higher and middle income countries, not to the lower income countries. For the latter, additional concessionary flows would be required to make up for the decline of per capita incomes between 1973 and 1976. On the basis of crude elasticities implicit in the alternatives presented in R477, it seems that concessionary assistance (net) in 1980 would have to be about $14.5 billion (rising from $2.8 billion in 1973); this is about $2.5 billion more than is shown in R477. This does not take account of possible needs of other than the lower income countries; limits to those countries' borrowing capacity and the desirability of maintaining their growth rates may require even larger amounts of concessionary assistance.

13. Characteristics of Projected Capital Flows: Work on the purchasing power of capital flows, debt service and creditworthiness implications and the composition of these flows by terms categories and by origins has barely started. A necessary addition to the previous work for R477 will be an analysis of the implications of net capital flow requirements in the years through 1980 for the levels of nominal commitments of capital in the early years (1975 and 1976 particularly).

Attachments:

Table I: OECD Growth Rates
Table II: Projected Inflation Rates
Table IIIa: Energy Balance
Table IIIb: Oil Balance
Table IV: Oil Prices
Table V: Primary Commodity Prices
Table VI: OPEC Balance of Payments
Table VII: OPEC Surplus Accumulation
Table VIII: OPEC Capital Flows 1970-1974
Table IX: Capital Flows 1973-1975
Table X: LDC Growth Prospects

Table I: OECD Growth Rates
(percent per annum)

	North America		Japan-Oceania		Western Europe		OECD Total	
	High	Low	High	Low	High	Low	High	Low
1973	6.0	6.0	9.5	9.5	5.3	5.3	6.3	6.3
1974	-1.4	-1.4	-2.1	-2.1	2.6	2.6	0.0	0.0
1975	-1.2	-1.2	2.1	2.1	1.7	1.7	0.3	0.3
1976	4.0	2.5	7.5	7.5	4.5	2.2	4.7	3.0
1977	7.0	4.5	7.0	7.0	6.5	4.2	6.8	4.7
1978	6.5	4.5	7.0	7.0	5.5	4.2	6.2	4.7
1979	5.7	4.5	7.0	7.0	4.2	4.2	5.5	4.7
1980	5.0	4.5	7.0	7.0	4.7	4.2	5.2	4.7
1973-76	0.4	-0.1	2.4	2.4	2.9	2.2	1.7	1.1
1976-80	6.0	4.5	7.0	7.0	5.4	4.2	5.9	4.7
1973-80	3.6	2.5	5.0	5.0	4.2	3.3	4.1	3.1

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Table II: PROJECTED INFLATION RATES[1/]
(US dollars, 1967-69=100)

Calendar Years	GNP Deflators Index	GNP Deflators Percentage Changes[2/]	Export Prices of Investment Goods Index	Export Prices of Investment Goods Percentage Changes[2/]
1973	148.2	12.7	144.4	13.4
I	143.5	13.6	139.2	10.2
II	152.8	13.4	149.5	15.3
1974	162.6	9.7	164.8	14.2
I	158.0	6.9	159.4	13.7
II[e/]	167.3	12.1	170.2	14.0
1975	181.3	11.5	184.1	11.7
I	176.8	11.7	179.6	11.4
II	185.8	10.4	188.6	10.3
1976	199.1	9.8	202.1	9.8
1977	216.0	8.5	219.3	8.5
1978	233.3	8.0	236.8	8.0
1979	250.8	7.5	254.6	7.5
1980	268.4	7.0	272.4	7.0
1985	376.4	7.0	382.1	7.0

e/ estimated.

1/ The national currency increases in GNP deflators of the six major OECD countries are first converted to changes expressed in US dollars using the average exchange rates over the period in question. The GNP weighted average is given in this table. The same procedure is applied in the construction of the index of those countries' export prices of investment goods, except that it is an export weighted average of the five countries from which up to date data is available.

2/ From previous period at annual rate.

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Table IIIA: CONSUMPTION AND IMPORTS OF PRIMARY ENERGY IN OECD COUNTRIES, 1973, 1980, & 1985

	1973	1980		1985	
		Case I	Case II	Case I	Case II
Persian Gulf Prices (in 1974-US dollars)	3.10	9.40	7.00	9.40	7.00
	---------(million tons of oil equivalent)-----------				
Primary Energy Consumption					
Oil	1,945	2,320	2,480	2,350	2,530
Non-oil	1,510	1,800	1,770	2,605	2,580
Total	3,455	4,120	4,250	4,955	5,110
Primary Energy Net Imports					
Oil	1,225	1,280	1,440	1,055	1,350
Non-oil	40	110	140	180	200
Total	1,265	1,390	1,580	1,235	1,550

Source: Bank estimate based on SIMRICH preliminary results, including Australia and New Zealand.

Note: The two cases illustrate growth of oil and other primary energy forms at energy prices associated with different f.o.b. export prices (in 1974-US dollars) of crude oil: \$9.40 per barrel in Case I and \$7.00 in Case II (Arabian Light f.o.b. Ras Tanura).

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Table IIIB: OIL BALANCE
(in millions of metric tons)

	1973	1974	1980 Case I	1980 Case II	1985 Case I	1985 Case II
WORLD OIL CONSUMPTION			(9.40)	(7.00)	(9.40)	(7.00)
United States	815		930	1000		
Canada	84		105	110		
Western Europe	748		850	910		
Japan	267		400	420		
Australia/N.Z.	32		35	40		
Total OECD	1946		2320	2480	2350	2530
Other Developed Countries	32		65	70	90	100
Developing: Non-OPEC	306		435	440	570	610
OPEC	48		95	95	155	155
Increase in Stocks	71		30	40	20	25
Total	2403		2945	3145	3185	3420
WORLD OIL PRODUCTION						
Inited States	517		680	680	810	740
Canada	102		115	115	160	145
Western Europe	23		220	220	290	275
Japan	1		1	1	5	5
Australia/N.Z.	18		24	24	30	25
Total OECD	661		1040	1040	1295	1180
Centrally Planned E omics (Net Exports)	44		-	-		
Developing: Non-OPEC	188		300	300	525	455
OPEC	1510		1605	1805	1365	1785
Total	2403	2445	2945	3145	3185	3420

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Table IV: OIL PRICES
(US dollars per barrel)

	Current Prices	Constant 1974 prices
1973	$2.69	3.03
1974	9.78	9.78
1975	10.46	9.40
Case I (constant real price):		
1976	11.48	9.40
1977	12.46	9.40
1978	13.45	9.40
1979	14.46	9.40
1980	15.58	9.40
1985	21.71	9.40
Case II (decline in real price):		
1976	10.88	8.87
1977	11.14	8.37
1978	11.34	7.89
1979	11.50	7.44
1980	11.57	7.00
1985	16.25	7.00

Prices are for Saudi Arabian Light crude oil 34° f.o.b. Ras Tanura.

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Table V: PRIMARY COMMODITY PRICES , 1974, 1975 AND 1980 *

(1967-69 = 100)

	Current $			1974 Constant $		
	1974	1975	1980	1974	1975	1980
36 Commodities (including petroleum)	470.0	491.8	687.7 (H) 553.8 (L)	470.0	440.3	417.2 (H) 335.0 (L)
35 Commodities (excluding petroleum)	237.2	231.5	276.7	237.2	207.3	167.4
Agriculture	252.5	249.6	280.0	252.5	223.5	169.4
i) Agricultural Food	275.4	280.4	271.8	275.4	251.0	164.4
a) Basic Foods/1	386.6	402.7	314.5	386.6	360.5	190.3
b) Beverages /2	179.3	173.0	242.8	179.3	154.9	146.9
c) Fruits	126.7	126.1	175.8	126.7	112.9	106.4
ii) Agriculture Non-Food	198.8	179.0	272.3	198.8	160.3	164.7
Timber	228.5	209.7	422.0	228.5	187.7	255.3
Metals, Minerals and Oils	195.7	182.1	267.6	195.7	163.0	161.9

* Weighted by the value of exports of developing countries in 1967-69.

/1 Cereals, sugar, beef, fats and oils, fishmeal and soybean meal.

/2 Cocoa, coffee, tea.

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Table VI: OPEC BALANCE OF PAYMENTS

(in billions of current US$ and 1974 exchange rates)

	[illegible] 94/77			IBRD (Jan. 1975)		
	1974 (implied)	1975	1980	1974	1975	1980
All OPEC						
Exports of Goods, NFS	121.0	[illegible]	210.0	123.0	130.5	208.3
Oil	113.8	[illegible]	186.0	115.8	121.5	184.3
Other (incl. NFS)	7.2	[illegible]	24.0	7.2	9.0	24.0
Imports of Goods, NFS	36.0	[illegible]	140.0	46.0	66.0	188.0
Resource Balance	85.0	[illegible]	70.0	77.0	64.5	20.3
Factor Service Payments (net)	0.5	5.0	37.0	0.5	6.0	28.0
-Investment Income	4.5	[illegible]	42.0	4.5	11.0	33.0
-Other	- 4.0	[illegible]	- 5.0	- 4.0	- 5.0	- 5.0
Current Account Balance	85.5	[illegible]	107.0	77.5	70.5	48.3
Less: Adjustments, Errors /a	-21.5	-	-	-16.2	-12.1	-
Adjusted Current Account Balance	64.0	[illegible]	107.0	61.3	58.4	48.3
Group I						
Exports of Goods, NFS	54.3	[illegible]	88.0	58.5	61.8	88.7
Oil	52.3	[illegible]	83.0	56.5	59.8	83.7
Other (incl. NFS)	2.0	2.0	5.0	2.0	2.0	5.0
Imports of Goods, NFS	9.0	[illegible]	29.0	14.0	21.0	55.0
Resource Balance	45.3	[illegible]	59.0	44.5	40.8	33.7
Factor Service Payments (net)	- 0.5	[illegible]	27.0	- 0.5	3.2	22.0
-Investment Income	2.5	[illegible]	32.0	2.5	6.2	27.0
-Other	- 3.0	[illegible]	- 5.0	- 3.0	- 3.0	- 5.0
Current Account Balance	44.8	[illegible]	86.0	44.0	44.0	55.7
Less: Adjustments, Errors /a	- 9.9	-	-	- 7.5	- 5.6	-
Adjusted Current Account Balance	34.9	[illegible]	86.0	36.5	38.4	55.7
Groups II and III						
Exports of Goods, NFS	66.7	[illegible]	122.0	64.5	68.7	119.6
Oil	61.5	[illegible]	103.0	59.3	61.7	100.6
Other (incl. NFS)	5.2	[illegible]	19.0	5.2	7.0	19.0
Imports of Goods, NFS	27.0	[illegible]	111.0	32.0	45.0	133.0
Resource Balance	39.7	[illegible]	11.0	32.5	23.7	-13.4
Factor Service Payments (net)	1.0	3.0	10.0	1.0	2.8	6.0
-Investment Income	2.0	[illegible]	10.0	2.0	4.8	6.0
-Other	- 1.0	- 2.0	-	- 1.0	- 2.0	-
Current Account Balance	40.7	[illegible]	21.0	33.5	26.5	- 7.4
Less: Adjustments, Errors /a	-11.6	-	-	- 8.7	- 6.5	-
Adjusted Current Account Balance	29.1	[illegible]	21.0	24.8	20.0	- 7.4

/a Trade data are based on shipments; cash payments, particularly for exported oil, show a lag of 3-6 months. The current account balance therefore overstates the accumulation of investable finance in periods of sharply rising prices.

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Table VII : OPEC SURPLUS ACCUMULATION

(in billions of current US dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Saudi Arabia								
Accumulative Surplus	7.9	30.5	58.3	89.1	122.8	159.9	200.7	245.4
Increase During Year		22.6	27.8	30.8	33.7	37.1	40.8	44.7
Kuwait								
Accumulative Surplus	4.5	10.6	16.3	22.0	27.9	33.5	38.7	42.6
Increase During Year		6.1	5.7	5.7	5.9	5.7	5.1	3.9
U.A.E.								
Accumulative Surplus	1.5	6.0	9.4	13.5	18.3	24.2	31.4	40.4
Increase During Year		4.5	3.4	4.1	4.8	5.9	7.2	9.0
Qatar								
Accumulative Surplus	.2	1.4	2.8	4.5	6.5	8.9	11.9	15.6
Increase During Year		1.2	1.4	1.7	2.0	2.[illegible]	3.0	3.7
Other OPEC Countries /1								
Accumulative Surplus	11.9	38.8	58.9	73.0	80.9	82.[illegible]	76.1	63.1
Increase in Year		26.9	20.1	14.1	7.9	1.[illegible]	-5.9	-13.0
Total OPEC Countries /1								
Accumulative Surplus	26.0	87.3	145.7	202.1	256.4	308.5	358.6	407.1
Increase in Year		61.3	58.4	56.4	54.3	52.2	50.2	48.3

/1 Excludes Gabon and Ecuador.

Note: Commercial credits represented by the normal three to six months lag between exports of and payments for petroleum are not included in the surplus. Otherwise, the surplus represents the projected balance on current accounts (before transfers). It thus is the amount available for direct investments, grants and increased lending as well as for additions to international reserves. Data in this table are consistent with the January 31, 1975 preliminary revision of the R-477 OPEC balance of payments projections. Detailed studies, using the latest information on 1974 results as well as incorporating revised assumptions on the near-term world economic environment, are now underway as part of the study of LDC capital requirements.

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Table VIII: OPEC CAPITAL FLOWS 1970-1974

Commitments/a	1970 U.S.$m.	1970 % of GNP	1971 U.S.$m.	1971 % of GNP	1972 U.S.$m.	1972 % of GNP	1973 U.S.$m.	1973 % of GNP	1974 U.S.$m.	1974 % of GNP	1975 U.S.$m.	1975 % of GNP	Undated U.S.$m.	Total 1970-75 U.S.$m.
Algeria:														
ODA - bilateral	1.1	.02	1.0	.02			22.0	.28	4.5	.05				28.8
- multilateral			13.5	.26	13.9	.23	20.6	.26	[illegible]	1.35				180.7
- total	1.1	.02	14.5	.28	13.9	.23	42.6	.54	[illegible]	1.40				209.3
Other - bilateral							2.4	.03						2.4
- multilateral							2.0	.03						2.0
- total							4.4	.06						4.4
TOTAL	1.1	.02	14.5	.28	13.9	.23	47.0	.60	13[illegible]	1.40				213.7
Bahrain:														
ODA - bilateral			3.2/b	2.29			1.0/b	.51						4.2
- multilateral			1.7	1.21	10.3	6.87	1.0	.51	3.[illegible]	1.46				16.0
- total			4.9	3.50	10.3	6.87	2.0	1.02	3.[illegible]	1.46				20.2
Other - bilateral														
- multilateral					2.0	1.33			1	.49				3.0
- total					2.0	1.33			1	.49				3.0
TOTAL			4.9	3.50	12.3	8.20	2.0	1.02	4	1.95				23.2
Iran:														
ODA - bilateral					2.4	.01	10.2	.04	2052	6.14	1.0			2071.6
- multilateral			32.0	.24	1.8	.01	1.6	.01	17[illegible]	.51				205.4
- total			32.0	.24	3.9	.02	11.7	.05	2223	6.65	1.0			2277.8
Other - bilateral									454	1.36				454.2
- multilateral	4.0	.06	1.0	.01	8.5	.05	3.0	.02	1063	3.18				1080.3
- total	4.0	.06	1.0	.01	8.5	.05	3.0	.02	1518	4.54				1534.5
TOTAL	4.0	.06	33.0	.25	12.4	.07	14.7	.07	37[illegible]	11.19	1.0			3812.3
Iraq:														
ODA - bilateral	11.6	.37	13.7	.39	2.0	.05			418[illegible]/c	4.86				445.4
- multilateral			25.5	.72	.5	.01	37.6	.70	16[illegible]	.19				80.0
- total	11.6	.37	39.2	1.11	2.5	.07	37.6	.70	434[illegible]	5.05				525.4
Other - bilateral					.3	.01			72[illegible]	.84				72.9
- multilateral														
- total					.3	.01			7[illegible]	.84				72.9
TOTAL	11.6	.37	39.2	1.11	2.8	.08	37.6	.70	507.[illegible]	5.90				598.6
Kuwait:														
ODA - bilateral	62.3/d	2.45	162.0/e	4.99	33.8	.89	374.5/f	7.70	340[illegible]/g	4.24			18.4	897.[illegible]
- multilateral			101.0	3.11	17.1	.45	20.3	.43	444[illegible]	5.53				583.[illegible]
- total	62.3	2.45	263.0	8.10	50.9	1.33	395.8	8.13	78[illegible]	9.78			18.4	1576.5
Other - bilateral			12.3	.38	46.9	1.23	93.8	1.93	467[illegible]	5.83			10.5	631.[illegible]
- multilateral	198.2	7.78	91.1	2.81	122.6	3.21	166.8	3.43	499[illegible]	6.22				1078.4
- total	198.2	7.78	103.4	3.19	169.5	4.44	260.6	5.35	96[illegible]	12.05			10.5	1709.7
TOTAL	260.5	10.23	366.4	11.29	220.4	5.78	656.4	13.49	175[illegible]	21.83			28.9	3286.2
Libya:														
ODA - bilateral	35.3/h	1.00	26.2	.84	12.3	.36	721.9/i	13.57	107[illegible]	1.34				899.1
- multilateral			40.6	1.31	51.0	1.50	41.1	.78	52[illegible]	6.84				659.[illegible]
- total	35.3	1.00	66.8	2.15	63.3	1.86	763.0	14.40	63[illegible]	8.19				1558.8
Other - bilateral					36.9	1.09	50.7	.96	11[illegible]	1.43			20.0	217.6
- multilateral	31.8	.90	(1.0)		10.0	.29	106.3	2.01	[illegible]	.02				148.6
- total	31.8	.90	(1.0)		46.9	1.38	157.0	2.96	111[illegible]	1.45			20.0	366.2
TOTAL	67.1	1.90	65.8	2.12	110.2	3.25	920.0	17.36	74[illegible]	9.64			20.0	1925.0
Nigeria:														
ODA - bilateral					3.0	.03			[illegible]	.01				4.4
- multilateral	40.0	.55			.5	.01	10.7	.09	[illegible]	.01				52.2
- total	40.0	.55			3.5	.04	10.7	.09	[illegible]	.02				56.6
Other - bilateral														
- multilateral	3.0	.04	1.0	.01	5.0	.05	1.0	.01	361.[illegible]	2.15				373.5
- total	3.0	.04	1.0	.01	5.0	.05	1.0	.01	36[illegible]	2.15				373.5
TOTAL	43.0	.59	1.0	.01	8.5	.09	11.7	.10	36[illegible]	2.17				429.1
Oman:														
ODA - bilateral			2.0/b	.75										2.0
- multilateral			6.5	2.44			4.4	1.07	3[illegible]	7.06				46.5
- total			8.5	3.19			4.4	1.07	3[illegible]	7.06				48.5
Other - bilateral														
- multilateral					2.0	.60	1.0	.24	59.1	11.59				62.1
- total					2.0	.60	1.0	.24	59.1	11.59				62.1
TOTAL			8.5	3.19	2.0	.60	5.4	1.31	95.1	19.65				111.[illegible]
Qatar:														
ODA - bilateral					1.3/b	.34	190.5/j	30.24	114.8/k	9.57				306.6
- multilateral			5.0	1.69	20.9	5.50	20.3	3.22	5[illegible]	4.93				105.4
- total			5.0	1.69	22.2	5.84	210.8	33.46	17[illegible]	14.50				412.0
Other - bilateral									11.0	.92				11.0
- multilateral	.1	.05	.3	.10	.1	.03			.1	.01				.6
- total	.1	.05	.3	.10	.1	.03			11.1	.93				11.6
TOTAL	.1	.05	5.3	1.79	22.3	5.87	210.8	33.46	18[illegible]	15.43				423.6
Saudi Arabia:														
ODA - bilateral	48.7/l	1.52	55.4/l	1.59	121.3/l	3.07	412.4/l/m	4.69	294[illegible]/l/n	18.42	10.0	.03		3594.5
- multilateral			19.9	.57	.8	.02	75.7	.86	68[illegible]	4.28				781.4
- total	48.7	1.52	75.3	2.16	122.1	3.09	488.1	5.55	3631.7	22.70	10.0	.03		4375.9
Other - bilateral					15.0	.38	28.2	.32	7[illegible]	.46				116.2
- multilateral	(2.5)				(2.0)		15.0	.17	211[illegible]	13.25				2125.8
- total	(2.5)				13.0	.37	43.2	.49	21[illegible]	13.71				2248.0
TOTAL	46.2	1.44	75.3	2.16	135.1	3.42	531.3	6.04	582[illegible]	36.41	10.0	.03		6623.9
Trinidad & Tobago:														
ODA - bilateral									20.0	1.54				20.0
- multilateral					9.8	.82								9.8
- total					9.8	.82			20.0	1.54				29.8
Other - bilateral									27.5	2.12				27.5
- multilateral							.5	.04	5.4	.42				5.9
- total							.5	.04	32.9	2.53				33.4
TOTAL					9.8	.82	.5	.04	52.9	4.07				63.2
United Arab Emirates:														
ODA - bilateral			16.3/o	2.37	41.0	4.72	821.1/o	37.32	136[illegible]/p	33.17	.8	.01		2239.3
- multilateral			16.9	2.46	15.4	1.77	145.5	6.61	1[illegible].9	4.63				367.7
- total			33.2	4.83	56.4	6.49	966.6	43.93	155[illegible]	37.80	.8	.01		2607.0
Other - bilateral					15.0	1.73			26[illegible].3	6.50				281.3
- multilateral							2.5	.11	19[illegible].6	4.87				202.1
- total					15.0	1.73	2.5	.11	46[illegible].9	11.36				483.4
TOTAL			33.2	4.83	71.4	8.22	969.1	44.05	201[illegible].9	49.17	.8	.01		3090.4
Venezuela:														
ODA - bilateral									35.0	.15				35.0
- multilateral			1.0	.01	13.6	.10	1.9	.01	[illegible]	3.46				812.4
- total			1.0	.01	13.6	.10	1.9	.01	8[illegible].9	3.61				847.4
Other - bilateral									7[illegible]	.30				70.0
- multilateral									108[illegible].4	4.74				1089.4
- total									115[illegible].4	5.04				1159.4
TOTAL			1.0	.01	13.6	.10	1.9	.01	199[illegible]	8.65				2006.8
GRAND TOTALS														
ODA - Bilateral	159.0		279.8		216.8		2554.0		740[illegible].9		11.8		18.4	10642.7
- Multilateral	40.0		263.6		155.6		381.1		306[illegible]					3901.7
- Total	199.0		543.4		372.4		2935.1		1046[illegible]		11.8		18.4	14544.4
Other - Bilateral			17.3		114.1		175.1		155[illegible]				30.5	1888.4
- Multilateral	234.6		92.4		148.2		298.1		540[illegible].4					6175.2
- Total	234.6		134.7		262.3		473.2		69[illegible].3				30.5	8063.1
TOTAL	433.6		678.1		634.7		3408.3		174[illegible]		11.8		48.9	22606.5

/a ODA includes flows for which terms are unknown, but the types of projects would probably attract ODA.
/b "Budget support" to Jordan.
/c Possibly includes "support assistance" to Syria - $50m.
/d Includes "budget support" to Jordan - $32.5m.
/e Includes "budget support" to Egypt - $117m.
/f Includes "10/73 war relief grant" to Egypt - $250m. and "budget support" to Jordan -$26.4m.
/g Includes "budget support" to Jordan - $18.9m.
/h Includes "budget support" to Jordan - $18.6m.
/i Includes "10/73 war relief grant" to Egypt - $200m.
/j Includes "10/73 war relief grant" to Egypt - $100m.
/k Includes $70m. for "10/73 war relief grant" to Syria.
/l Includes "Budget support" to Jordan - $41.5m. (1970); $47m. (1971); $63.6m. (1972); $44.7m. (1973), $43.5 (1974).
/m Includes "10/73 war relief grant" to Egypt - $100m.
/n Includes "reconstruction aid" to Egypt and Syria - $500 m. each and a special grant to Egypt of $100m.
/o Includes "budget support" to Jordan - $6.3m. (1971), $.5m (1973) and "10/73 war relief grant" to Egypt - $750m. (1973)
/p Includes "10/73 war relief grant" to Syria - $750m.

P & B
1/15/75

TABLE IX. CAPITAL FLOWS 1973-75
(US$ millions at current prices and exchanges rates)

		1973	1974	1975
1.	DAC Members	22,670	25,810	29,090
	ODA	9,410	10,630	11,920
	bilateral	7,190	8,080	9,210
	multilateral	2,220	2,550	2,710
	OOF	2,100	1,800	1,990
	bilateral	1,730	1,750	1,950
	multilateral	370	50	40
	Private	11,160	13,380	15,180
	bilateral	10,840	12,440	14,720
	multilateral	320	940	460
2.	OPEC Members	1,120	4,750	9,200
	ODA	810	1,890	2,980
	bilateral	780	1,650	2,500
	multilateral	30	240	480
	OOF and Private	310	2,860	6,220
	bilateral	10	250	1,000
	multilateral	300	2,610	5,220
3.	East Bloc	1,560	1,560	1,560
	ODA	1,030	1,030	1,030
	OOF	530	530	530
4.	Capital Markets Net	9,000	9,000	9,000
5.	Total by category	34,880	41,120	48,850
	ODA	11,250	13,550	15,930
	OOF and Other	14,630	18,570	23,920
	Capital Markets	9,000	9,000	9,000
6.	Total by origin	34,880	41,120	48,850
	Bilateral	22,110	25,730	30,940
	ODA	9,000	10,760	12,740
	OOF	13,110	14,970	18,200
	Multilateral	3,770	6,390	8,910
	ODA	2,250	2,790	3,190
	OOF	1,520	3,600	5,720
	Capital Markets	9,000	9,000	9,000

Sources and Notes: DAC Secretariat estimates and projections, P & B Projections, OPEC; 1974, EDD estimates, 1975 IFD estimates, East Bloc, includes Peoples Republic of China and countries with centrally planned economies (CPE); 1974, DAC estimates. Amount assumed to remain unchanged in 1975. Capital Markets; IFD data adjusted by estimates of coverage, repayment and substitution of borrowing from capital markets for borrowing from other sources.

EPD
2/18/75

Table X: LDC GROWTH PROSPECTS /1

Annual Average Percentage Changes	Higher/Middle Income Countries			Lower Income Countries			Total, Non-Oil Developing Countries		
	R477	Jan.'75 Revision		R477	Jan.'75 Revision		R477	Jan.'75 Revision	
		High	Low		High	Low		High	Low
GDP:									
1973-76	5.9	3.8	3.4	2.6	0.7	0.5	5.0	3.1	2.6
1976-80	7.1	8.6	7.1	3.9	4.5	3.4	6.4	7.7	6.2
GDP per capita:									
1973-76	3.1	1.0	0.6	0.2	-1.7	-2.0	2.5	0.6	0.1
1976-80	4.3	5.8	4.3	1.5	2.1	1.0	3.9	5.2	3.7

/1 The January 1975 revision of the R477 growth rate projections assumes no changes in the capital flows. Should these decline because of world capital market conditions, donor policies or the creditworthiness of potential borrowers, growth rates would be adversely affected.

Economic Analysis & Projections Dept.
February 18, 1975

ANNEX TO

CAPITAL REQUIREMENTS OF DEVELOPING COUNTRIES

Notes on Current Situation and

1975 Outlook for Selected MSAs Countries

Bangladesh

Sri Lanka

India

Tanzania

Sahel (Chad, Mali, Mauritania,
Niger, Upper Volta)

PRD
February 18, 1975

BANGLADESH

1. While still emerging from the disruption of war, drought, vast population movements and political and administrative disorganization, Bangladesh economy was faced with a rapid deterioration in the terms of trade. Terms of trade moved (from 100 in 1972) to 65 in 1973 and 50 in 1974, with the prospect that it will be 43 in 1975. Added to this, the devastation of the 1974 summer foodgrain crops by floods led to the import of massive quantities of foodgrains. This additional demand on scanty external resources has resulted in further lowering the availability of imported raw materials and spare parts and consequent lower utilization of industrial production capacity.

2. During 1974, the deficit on current account was nearly \$500 million. Due to international efforts the net aid inflow increased considerably during 1974. Still there was an overall deficit of \$134 million, of which \$83 million was met through Fund drawings and the balance was a draft on reserves. The loss of reserves has been so rapid during 1973 and 1974, that Bangladesh has started 1975 with gross reserves amounting to just three weeks' financing of the expected 1975 import bill.

3. Even if weather conditions are normal, foodgrain imports in 1975 will probably amount to \$398 million. The fertilizer requirement at current prices will cost about \$90 million. With no change in petroleum prices, the petroleum import bill will be \$170 million. In order to bring the production level to the 1969-70 level, imports of capital goods, raw materials and spare parts have to be stepped up. Altogether, the import bill is expected be 46% higher in 1975 over 1974 in current prices. On the export front, jute prices are substantially higher now than in 1973. They are expected to be marginally higher in 1975. However due to relative prices of jute and rice, it is expected that the production of jute will be showing little increase. The outlook for other exports (particularly leather, fish and fish products and tea) are not too bad, but they account for only 10 per cent of total export earnings. Overall, exports would earn in current prices about 8 per cent more in 1975 than in 1974. The current account deficit is expected to be about \$860 million. If capital flows do not increase beyond the 1974 level, the overall deficit will be of the order of \$500 million. However, in the light of the Aid Group meeting in October 1974, it is expected that the 1975 aid flow will be \$275 million more than in 1974. Even then Bangladesh will face a deficit of \$225 million in 1975.

4. Seeing the worsening of the economic malaise, the Government has declared a state of emergency. Several steps have been recently taken, such as reduction of subsidies on food and fertilizer, introduction of new taxes and strengthening of anti-smuggling measures. However, until such time as Bangladesh is able to increase its food production and reduce its dependence on food imports, strengthen its competitive production of jute, while also improving the efficiency of its public enterprises and the mobilization of domestic resources, it will be unable to manage without massive inflows of aid.

Bangladesh: Balance of Payments

(Millions of Dollars)

	1973 Actual	1974 Estimated	1975 Projected
Goods, Services, and Transfers (net)	-264	-497	-860
Exports, f.o.b.	360	422	456
Imports, c.i.f.	-880	-1076	-1572
1. Petroleum 1/	-48	-127	-170
2. Foodstuffs/fertilizer	-456	-446	-488
3. Others	-376	-503	-914
Services and Transfers (net) 2/	256	157	256
1. Transfers (net)	251	182	359
2. Interest on debt) 3. Others (net))	5	-25	-103
Public Capital (net) 3/	140	444	645
Bilateral official loans) Multilateral loans) Other loans)	146	454 a/	-
Amortization payments	-6	-10	-
Other Capital (net) 4/) Gross flows 5/) Amortization payments)	-19	-81	-10
Surplus of deficit 6/	-143	-134	-225
Memorandum items:			
Use of Fund credit tranches during period	--	35	--
Use of Oil Facility during period		48	--
Changes in gross international reserves during period	143	51	--
Level of gross international reserves (estimated end-1974 and end-1975) 7/	...	92	92

1/ Includes petroleum products.
2/ Includes current transfers and capital grants received by the public sector.
3/ Capital flows to/from the public sector of the country.
4/ Includes errors and omissions.
5/ Net of any private capital outflow but not of amortization payments.
6/ Equal to the change in the gross convertible foreign currency reserves of the Bangladesh Bank. Net drawings from the Fund whether in the credit tranches or under the Oil Facility are a means of financing the deficit.
7/ Equal to the gross convertible foreign currency reserves of the Bangladesh Bank.
a/ Includes grants.

PRD
2/14/75

SRI LANKA

1. Sri Lanka has been pursuing some of the progressive policies that we have been urging developing countries to adopt: 85% of the adult population is literate; through food rations, subsidized health services, public transport, etc. successive governments have attempted to redistribute income as well as access to opportunities.

2. These direct attacks on poverty have led to a climate of uncertainty / inihibiting private enterprise and the public enterprises that have been set up have been poorly managed. Burdened by subsidies, unable to extend its tax efforts; and unable to mobilize surpluses through public enterprises, the Government has not had the resources to implement its plans for capital expenditures and, given the uncertainties about its future role, the private sector has not been willing to even maintain its gross investments in crucial sectors like tea.

3. Massive deterioration in the terms of trade has made the task even more difficult. The terms of trade index, with 1967 as 100, had fallen to 60 by 1973. The 1975 prices forecast for Sri Lanka's principal exports (with 1973 as 100) are: tea, 133; rubber, 94; copra (as a proxy for coconut products), 178. Together these categories account for 3/4 of Sri Lanka's merchandise exports. On the other hand, the 1975 price indices of its principal imports (with 1973 = 100) are forecast to be as follows: rice, 150; wheat, 156; sugar, 350; petroleum, 408; fertilizer (urea), 212. Together these items account for about 2/3 of Sri Lanka's imports. Food, POL and fertilizers now take up about 5/6 of Sri Lanka's exports. As Sri Lanka's economic structure still depends heavily on imports (imports account for 20% of gross capital formation and 35% of the supply of intermediate goods) inadequate foreign exchange resources have prevents the economy from expanding capacity and using installed capacities fully.

4. With a less than adequate performance, Sri Lanka has had difficulties in borrowing abroad. The grant financed part of the current account deficit declined from one-third in each of the three years 1971-73 to 14% in 1974. Furthermore, the share of the current account deficit financed by long-term loans declined sharply from 126% in 1971 to 24% in 1974. Suppliers' credits and short-term loans, including IMF transactions, together were, on a net basis, negligible in 1971 and 1972, but rose to $83 million in 1974. Sri Lanka's net foreign exchange reserves had fallen to minus $31 million in October 1974. Moreover, a substantial part of the Central Bank's liquid balances abroad are pledged and other reserve assets of the banking system and the Government are not readily useable. Sri Lanka is relying on possible borrowings from the Middle East and the expanded oil facility to tide it over the next few months.

5. Thus far, Sri Lanka has been pledged two loans by Kuwait and one by Iran. The first loan from Kuwait, which was disbursed in 1974, was a cash loan of $21 million to the Central Bank of Ceylon with two years maturity and 8% rate of interest. The second loan from Kuwait has been pledged for a fertilizer

(urea) project and amounts to \$25 million with 20 years maturity, 5 years grace period and 4% rate of interest. Iran has pledged \$67 million, consisting of a \$27 million loan for the urea project and two cash loans from the Bank Melli to the Central Bank of Ceylon. The terms of the loan for the urea project have not yet been decided, but they will be the same as agreed by other donors of the project. One of the two cash loans is for \$8 million direct assistance to the Central Bank of Ceylon with a 6% interest rate, and the other is a \$32 million loan to be paid in tea (at the price prevailing at the time of repayment) with an 8% interest rate; both loans have 5 years maturity with 3 years grace period.

7. The balance of payments projections for 1975 are indicated in Table 1. They show that if the anticipated disbursements of \$22 million from IDA and \$72 million from the IMF are realized, the remaining uncovered gap will amount to \$117 million.

Table 1

SRI LANKA: BALANCE OF PAYMENTS
(in $ million)

	1970	1971	1972	1973	1974 1/	1975 2/
Current Account						
Exports (fob)	339	324	308	364	527	531
Other	43	56	54	60	74	78
Total Receipts	382	380	362	424	601	609
Imports, goods (cif)	392	372	349	441	776	836
Other	61	62	61	52	63	71
Total Payments	453	434	410	463	839	907
Net Current Account	-71	54	-48	-39	-238	-298
Capital Account						
Total Net Private	-1	-4	-6	-2	-	-
Private direct investment	-	-	-	-	-	-
Other long-term	-	-	-	-	-	-
Other short-term	-1	-4	-6	-2	-	-
Total Net Official	56	85	65	80	203	181
Grants	13	18	16	13	34)	144
Loans	31	68	47	30	58)	
Short-term and suppliers' credits	26	6	-	40	51	-11
IMF transactions	-14	-7	2	-3	32	48
Net External Assets	21	-26	-14	-42	63	-
Net Capital Account	76	-55	45	36	238	181
Errors and Omission	-5	-1	3	3	-	-
Additional Financing Requirement					0	117 3/

1/ Preliminary estimates
2/ Projections
3/ Including $22 m from IDA and $72 m from IMF assumed by the Government
Source World Bank Economic Mission (November/December 1974)

PRD
2/14/75

INDIA

1. With 1972/73 as a base India's terms of trade index is around 65 now.

2. The attached table indicates that in 1975/76 India will require gross financing of $2,650 million; of this, $800 million is assumed to be covered by drawings from the IMF's oil facility. Consortium aid commitments up to March 31, 1975, and the projected non-Consortium aid disbursements will provide an additional $1,481 million. This leaves a 'gap' of approximately $370 million which will have to be provided from additional Consortium commitments or use of reserves if the projected level of imports is to be attained.

3. The projections assume that India will import the same quantity of foodgrains in 1975/76 as in 1974/75 but that, as prices are expected to be 7.5% higher, $1,370 million will be required to obtain the grains. POL imports have been projected at $1,400 million and those of fertilizer and fertilizer raw materials at $760 million.

4. An exceptionally good harvest can conceivably wipe out the need for food imports. Such a reduction in import requirements cannot be taken to mean that the 'gap' in the sense of the difference between the true requirements and the availability of foreign exchange would be substantially reduced. The projection assumes that imports other than foodgrains, POL and fertilizers, will be held at their 1973/74 real levels. These are, of course, already extremely compressed, and bear little relationship to what India would require for full and efficient operation of her production capacity. Thus, reduced requirements for food could easily be made up by increased use of other essential materials, which will be denied to her if present projections turn out to be correct.

5. The projection is thus not a 'gap' exercise. India needs much more foreign exchange than she has any likelihood of getting. The projection merely shows the amounts required to maintain the present unsatisfactory state of affairs.

6. Even so the table shows that India is accumulating debt very rapidly. The consequential debt burden will be bearable only if the prices for India's exports continue to rise as a result of world inflation. The table also indicates that the IMF is becoming a crucial element in India's debt and aid picture, providing up to one-third of her total gross foreign capital inflow. These funds have fairly short maturities and high interest rates and will only be tolerable in the long run if they are rolled over or if world inflation continues at a high rate.

7. India has received deferred credits of $230 million from OPEC sources for oil payments; of this amount Iran has contributed $133 million, a part of it last year and a part this year. India and Iran have commenced negotiations for an iron-ore project.

INDIA: Balance of Payments Projections
(US $ million)

	1974/75 1/	1975/76
Merchandise exports	4,000	4,750
Merchandise imports	5,800	6,750
Non-factor services (net) + Transfer payments (net) + Miscellaneous capital (net) + Errors and omissions	100	100
Debt Service	730	750
to Consortium	(635)	(650)
Others	(95)	(100)
Gross financing required	2,430	2,650
of which:		
Consortium gross aid	1,750 (Consortium and Non-Consortium gross aid)	902 2/
Non-Consortium gross aid		579
IMF transactions	615	800 3/
Use of Reserves	65	-

1/ All figures for 1974/75, apart from the $100 m. miscellaneous capital and invisibles receipts, are taken from the President's Report for the Tenth Industrial Imports Program, Annex IV.

2/ From DRS - for estimated debt as of March 31, 1975, using exchange rates as at the end of October 1974. An additional $7.1 million has been included as an estimate of disbursements from grants committed during 1974/75.

3/ Assumed use of oil facility.

PRD
2/14/75

TANZANIA

1. The overall balance of payments was in surplus in 1972 and 1973, but the events of 1973-74 resulted in a decline of reserves by $95 million even after allowing for drawings on the IMF of $34 million and $11 million of bilateral balance of payments financing to meet the emergency. External reserves stood at $49 million at the end of 1974, equivalent to less than one month's imports.

2. Three events occurred since late 1973 which resulted in a drastic change in the overall balance of payments position. First, import prices rose by an estimated 15 to 20 percent. The increased cost of petroleum imports above is estimated at $67 million in 1974 or 14 percent of total 1973 imports. Second, the 1973 rains failed in many parts of the country resulting in a substantial reduction in food production, and necessitating substantial increases in imports of basic food items in 1974. High levels of food imports are likely to be needed at least until August 1975 when the new crop harvest begins. It is estimated that food imports in 1974 will cost $147 million compared to an annual average in 1970-72 of $40 million. Finally, agricultural export volumes declined or stagnated so that Tanzania could not fully benefit from higher export prices. The decline or stagnation in food and agricultural export production also reflected basic weaknesses in agricultural development policy.

3. Since the upward trend of import prices, high food imports and stagnant agricultural export volumes are expected to continue into 1975, the outlook for the overall balance of payments is bleak. We estimate an unfinanced gap of $142 million (See Table 1) for 1975. This is based on the assumptions that:

(a) normal weather will return in 1974-75, thereby permitting substantially reduced food imports and some recovery in agricultural exports volumes after September 1975;

(b) petroleum imports will increase 4 percent in volume compared to the 9 percent historical trend, a decline made possible by conservation measures (price increases and a ban on weekend gasoline sales) and the substitution of new hydroelectric power for diesel;

(c) non-food consumer imports will be held constant in nominal terms involving an estimated decline in real terms of 7 percent, capital goods imports will increase 4 percent in real terms and 11 percent in nominal terms, a rate below recent trends;

(d) regular external capital disbursements under project agreements will increase 10 percent in current terms after 1975; and

(e) external reserves will not be built up, even though they are less than would be desirable.

4. Thus, the immediate problem is how to manage the estimated balance of payments deficit of $142 million in 1975. External reserves are so low that they cannot be prudently used to finance the deficit. We expect that consumer imports other than food will be at austerity levels in 1975 with an estimated decline of 7 percent in real terms. For example, the Government has banned all liquor, tobacco and sugar imports and has reduced automobile imports to a maximum of 300, or far less than the normal replacement level. Reducing raw materials and spare parts for industry would only reduce growth and savings and exacerbate the domestic inflationary trends which emerged in 1974. If capital goods and construction materials imports were reduced by the extent of the deficit, public sector investment would have to be reduced by 50 percent which, in turn, would seriously undermine the development program built up with great effort over recent years.

Table 1

TANZANIA
BALANCE OF PAYMENTS
(Current US$ Millions)

	ACTUAL 1972	ACTUAL 1973	PROJECTED 1974	PROJECTED 1975
CURRENT ACCOUNT				
Exports (f.o.b.)	288.4	332.7	425.5	435.8
Imports (c.i.f.)	403.8	477.1	712.5	683.1
Trade Balance	-115.4	-144.3	-287.0	-247.3
Net Services	35.8	25.6	18.2	18.2
Net Transfers	- 4.2	0.7	14.0	7.0
Current Account Balance	- 83.7	-118.0	-254.8	-222.1
CAPITAL ACCOUNT				
Govt. M&LT Loans				
Tazara	94.6	108.5	70.0	7.0
Other	32.0	45.7	63.0	75.6
Less Repayments	- 15.4	- 13.2	- 14.0	- 14.0
Net Inflow	111.2	141.0	119.0	68.6
Parastatal M&LT (Net)	6.2	9.8	9.7	10.6
Private M&LT	- 1.7	1.6	1.5	1.5
Govt. Compensation Pmts.	- 5.7	- 5.1	- 5.0	- 5.0
Other Capital Movements	7.2	- 17.8	- 12.6	- 14.0
Errors and Omissions	31.2	18.8	11.7	18.8
Capital Acct. Balance	139.0	148.5	131.4	80.5
[illegible]cial Transactions	5.0	- 2.8	34.4*	-
Net Change in Reserves	+ 60.2	+ 25.0	- 95.2	-141.6
Net Reserves (IFS)	119.6	144.6	49.4	-

* IMF 1st Credit Tranche & Special Oil Facility

February 14, 1975

NOTES ON
BALANCE OF PAYMENTS PROJECTIONS

1. Exports (f.o.b.) - staff estimates.
2. Imports (c.i.f.) - staff estimates.
3. Net Services - 1972 and 1973 actuals. 1974 and 1975 from IMF/Bank of Tanzania. For 1976 assume 10% growth + addition of US$10 m of earnings from Tazara. Thereafter 10% p.a. growth for total.
4. Net Transfers - 1972 and 1973 actuals. 1974 and 1975 from IMF/Bank of Tanzania. For 1976 and beyond, 10% p.a. growth assumed.
5. Govt. M&LT Loans -

   Tazara - 1972 and 1973 actuals. 1974 from IMF/Bank of Tanzania. For 1975, estimate of $7.0 m is based on twice cost of imported inputs estimated for 1975, on assumption that local costs are equal to import costs. (In 1974, the estimate of capital goods Tazara imports = approx. 1/2 of the $70 m capital inflow in 1974.)

   Other - 1972 and 1973 actuals. 1974 and 1975 from IMF/Bank of Tanzania. For 1976 and beyond, 10% p.a. growth assumed.

   Repayments - 1972 and 1973 actuals. 1974 and 1975 from IMF/Bank of Tanzania. For 1976 and 1977 no increase assumed lag - then slight increase.
6. Parastatal M&LT - 1972 and 1973 actuals. 1974 and 1975 from IMF/Bank of Tanzania. Thereafter, 10% p.a. growth assumed.
7. Private M&LT - actuals 1972 and 1973. IMF/Bank of Tanzania for 1974 and 1975. Thereafter assumed level.
8. Govt. Compensation Pmts. - 1972 and 1973 actuals. 1974 and 1975 IMF/Bank of Tanzania. Thereafter assumed level.
9. Other Capital Movements, Errors & Omissions - 1972 and 1973 actuals. 1974 and 1975 IMF/Bank of Tanzania. Thereafter omitted since largely offsetting items in recent years.
10. Special Transactions - 1974 is IMF first credit tranche & special oil facility.

February 14, 1975

THE SAHEL
(Chad, Mali, Mauritania, Niger and Upper Volta)

1. These five Sahelian countries (the sixth, Senegal, is excluded from this note) are among the most backward and slow-growing countries in the world. During the period 1969-73, they have had to contend with a very severe drought.

2. An immediate rapid improvement in conditions in the Sahel is not possible because of a dearth of natural resources, the pressure of population and an indifferent performance in economic management, even when the fiscal position has been favorable. These difficulties are compounded by the essential need to maintain a balance between the human and livestock population of the area and the annual regeneration of vegetation, as well as a complicated pattern of trade, travel and communications between the Sahelian countries and contiguous states. In addition, the investment programs of the five countries rely almost exclusively on capital assistance from a variety of bilateral and multilateral sources, assistance which tends to fluctuate in response to short-term factors, rather than longer-term development needs.

3. Because of these reasons and the facts that the countries have separate uncoordinated administrations and possess poor basic statistical information, a special effort is needed to help the long-term development of the Sahel. In particular, a coordinated aid program is required. Absorptive capacity in the region needs to be improved; the ecological impact of productive projects needs to be taken into account; and inter-regional studies need to be undertaken. We believe that there is potential for economic and social development in the Sahel and that the foreign aid can, and should, play a large role in releasing this potential.

4. During the past two years, real economic growth in the region has been negligible, and per capita annual income has stagnated at about $70. With the exception of Mauritania (which shows a balance or small surplus) the countries have large resource gaps. In 1973 and 1974 rapidly increasing amounts of foreign aid - mainly in grant form - were used in an attempt to prevent very low standards of living from falling. Some recovery occurred in late 1974 as a result of better harvests and exports are expected to increase in 1975. However, even if imports are held to their 1974 level, Table 1 shows that a combined current account deficit of $218 million is likely to occur - a deficit which can only be covered if public capital grants amounting to $122 million are obtained. As of now, the sources of this aid have not been identified. It is estimated, furthermore, that aid requirements will total $1.7 billion over the period 1975-80 to maintain existing living standards. The sources from which this aid will come are also still uncertain. If living standards in the Sahel are to rise, the volume of aid required will be proportionately higher.

Table 1

AGGREGATE BALANCE OF PAYMENTS

(for Chad, Mali, Mauritania, Niger and Upper Volta)

(in $ million)

	Estimated Actual 1973	Estimated Actual 1974	Projected 1975
Exports (incl. NFS)	437	496	607
Imports (incl. NFS)	-652	-844	-851
Resource Balance (deficit = -)	-215	-348	-244
(factor payments and transfers)	22	24	26
Balance on Current Account	-193	-324	-218
financed by			
Direct Foreign Investment (net)	23	12	6
Public Capital Grants	128	223	122 1/
Public MLT Disbursements (net)	36	87	88
Other	6	2	2

1/ Represents financing gap.

PRD/February 18, 1975

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IBRD AND IDA LENDING TO LEAST DEVELOPED, POOREST AND MOST SERIOUSLY AFFECTED COUNTRIES

Least Developed Countries[1]		FY69-74	FY73	FY74	FY74-79
Afghanistan (80)[2]	IDA	50.0	13.5	11.5	131.5
Botswana (240)	IBRD	41.5	-	9.5	36.5
	IDA	12.2	-	3.0	3.9
Burundi (70)	IDA	7.2	-	5.0	51.0
*Chad (80)	IDA	24.2	-	13.9	72.9
*Dahomey (110)	IDA	26.6	11.8	0.6	48.6
*Ethiopia (80)	IBRD	38.4	-	-	113.0
	IDA	151.2	53.0	43.4	153.4
*Guinea (90)	IBRD	73.5	-	-	50.0
	IDA	-	-	-	44.0
*Haiti (130)	IDA	10.0	-	10.0	75.0
*Laos (120)	IDA	-	-	-	60.0
*Lesotho (90)	IBRD	-	-	-	-
	IDA	5.6	5.6	-	18.0
Malawi (100)	IBRD	-	-	-	70.0
	IDA	39.2	10.5	9.5	90.5
*Mali (70)	IDA	49.9	21.2	10.5	104.5
Nepal (80)	IDA	33.7	11.5	13.8	117.8
*Niger (90)	IDA	20.7	-	8.3	51.3
*Rwanda (60)	IDA	22.4	-	10.1	74.1
*Somalia (80)	IDA	36.5	13.0	10.0	56.0
*Sudan (120)	IBRD	5.0	-	-	-
	IDA	99.0	47.0	38.7	235.7
*Tanzania (120)	IBRD	114.7	19.7	26.0	259.0
	IDA	103.7	26.8	23.5	210.5
Uganda (150)	IBRD	51.7	19.7	-	52.0
	IDA	25.9	-	-	-
*Upper Volta (70)	IDA	30.8	7.4	11.4	210.4
Western Samoa (220)	IDA	-	-	-	4.0
*Yemen, A.R. (90)	IDA	38.2	10.9	19.6	111.6
	Total IBRD	304.8	39.4	36.5	[illegible]
	Total IDA	[illegible]	235.2	[illegible]	[illegible]
	Current $ Total	1,111.8	275.6	275.3	2,770.3

Other Poorest Countries[3]		FY69-74	FY73	FY74	FY74-79
*Bangladesh (70)	IBRD	18.4	-	-	-
	IDA	211.1	65.1	74.1	589.1
Burma (90)	IDA	50.0	33.0	17.0	[illegible]
*India (110)	IBRD	2[illegible]2.5	70.0	52.0	1362.0
	IDA	1919.6	436.0	390.0	3370.0
Indonesia (80)	IBRD	48.0	-	48.0	2353.0
	IDA	561.8	144.9	84.0	[illegible]
*Khmer Republic (120)	IDA	-	-	-	55.0
*Pakistan (130)	IBRD	215.3	-	60.0	330.0
	IDA	268.3	63.0	51.0	492.0
*Sri Lanka (110)	IBRD	43.4	-	-	-
	IDA	27.9	6.0	-	205.0
*Yemen, PDR (100)	IDA	5.7	4.1	-	34.0
Zaire (100)	IBRD	-	-	-	279.0
	IDA	77.0	8.5	10.0	247.0
	Total IBRD	[illegible]	70.0	160.0	[illegible]
	Total IDA	[illegible]	[illegible]	[illegible]	[illegible]
	Current $ Total	[illegible]	891.6	[illegible]	10,479.0

Most Seriously Affected Countries (not included above)		FY69-74	FY73	FY74	FY74-79
Cameroon (200)	IBRD	83.4	1.7	51.6	265.1
	IDA	55.7	-	24.0	106.0
CAR (160)	IDA	12.4	-	-	27.0
El Salvador (340)	IBRD	58.7	27.3	17.0	77.0
	IDA	5.6	-	-	12.0
Ghana (300)	IBRD	6.0	-	-	176.0
	IDA	62.9	15.6	25.4	93.4
Guyana (390)	IBRD	32.7	6.0	12.9	60.9
	IDA	9.5	-	-	4.0
Honduras (320)	IBRD	45.6	18.8	3.0	150.0
	IDA	17.7	-	9.6	24.6
Ivory Coast (340)	IBRD	116.6	8.4	27.6	356.6
	IDA	7.5	7.5	-	-
Kenya (170)	IBRD	152.4	19.7	44.4	518.4
	IDA	64.0	6.0	33.5	120.5
Madagascar (140)	IBRD	21.3	15.0	-	116.0
	IDA	57.2	15.0	7.8	100.2
Mauritania (180)	IBRD	-	-	-	50.0
	IDA	14.6	-	7.4	34.1
Senegal (260)	IBRD	27.8	9.2	3.6	135.6
	IDA	50.1	20.7	3.0	73.5
Sierra Leone (190)	IBRD	7.6	-	-	57.0
	IDA	10.8	-	-	34.0
	Total IBRD	575.6	106.1	160.1	1,857.6
	Total IDA	[illegible]	[illegible]	110.7	[illegible]
	Current $ Total	914.6	170.9	270.8	2,616.9

		FY69-74	FY73	FY74	FY74-79
MSA's included in Least Developed	IBRD	231.6	19.7	26.0	[illegible]
	IDA	[illegible]	[illegible]	[illegible]	1,7[illegible]
	Current $ Total	[illegible]	212.7	226.0	2,[illegible]
MSA's included in other poorest	IBRD	[illegible]	70	112	1,692.0
	IDA	2,[illegible]	6[illegible].2	2[illegible].1	5,[illegible]
	Current $ Total	2,[illegible]	706.2	627.1	7,217.1
Other MSA's	IBRD	576.6	106.1	160.1	1,857.6
	IDA	[illegible]	[illegible]	[illegible]	[illegible]
	Current $ Total	914.6	170.5	270.8	2,636.9
TOTAL FOR ALL 33 MSA's	IBRD	1,[illegible]2.8	195.8	[illegible]	4,111.6
	IDA	[illegible]	[illegible]	[illegible]	[illegible]
	Current $ Total	4,[illegible]	1,0[illegible].5	1,[illegible].9	12,[illegible]

1/ Listed under this heading are the 24 IBRD/IDA member countries included in the group of 25 countries designated as "Least Developed Countries" by the UN General Assembly.

2/ The figures in parenthesis are GNP per capita from the 1974 World Bank Atlas.

3/ The poorest countries are nine member countries with per capita GNP up to $130 per year not included in the "Least Developed Countries" group above.

4/ The countries in this group are the 33 IBRD/IDA member countries designated as the "Most Seriously Affected" by the United Nations. The MSAs include these 12 plus those above with an asterisk.

Source: P & B Table IVp of January 22, 1975

Policy Planning and Program Review Dept.
Policy Planning Division
February 13, 1975

ES

2. Mr. Robert S. McNamara, President February 20, 1975

W. Tims, Director, EPD (through Mr. E. Stern)

OPEC Reserve Estimates

1. Attached are the projected reserve accumulations for OPEC members through 1980. The table shows, in order of relative accuracy, a total for OPEC in both constant (1974) and current dollars, estimates for the four countries on your itinerary with a subtotal, and a subtotal for the remaining countries, distributed by country. The aggregate figure is, as we reported earlier, based on revisions of the major parameters used in R-477. We have made some further minor adjustments since the memo of January 31, to take account of anamolies which developed in disaggregating this figure.

2. The data for the four countries on your itinerary are based on rough revisions of the principal balance of payments elements by country. They are likely to be revised as we develop better estimates of 1974 import performance and, more importantly, the likely trend of future imports and oil production.

3. The estimates for the other OPEC countries are not based on any new country analysis. They represent a "reasonable" distribution of the aggregate based on crude estimates of major trends in these countries.

4. As you know, we are preparing, in cooperation with the Program Departments concerned, detailed balance of payments projections. These will incorporate the major changes in our assumptions about the world economy, oil consumption and domestic evolution of these countries and thus provide an input to our analysis of long-term capital requirements and a more adequate basis for regular revisions of reserve data. Until we have these analyses, the current reserve estimates are the best available guide to expected trends, though the country figures for any particular year are of uncertain accuracy at this time.

Attachments
EStern/ls

OPEC SURPLUS ACCUMULATION

(In billions of current US dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Saudi Arabia								
Accumulative Surplus	7.9	30.5	58.3	89.1	122.8	159.9	200.7	245.4
Increase During Year	1.9	22.6	27.8	30.8	33.7	37.1	40.8	44.7
Kuwait								
Accumulative Surplus	4.5	10.6	16.3	22.0	27.9	33.6	38.7	42.6
Increase During Year	2.1	6.1	5.7	5.7	5.9	5.7	5.1	3.9
U.A.E.								
Accumulative Surplus	1.5	6.0	9.4	13.5	18.3	24.2	31.4	40.4
Increase During Year	0.7	4.5	3.4	4.1	4.8	5.9	7.2	9.0
Qatar								
Accumulative Surplus	0.2	1.4	2.8	4.5	6.5	8.9	11.9	15.6
Increase During Year	0.2	1.2	1.4	1.7	2.0	2.4	3.0	3.7
Sub-Total Group I								
Accumulative Surplus	14.1	48.5	86.8	129.1	175.5	226.6	282.7	344.0
Increase During Year	4.9	34.4	38.3	42.3	46.4	51.1	56.1	61.3
Algeria								
Accumulative Surplus	0.7	1.7	2.2	2.2	1.2	0.2	-0.8	-1.8
Increase During Year	-0.4	1.0	0.5	0.0	-1.0	-1.0	-1.0	-1.0
Indonesia								
Accumulative Surplus	0.7	1.2	2.2	2.5	2.6	2.4	2.0	1.5
Increase During Year	-0.7	0.5	1.0	0.3	0.1	-0.2	-0.4	-0.5
Iran								
Accumulative Surplus	2.1	14.3	26.5	37.4	46.4	54.0	59.3	62.4
Increase During Year	0.5	12.2	12.2	10.9	9.0	7.6	5.3	3.1
Iraq								
Accumulative Surplus	2.0	3.7	6.3	9.6	13.9	19.2	25.7	33.8
Increase During Year	1.2	1.7	2.6	3.3	4.3	5.3	6.5	8.1
Libya								
Accumulative Surplus	2.9	5.0	6.0	6.5	6.5	6.5	6.5	6.5
Increase During Year	0.1	2.1	1.0	0.5	0.0	0.0	0.0	0.0
Nigeria								
Accumulative Surplus	2.4	7.8	10.2	12.3	13.4	13.9	13.9	13.5
Increase During Year	1.5	5.4	2.4	2.1	1.1	0.5	0.0	-0.4

(continued)

	1973	1974	1975	1976	1977	1978	1979	1980
Venezuela								
Accumulative Surplus	2.0	6.8	12.0	13.8	15.1	16.1	16.8	17.3
Increase During Year	0.4	4.8	5.2	1.8	1.3	1.0	0.7	0.5
Sub-Total Other								
Accumulative Surplus	12.8	40.5	65.4	84.3	99.1	112.3	123.4	133.2
Increase During Year	2.6	27.7	24.9	18.9	14.8	13.2	11.1	9.8
Total OPEC 1/								
Accumulative Surplus	26.9	89.0	152.2	213.4	274.6	338.9	406.1	477.2
Increase During Year	7.5	62.1	63.2	61.2	61.2	64.3	67.2	71.1
Total OPEC 1/ in 1974 prices								
Accumulative Surplus	29.6	89.0	136.5	174.3	206.8	236.1	263.4	289.0
Increase During Year	8.2	62.1	56.7	50.0	46.1	44.8	43.6	43.1

1/ Excludes Gabon and Ecuador.

Notes: Projections are based on no significant changes in the real price of petroleum after 1974. These projections, although they revise the January 31, 1975, preliminary revisions, are themselves still preliminary; they may be substantially further revised on the basis of country studies now underway.

EPD
21 February, 1975
(1973 data added 3 March, 1975)

International Finance Division

February 18, 1975

Briefing Papers for Mr. McNamara's Trip to Middle East

3. Capital Flow Data Requirements

Information on aid flows from OPEC member countries to the developing countries is now being prepared by both the OECD and the IBRD. Although these two agencies are now coordinating their efforts, both are heavily dependent upon informal information sources such as newspapers. The results are obviously of limited reliability and might prove to be seriously misleading. More accurate and timely information should be helpful to the donor countries and would also benefit the developing countries since it would permit improved studies of assistance requirements and more rational planning of aid flows by national, regional and international financial institutions. It would establish the importance and usefulness of these (OPEC) donors in meeting the needs of developing countries. It would also enable them to put their lending in context and enable them to make better judgements about the creditworthiness of borrowers.

The UNEO's Secretariat has access to somewhat more reliable aggregate statistics which are received directly from donor nations under the Operation. However, only a few OPEC members have complied with the reporting requirement to the UN. A representative from the UNEO's Secretariat visited four OPEC countries last December (Kuwait, Saudi Arabia, Abu Dhabi and Qatar). With the exception of Kuwait, the countries visited provided the UN representative with detailed information on their aid flows to all LDC's but on a strictly confidential basis for the UNEO's Secretariat use only.

Mr. Ahmad of the Development Centre of the OECD visited several of the OPEC member countries in December (among them were Iran, the United Arab Emirates and Algeria) and found an eagerness to correct the often distorted picture now available of their foreign assistance activities.

In response to an invitation from Central Bank Governor Yeganeh and Minister of Interior Amouzegar, the DAC Chairman visited Tehran during the first week in January, 1975 to exchange views on Iran's programs and plans for assisting developing countries.

Mr. Williams reported that Iran has encountered the problems and difficulties common to major assistance efforts, including critics at home who seek the rationale. Iran's program on the present major scale is designed to meet policy objectives related to the circumstances of Iran's position as recipient of major oil revenues and as a country with a rapidly emerging economy and broadening international economic interests. Given this perspective, the Iranian authorities are naturally interested in international cooperation, and they attach great importance to the role of international institutions.

Information on foreign aid programs is likely to be politically sensitive. However, if in principle OPEC countries are found receptive to the idea of cooperating with the Bank on this matter, technical discussions could be arranged along the following lines:

To establish and maintain an information system about aid flows from OPEC member countries to the developing countries would probably require (a) a brief report on each individual loan or grantat the time the commitment was made and (b) a semi-annual or annual report by each donor country (or institution) listing the transactions during the period. The system would normally cover all loans and grants from official sources (including all banks), but would not include direct investments.

Some assistance transactions will no doubt have special characteristics that would call for additional information (e.g., agreements to furnish petroleum at special prices); in most cases the initial report on individual loans could be met by the following data:

1) donor country and institution

2) recipient country and institution

3) identification number

4) date of commitment

5) amount committed (including currency)

6) expected period of disbursement

7) purpose of assistance

and, if not a grant,

8) interest rate

9) grace period (or first repayment date)

10) maturity (or final repayment date)

11) currency of repayment, (if different from that of disbursement)

The semi-annual or annual report of each donor country or institution would simply be a list showing the total disbursements and repayments (principal and interest separately) which took place during the year for the outstanding loans and grants.

These data would provide the basis for a number of valuable summary reports. Agreement would, of course, have to be reached on the form of the reports so they would fulfill important needs while still maintaining any necessary confidential status of the details.

The World Bank (which now maintains an extensive "Debtor Reporting System" based upon information received by developing countries plus reports from other multilateral and some bilateral official credit agencies) would, if requested, be prepared to provide advice to the OPEC countries on establishing a centralized reporting system; it might also assist in processing the information in a manner which would protect the confidential nature of data on individual loans while still making available summary tabulations of interest to the OPEC member countries, the developing nations receiving their assistance and the development assistance agencies concerned.

* * *

OFFICE MEMORANDUM

4.

TO: Mr. Robert S. McNamara

DATE: February 27, 1975

FROM: Horst Schulmann, Dep. Dir., P & B HS.

SUBJECT: Financial Assistance from Oil-exporting Countries

1. Please find attached the latest report on financial assistance from oil-exporting countries. For this report we have updated the 1972 GNP figures to reflect the actuals reported in the new atlas. The 1973-74 GNP figures used are estimates derived from the R-477 report. When the new projected GNP figures are available they will be incorporated in the future reports.

Bilateral Commitments

For 1974, we are showing total bilateral ODA and other aid commitments of $9.7 billion, an increase of $.7 billion from that listed in our previous report. For 1975, we have information on bilateral commitments totalling $1.1 billion.

Substantial increases in bilateral commitments in 1974 and 1975 to date include the following:

a) Iran - An increase of $329.8 million, including $25 million to Bulgaria for a food processing plant, $200 million to Indonesia for a fertilizer plant and various petrochemical industries, and $100 million to Peru for an oil pipeline.

b) Iraq - An increase of $120 million. The amount includes $100 million to Argentina for housing and hospital construction.

c) Kuwait - An increase of $508.4 million of which $350 million was committed to Egypt for housing, $75 million to Brazil, $15.5 million to Costa Rica for the sugar industry, and $48 million to Malaysia for development projects.

d) Libya - An increase of $91.3 million including $70 million for a Yugoslavian oil pipeline project (in conjunction with IBRD and Kuwait) and $16.8 million for earthquake relief to Pakistan.

e) Saudi Arabia - An increase of $625 million including $100 million for Egypt to alleviate commodity and supply problems, $95 million to Malaysia for development projects, $200 million to Syria for economic development, $200 million to Sudan for a development bank and $30 million to Spain for highway development.

f) U.A.E. - An increase of $109.2 million including $48 million to Malaysia for development projects, and $35 million to Morocco for ports and airports.

Bilateral Disbursements

Bilateral disbursements in 1970-75 are $4.5 billion reflecting no net change from our previous report.

Multilateral Aid

Total multilateral aid commitments to date for 1970-75 are $10.2 billion (of which $4.4 billion is reported disbursed). This includes $8.5 billion committed in 1974 and $.7 billion in the first six weeks of 1975. This brings total multilateral and bilateral aid in 1970-75 to $24.5 billion.

Attachments

TRusso:DTaylor:sjl

cc: Messrs. Knapp
Cargill
Shoaib
Chenery
Stern
Kochman
Saxe

TAB

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-1975

Summary of Commitments

Commitments/a	1970 U.S.$m.	1970 % of GNP	1971 U.S.$m.	1971 % of GNP	1972 U.S.$m.	1972 % of GNP	1973 U.S.$m.	1973 % of GNP	1974 U.S.$m.	1974 % of GNP	1975 U.S.$m.	1975 % of GNP	Undated U.S.$m.	Total 1970-75 U.S.$m.
Algeria:														
ODA - bilateral	1.1	.02	1.0	.02			22.0	.28	4.5	.05				28.6
- multilateral			13.5	.26	13.9	.23	20.6	.26	132.7	1.35				180.7
- total	1.1	.02	14.5	.28	13.9	.23	42.6	.54	137.2	1.40				209.3
Other - bilateral							2.4	.03						2.4
- multilateral							2.0	.03						2.0
- total							4.4	.06						4.4
TOTAL	1.1	.02	14.5	.28	13.9	.23	47.0	.60	137.2	1.40				213.7
Bahrain:														
ODA - bilateral			3.2/b	2.29			1.0/b	.51						4.2
- multilateral			1.7	1.21	10.3	6.87	1.0	.51	3.0	1.46				16.0
- total			4.9	3.50	10.3	6.87	2.0	1.02	3.0	1.46				20.2
Other - bilateral														
- multilateral					2.0	1.33			1.0	.49				3.0
- total					2.0	1.33			1.0	.49				3.0
TOTAL			4.9	3.50	12.3	8.20	2.0	1.02	4.0	1.95				23.2
Iran:														
ODA - bilateral					2.1	.01	10.2	.05	2058.1	6.14	1.0			2071.4
- multilateral			32.0	.24	1.8	.01	1.6	.01	171.0	.51				206.4
- total			32.0	.24	3.9	.02	11.8	.05	2229.1	6.65	1.0			2277.8
Other - bilateral									479.2	1.43	304.8			784.0
- multilateral	4.0	.04	1.0	.01	8.5	.06	3.0	.02	1063.8	3.18				1080.3
- total	4.0	.04	1.0	.01	8.5	.06	3.0	.02	1543.0	4.61	304.8			1864.3
TOTAL	4.0	.04	33.0	.25	12.4	.08	14.8	.07	3772.1	11.26	305.8			4142.7
Iraq:														
ODA - bilateral	11.6	.37	13.7	.39	2.0	.05			528.1/c	6.14	10.0			565.4
- multilateral			25.5	.72	.5	.01	37.6	.70	18.4	.21	1.5			83.5
- total	11.6	.37	39.2	1.11	2.5	.07	37.6	.70	546.5	6.35	11.5			648.9
Other - bilateral					.3	.01			72.6	.84				72.9
- multilateral														
- total					.3	.01			72.6	.84				72.9
TOTAL	11.6	.37	39.2	1.11	2.8	.08	37.6	.70	619.1	7.20	11.5			721.8
Kuwait:														
ODA - bilateral	62.3/d	2.45	162.0/e	4.99	33.8	.98	372.2/f	7.65	324.3/g	4.04	53.5		18.4	1026.5
- multilateral			101.0	3.11	16.7	.49	20.9	.43	444.7	5.54	34.0			617.3
- total	62.3	2.45	263.0	8.10	50.5	1.47	393.1	8.08	769.0	9.58	87.5		18.4	1643.8
Other - bilateral			12.3	.38	46.9	1.36	93.8	1.93	792.8	9.87	148.9		10.5	1105.2
- multilateral	198.2	2.78	91.1	2.81	122.6	3.56	166.8	3.43	499.7	6.22				1078.4
- total	198.2	2.78	103.4	3.19	169.5	4.93	260.6	5.35	1292.5	16.10	148.9		10.5	2183.6
TOTAL	260.5	10.23	366.4	11.29	220.0	6.40	653.7	13.43	2061.5	25.67	236.4		28.9	3827.4
Libya:														
ODA - bilateral	35.3/h	1.00	26.2	.84	12.3	.32	721.9/i	13.62	124.7	1.62				920.4
- multilateral			40.6	1.31	31.0	.81	41.1	.78	537.0	6.96	20.0			669.7
- total	35.3	1.00	66.8	2.15	43.3	1.13	763.0	14.40	661.7	8.57	20.0			1590.1
Other - bilateral					36.9	.97	50.7	.96	110.0	1.43	70.0		17.5	285.1
- multilateral	31.8	.90	10.0	.32	10.0	.26	106.3	2.01	1.5	.02				159.6
- total	31.8	.90	10.0	.32	46.9	1.23	157.0	2.96	111.5	1.45	70.0		17.5	444.7
TOTAL	67.1	1.90	76.8	2.47	90.2	2.36	920.0	17.36	773.2	10.01	90.0		17.5	2034.8
Nigeria:														
ODA - bilateral					3.0	.03			1.4	.01	.4			4.8
- multilateral	40.0	.55			9.7	.10	.5	.01	1.0	.01				51.2
- total	40.0	.55			12.7	.13	.5	.01	2.4	.02	.4			56.0
Other - bilateral														
- multilateral	3.0	.04	1.0	.01	5.0	.05	1.0	.01	363.5	2.15				373.5
- total	3.0	.04	1.0	.01	5.0	.05	1.0	.01	363.5	2.15				373.5
TOTAL	43.0	.59	1.0	.01	17.7	.19	1.5	.01	365.9	2.17	.4			429.5
Oman:														
ODA - bilateral			2.0/b	.75										2.0
- multilateral			6.5	2.44			4.4	1.07	36.0	7.06				46.9
- total			8.5	3.19			4.4	1.07	36.0	7.06				48.9
Other - bilateral														
- multilateral					2.0	.63	1.0	.24	59.1	11.59				62.1
- total					2.0	.63	1.0	.24	59.1	11.59				62.1
TOTAL			8.5	3.19	2.0	.63	5.4	1.31	95.1	18.65				111.0
Qatar:														
ODA - bilateral					1.3/b	.39	190.5/k	30.24	114.8/h	9.57	2.3			308.9
- multilateral			5.0	1.69	18.9	5.73	20.3	3.22	59.2	4.93				103.4
- total			5.0	1.69	20.2	6.12	210.8	33.46	174.0	14.50	2.3			412.3
Other - bilateral									11.0	.92				11.0
- multilateral	.1	.05	.3	.10	.1	.03			.1	.01				.6
- total	.1	.05	.3	.10	.1	.03			11.1	.93				11.6
TOTAL	.1	.05	5.3	1.79	20.3	6.15	210.8	33.46	185.1	15.43	2.3			423.9
Saudi Arabia:														
ODA - bilateral	48.7/l	1.52	55.4/l	1.59	121.3/l	2.92	412.4/l/m	4.69	2947.0/l/n	18.40	405.0			3989.8
- multilateral			19.9	.57	.8	.02	75.7	.86	695.0	4.34	10.0			801.4
- total	48.7	1.52	75.3	2.16	122.1	2.94	488.1	5.55	3642.0	22.73	415.0			4791.2
Other - bilateral					15.0	.36	28.2	.32	305.0	1.90				348.2
- multilateral	20.0	.62					15.0	.17	2119.3	13.23				2154.3
- total	20.0	.62			15.0	.36	43.2	.49	2424.3	15.13				2502.5
TOTAL	68.7	2.14	75.3	2.16	137.1	3.30	531.3	6.04	6066.3	37.87	415.0			7293.7
Trinidad & Tobago:														
ODA - bilateral									20.0	1.54				20.0
- multilateral					9.0	.88								9.0
- total					9.0	.88			20.0	1.54				29.0
Other - bilateral									27.5	2.12				27.5
- multilateral							.5	.04	5.4	.42				5.9
- total							.5	.04	32.9	2.53				33.4
TOTAL					9.0	.88	.5	.04	52.9	4.07				62.4
United Arab Emirates:														
ODA - bilateral			16.3/o	2.37	41.0	4.93	824.6/o	37.48	1375.5/p	33.55	58.3			2315.7
- multilateral			16.9	2.46	13.9	1.67	145.5	6.61	189.9	4.63				366.2
- total			33.2	4.83	54.9	6.61	970.1	44.10	1565.4	38.18	58.3			2681.9
Other - bilateral					15.0	1.81			301.3	7.35	1.3			317.6
- multilateral							2.5	.11	199.6	4.87				202.1
- total					15.0	1.81	2.5	.11	500.9	12.22	1.3			519.7
TOTAL			33.2	4.83	69.9	8.42	972.6	44.21	2066.3	50.40	59.6			3201.6
Venezuela:														
ODA - bilateral									35.0	.15				35.0
- multilateral			12.4	.01	.9	.01	1.9	.01	795.9	3.46				811.1
- total			12.4	.01	.9	.01	1.9	.01	830.9	3.61				846.1
Other - bilateral									70.0	.30				70.0
- multilateral									1089.4	4.74				1089.4
- total									1159.4	5.04				1159.4
TOTAL			12.4	.01	.9	.01	1.9	.01	1990.3	8.65				2005.5
GRAND TOTALS														
ODA - Bilateral	159.0		279.8		216.8		2554.8		7533.4		530.5		18.4	11292.7
- Multilateral	40.0		275.0		127.4		371.1		3083.8		65.5			3962.8
- Total	199.0		554.8		344.2		2925.9		10617.2		596.0		18.4	15255.5
Other - Bilateral			12.3		114.1		175.1		2169.4		525.0		28.0	3023.9
- Multilateral	257.1		103.4		150.2		298.1		5402.4					6211.2
- Total	257.1		115.7		264.2		473.2		7571.8		525.0		28.0	9235.1
TOTAL	456.1		670.5		608.5		3399.1		18189.0		1121.0		46.4	24490.6

/a ODA includes flows for which terms are unknown, but the types of projects would probably attract ODA.
/b "Budget support" to Jordan.
/c Possibly includes "support assistance" to Syria - $50m.
/d Includes "budget support" to Jordan - $32.5m.
/e Includes "budget support" to Egypt - $117m.
/f Includes "10/73 war relief grant" to Egypt - $250m. and "budget support" to Jordan -$26.4m.
/g Includes "budget support" to Jordan - $38.9m.
/h Includes "budget support" to Jordan - $18.6m.
/i Includes "10/73 war relief grant" to Egypt - $700m.
/j Includes "10/73 war relief grant" to Egypt - $100m.
/k Includes $70m. for "10/73 war relief grant" to Syria.
/l Includes "budget support" to Jordan - $41.5m. (1970); $47m. (1971); $63.6m. (1972); $44.7m. (1973); $43.5 (1974).
/m Includes "10/73 war relief grant" to Egypt - $300m.
/n Includes "reconstruction aid" to Egypt and Syria - $500 m. each and a special grant to Egypt of $100m.
/o Includes "budget support" to Jordan - $6.3m. (1971); 5.5m (1973) and "10/73 war relief grant" to Egypt - $750m. (1973)
/p Includes "10/73 war relief grant" to Syria - $750m.

P & B
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TABLE 2

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-75

Summary of Disbursements

DISBURSEMENTS[a]	1970		1971		1972		1973		1974		1975		Undated	Total 1970-75
	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	U.S.$m.
Algeria:														
ODA - Bilateral	.9	.02	1.5	.29	1.7	.03	20.0	.26						24.1
- Multilateral					13.3	.22			20.0	.20				33.3
- Total	.9	.02	1.5	.29	15.0	.25	20.0	.26	20.0	.20				57.4
Other - Bilateral														
- Multilateral							2.0	.03						2.0
- Total							2.0	.03						2.0
TOTAL	.9	.02	1.5	.29	15.0	.25	22.0	.29	20.0	.20				59.4
Bahrain:														
ODA - Bilateral			3.2[b]	2.29										3.2
- Multilateral					.1	.06								.1
- Total			3.2	2.29	.1	.06								3.3
Other - Bilateral														
- Multilateral					2.0	1.33			1.0	.49				3.0
- Total					2.0	1.33			1.0	.49				3.0
TOTAL			3.2	2.29	2.1	1.40			1.0	.49				6.3
Iran:														
ODA - Bilateral	3.0	.03	2.6	.02	3.7	.02	.8		302.1	.90	1.0			313.2
- Multilateral			.3											.3
- Total	3.0	.03	2.9	.02	3.7	.02	.8		302.1	.90	1.0			313.5
Other - Bilateral														
- Multilateral	4.0	.04	1.0	.01	8.5	.05	3.0	.01	547.8	1.49				564.3
- Total	4.0	.04	1.0	.01	8.5	.05	3.0	.01	547.8	1.49				564.3
TOTAL	7.0	.06	3.9	.03	12.2	.07	3.8	.02	849.9	2.39	1.0			877.8
Iraq:														
ODA - Bilateral			.8	.02	2.4	.06	5.8	.11	26.9	.34				35.9
- Multilateral														
- Total			.8	.02	2.4	.06	5.8	.11	26.9	.34				35.9
Other - Bilateral									50.0	.58				50.0
- Multilateral							.1							.1
- Total							.1		50.0	.58				50.1
TOTAL			.8	.02	2.4	.06	5.9	.11	76.9	.92				86.0
Kuwait:														
ODA - Bilateral	113.4[c]	4.45	226.0[c/d]	6.96	92.1[c]	2.41	349.4[c/e]	7.18	99.1[c]	1.23			1.1	881.1
- Multilateral			20.2	.62	10.9	.29	8.1	.17	41.1	.37				80.3
- Total	113.4	4.45	246.2	7.58	103.0	2.70	357.5	7.35	140.2	1.61			1.1	961.4
Other - Bilateral	4.0	.16	10.9	.34	41.2	1.08	6.2	.13	206.6	3.20			7.1	276.0
- Multilateral	(1.8)		91.1	2.81	122.5	3.21	166.8	3.43	209.5	2.19				588.1
- Total	2.2	.09	102.0	3.14	163.7	4.29	173.0	3.55	416.1	5.38			7.1	864.1
TOTAL	115.6	4.54	348.2	10.73	266.7	6.99	530.5	10.90	556.3	6.99			8.2	1825.5
Libya:														
ODA - Bilateral	69.7[f]	1.98	50.1[f]	1.62	58.1[f]	1.71	62.1[f]	1.17	255.8[f]	3.30	16.0			511.8
- Multilateral							.1		1.5	.02				1.6
- Total	69.7	1.98	50.1	1.62	58.1	1.71	62.2	1.17	257.3	3.32	16.0			513.4
Other - Bilateral					22.8	.67	3.5	.07						26.3
- Multilateral	31.8	.90	(1.0)		10.0	.29	106.3	2.01	205.0	2.66				352.1
- Total	31.8	.90	(1.0)		32.8	.97	109.8	2.07	205.0	2.66				378.4
TOTAL	101.5	2.88	49.1	1.58	90.9	2.68	172.0	3.25	462.3	5.98	16.0			891.8
Nigeria:														
ODA - Bilateral							.4		1.8	.01				2.2
- Multilateral	.4	.01			.1		.1							.6
- Total	.4	.01			.1		.5		1.8	.01				2.8
Other - Bilateral														
- Multilateral	3.0	.04	1.0	.01	5.0	.05	1.0	.01	119.5	.72	120.0	.52		249.5
- Total	3.0	.04	1.0	.01	5.0	.05	1.0	.01	119.5	.72	120.0	.52		249.5
TOTAL	3.4	.05	1.0	.01	5.1	.05	1.5	.01	121.3	.73	120.0	.52		252.3
Oman:														
ODA - Bilateral					2.0[b]	.60								2.0
- Multilateral			.1	.04										.1
- Total			.1	.04	2.0	.60								2.1
Other - Bilateral														
- Multilateral					2.0	.60	1.0	.24	45.0	8.04				48.0
- Total					2.0	.60	1.0	.24	45.0	8.04				48.0
TOTAL			.1	.04	4.0	1.21	1.0	.24	45.0	8.04				50.1
Qatar:														
ODA - Bilateral					1.3[b]	.34	100.5[e/g]	15.95	80.0	6.67				181.8
- Multilateral					.2	.05			10.0	.83				10.2
- Total					1.5	.39	100.5	15.95	90.0	7.50				192.0
Other - Bilateral									1.5	.13				1.5
- Multilateral	.1	.05	.3	.10	.1	.03			.1	.01				.6
- Total	.1	.05	.3	.10	.1	.03			1.6	.13				2.1
TOTAL	.1	.05	.3	.10	1.6	.42	100.5	15.95	91.6	7.63				194.1
Saudi Arabia:														
ODA - Bilateral	217.5[h]	2.77	219.6[h]	6.31	256.7[h]	6.50	328.5[h/e]	3.73	540.4[i]	3.38				1562.7
- Multilateral			.2	.01					120.0	.75	10.0			130.2
- Total	217.5	2.77	219.8	6.32	256.7	6.50	328.5	3.73	660.4	4.13	10.0			1692.9
Other - Bilateral					15.0	.38								15.0
- Multilateral	(2.5)				(2.0)		15.0	.17	998.3	5.75	375.0	.01		1383.8
- Total	(2.5)				13.0	.33	15.0	.17	998.3	5.75	375.0	.01		1398.8
TOTAL	215.0	6.70	219.8	6.32	269.7	6.83	343.5	3.90	1658.7	9.87	385.0	.01		3091.7
Trinidad & Tobago:														
ODA - Bilateral														
- Multilateral					.2	.02								.2
- Total					.2	.02								.2
Other - Bilateral									15.0	1.15				15.0
- Multilateral					.1	.01	.5	.04	5.4	.42				6.0
- Total					.1	.01	.5	.04	20.4	1.57				21.0
TOTAL					.3	.03	.5	.04	20.4	1.57				21.2

TABLE 2

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-75

Summary of Disbursements

	1970		1971		1972		1973		1974		1975		Undated	Total 1970-75
	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	% of GNP	U.S.$m.	U.S.$m.
United Arab Emirates:														
ODA - Bilateral			6.3 b/	.92	10.0	1.15	8.1	.37	517.0 e/ j/	12.61	8.0	.01		549.4
- Multilateral					.2	.02	25.0	1.14	30.0	.73				55.2
- Total			6.3	.92	10.2	1.17	33.1	1.50	547.0	13.34	8.0	.01		604.6
Other - Bilateral					15.0	1.73								15.0
- Multilateral							2.5	.11	126.0	2.54				128.5
- Total					15.0	1.73	2.5	.11	126.0	2.54				143.5
TOTAL			6.3	.92	25.2	2.90	35.6	1.62	673.0	15.89	8.0	.01		748.1
Venezuela:														
ODA - Bilateral									15.0	.07				15.0
- Multilateral					.1				30.0	.13				30.1
- Total					.1				45.0	.20				45.1
Other - Bilateral														
- Multilateral									578.3	2.34	150.0	.50		728.3
- Total									578.3	2.34	150.0	.50		728.3
TOTAL					.1				623.3	2.54	150.0	.50		773.4
GRAND TOTALS														
ODA - Bilateral	404.5		510.1		428.0		875.6		1838.1		25.0		1.1	4082.4
- Multilateral	.4		20.8		25.1		33.3		252.6		10.0			342.2
- Total	404.9		530.9		453.1		908.9		2090.7		35.0		1.1	4424.6
Other - Bilateral	4.0		10.9		94.0		9.7		273.1				7.1	398.8
- Multilateral	34.6		92.4		148.2		298.2		2835.9		645.0			4054.3
- Total	38.6		103.3		242.2		307.9		3109.0		645.0		7.1	4453.1
TOTAL	443.5		634.2		695.3		1216.8		5199.7		680.0		8.2	8877.7

a/ ODA includes aid for which terms are unknown, but the types of projects would probably attract ODA.
b/ "Budget support" to Jordan.
c/ Includes $70m./yr. to Egypt and Syria, 1970-74 (Khartoum Agreements) and $32.5m. as "budget support" to Jordan 1970.
d/ Includes $117m. "budget support" for Egypt.
e/ Includes "10/73 war relief grants" to Egypt from: Kuwait ($250m); Qatar ($100m); Saudi Arabia ($100m); UAE ($250m).
f/ Includes $21.9m./yr. to Egypt, 1970-74; $18.8m. to Jordan in 1970 (Khartoum Agreements); and $170m. to Egypt in 1974 as a grant for the 10/73 war; and $25m./yr. to Syria (1970-74).
g/ Includes $.5m. "budget support" to Jordan.
h/ Includes $163.2m./yr. to Egypt and Syria, 1970-74 (Khartoum Agreements) and "budget support" to Jordan of $47.1m. (1970); $43m. (1971); $63.6m. (1972) and $44.7m. (1973).
i/ Includes $300m. to Egypt and $50m. to Syria for "reconstruction aid".
j/ Includes "10/73 war relief grants" to Syria - $250m.

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TABLE 3

BILATERAL FINANCIAL ASSISTANCE FROM OIL-EXPORTING NATIONS
TO EGYPT, SYRIA, AND JORDAN
(US$ million)

COMMITMENTS

Recipient	1970	1971	1972	1973	1974	1975	1970-75
Egypt	0	117.0	0	2316.0	3690.2	100.0	6223.2
Jordan	92.6	53.5	64.9	87.8	133.5	4.8	437.1
Syria	0	24.6	8.5	92.4	1767.8	200.0	2093.3
Sub-total	92.6	195.1	73.4	2496.2	5591.5	304.8	8753.6
Other Countries	66.4	97.0	257.5	233.7	4111.3	750.7	5563.0
Total	159.0	292.1	330.9	2729.9	9702.8	1055.5	14316.6

DISBURSEMENTS

Recipient	1970	1971	1972	1973	1974	1975	1970-75
Egypt	147.5	260.5	143.5	593.5	863.5	0	2008.5
Jordan	99.5	52.5	68.7	51.0	14.8	0	286.5
Syria	136.6	160.2	137.6	165.1	663.9	0	1263.4
Sub-total	383.6	473.2	349.8	809.6	1542.2	0	3558.4
Other Countries	24.9	47.8	172.2	75.7	569.0	25.0	922.8
Total	408.5	521.0	522.0	885.3	2111.2	25.0	4481.2

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TABLE 4

FINANCIAL ASSISTANCE FROM OIL EXPORTING COUNTRIES TO DEVELOPING COUNTRIES 1970-75
COMMITMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

A. BILATERAL COMMITMENTS

(Current US $m.) From:

TO:		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
Afghanistan	1971					1.0									1.0
	1972			2.1	.3	2.5									4.9
	1974			10.0	10.0						65.3				85.1
	Total			12.1	10.3	3.5					65.3				91.2
Algeria	1972					.4							15.0		15.4
	1973					83.7	50.7								134.4
	Total					84.1	50.7						15.0		149.8
Argentina	1974				100.0										100.0
	Total				100.0										100.0
Bahrain	1970					3.4									3.4
	1971					3.4									3.4
	1972					22.3									22.3
	1973														
	1974					11.2					7.9		75.0		94.1
	Total					40.3					7.9		75.0		123.2
Bangladesh	1974	1.0			54.7	20.0				1.5			150.0		227.2
	Total	1.0			54.7	20.0				1.5			150.0		227.2
Brazil	1974					100.0									100.0
	Total					100.0									100.0
Bulgaria	1974			25.0											25.0
	Total			25.0											25.0
Chad	1973						8.4						.1		8.5
	1974														
	Total						8.4						.1		8.5
Costa Rica	1975					15.5									15.5
	Total					15.5									15.5
Dahomey	1972							3.0							3.0
	1973														
	1974							.1							.1
	Total							3.1							3.1
Egypt	1971					117.0									117.0
	1972														
	1973					310.0	710.0			120.0	360.0		816.0		2316.0
	1974			1035.0		430.2				30.9	2036.0		158.1		3690.2
	1975										100.0				100.0
	Total			1035.0		857.2	710.0			150.9	2496.0		974.1		6223.2
Equatorial Guinea	1974					15.0	1.0								16.0
	Total					15.0	1.0								16.0
Ethiopia	1974			.1			1.0								1.1
	Total			.1			1.0								1.1
Gambia	1974						1.4								1.4
	Total						1.4								1.4
Greece	1974				140.0										140.0
	Total				140.0										140.0
Guinea	1974	1.2													1.2
	Total	1.2													1.2
Guinea-Bissau	1975					.5									.5
	Total					.5									.5
Guyana	1974											20.0		15.0	35.0
	Total											20.0		15.0	35.0
Honduras	1974													20.0	20.0
	Total													20.0	20.0
Hungary	1974					40.0									40.0
	Total					40.0									40.0
India	1974			133.0	143.9										276.9
	Total			133.0	143.9										276.9
Indonesia	1975			200.0											200.0
	Total			200.0											200.0
Iraq	1970					10.1									10.1
	1971					12.9									12.9
	1972					39.0	25.4						15.0		79.4
	1973														
	1974														
	Total					62.0	25.4						15.0		102.4

FINANCIAL ASSISTANCE FROM OIL EXPORTING COUNTRIES TO DEVELOPING COUNTRIES 1970-75
COMMITMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

(Current US $m.) From:

TO:		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
Jamaica	1974											27.5			27.5
	Total											27.5			27.5
Jordan	1970					32.5	18.6				41.5				92.6
	1971		3.2						2.0		42.0		6.3		53.5
	1972									1.3	63.6				64.9
	1973		1.0	5.0		36.6					44.7		.5		87.8
	1974			11.0		42.3				18.3	47.7		14.2		133.5
	1975			4.8											4.8
	Total		4.2	20.8		111.4	18.6		2.0	19.6	239.5		21.0		437.1
Lebanon	1974			345.5	27.5	3.0					6.0		65.8		447.8
	Total			345.5	27.5	3.0					6.0		65.8		447.8
Malaysia	1975					48.0					95.0		48.0		191.0
	Total					48.0					95.0		48.0		191.0
Mali	1970	1.1													1.1
	1971														
	1972														
	1973						.4								.4
	1974	1.2									5.0				6.2
	Total	2.3					.4				5.0				7.7
Malta	1974										5.0				5.0
	Total										5.0				5.0
Mauritania	1971						21.2								21.2
	1972														
	1973						1.7				2.0				3.7
	1974				2.5	125.9				9.0	33.5		15.0		185.9
	Total				2.5	125.9	22.9			9.0	35.5		15.0		210.8
Morocco	1974			30.0		10.3					50.0		35.0		125.3
	1975					8.4									8.4
	Total			30.0		18.7					50.0		35.0		133.7
Niger	1971						5.0								5.0
	1972														
	1973						.7				2.0				2.7
	1974					.4	.2								.6
	Total					.4	5.9				2.0				8.3
Oman	1974					3.4					80.0				83.4
	Total					3.4					80.0				83.4
Pakistan	1970					5.0									5.0
	1971														
	1972														
	1973									.5					.5
	1974			647.0	.1		66.8			30.0	150.0		107.0		1000.9
	1975			1.0		5.0					10.0		8.9		24.9
	Total			648.0	.1	10.0	66.8			30.5	160.0		115.9		1031.3
Peru	1975			100.0											100.0
	Total			100.0											100.0
Philippines	1974					17.0									17.0
	Total					17.0									17.0
Senegal	1971					10.9									10.9
	1972														
	1973			5.2											5.2
	1974			15.7		4.8									20.5
	Total			20.9		15.7									36.6
Somalia	1971				5.6										5.6
	1972				2.0		3.0				29.3				34.3
	1973					2.0									2.0
	1974				17.5	7.2	10.3	.5		10.0			99.5		145.0
	1975							.4							.4
	Total				25.1	9.2	13.3	.9		10.0	29.3		99.5		187.3
South Korea	1974												20.0		20.0
	Total												20.0		20.0
Spain	1974										30.0		25.4		55.4
	Total										30.0		25.4		55.4
Sri Lanka	1971					1.4									1.4
	1972														
	1973														
	1974			67.0	20.0	46.0									133.0
	Total			67.0	20.0	47.4									134.4
Sudan	1971												10.0		10.0
	1972					4.8					15.0				19.8
	1973					20.2					26.2				46.4
	1974			64.0	10.0	15.0				14.0	214.0		19.2		336.2
	1975									2.3			2.3		4.6
	Total			64.0	10.0	40.0				16.3	255.2		31.5		417.0

FINANCIAL ASSISTANCE FROM OIL EXPORTING COUNTRIES TO DEVELOPING COUNTRIES 1970-75
COMMITMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

(Current US $m.) From:

TO:		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
Syria	1971	1.0				23.6									24.6
	1972					5.0	3.5								8.5
	1973	22.4								70.0					92.4
	1974			150.0	50.0	184.1	30.0				500.0		853.7		1767.8
	1975										200.0				200.0
	Total	23.4		150.0	50.0	212.7	33.5			70.0	700.0		853.7		2093.3
Tunisia	1970					8.9									8.9
	1971					2.5									2.5
	1972														
	1973					6.9									6.9
	1974			4.0		13.7				10.0	18.6		26.9		73.2
	1975												.4		.4
	Total			4.0		32.0				10.0	18.6		27.3		91.9
Uganda	1972						17.3				15.0				32.3
	1973														
	1974						12.3								12.3
	Total						29.6				15.0				44.6
Upper Volta	1973						.7								.7
	1974														
	Total						.7								.7
Yemen Arab Republic	1970					2.4					7.2				9.6
	1971				8.1	.5					13.4				22.0
	1972					6.5					13.4		26.0		45.9
	1973					6.6					5.7		8.0		20.3
	1974				19.5	9.7	11.0			2.1	3.0		6.0		51.3
	Total				27.6	25.7	11.0			2.1	42.7		40.0		149.1
P.D.R. of Yemen	1970				11.6		16.7								28.3
	1971					1.1									1.1
	1972					.2									.2
	1973														
	1974				5.0	17.9									22.9
	1975				10.0										10.0
	Total				26.6	19.2	16.7								62.5
Yugoslavia	1975					125.0	70.0								195.0
	Total					125.0	70.0								195.0
Zambia	1974	.8						.8							1.6
	Total	.8						.8							1.6
Zaire	1974						100.7								100.7
	Total						100.7								100.7
Multinational	1973	2.0													2.0
	1974	.3											6.0	70.0	76.3
	Total	2.3											6.0	70.0	76.3
ANNUAL TOTAL	1970	1.1			11.6	62.3	35.3				48.7				159.0
	1971	1.0	3.2		13.7	174.3	26.2		2.0		55.4		16.3		292.1
	1972			2.1	2.3	80.7	49.2	3.0		1.3	136.3		56.0		330.9
	1973	24.4	1.0	10.2		466.0	772.6			190.5	440.6		824.6		2729.9
	1974	4.5		2537.3	600.7	1117.1	234.7	1.4		125.8	3252.0	47.5	1676.8	105.0	9707.8
	1975			305.8	10.0	202.4	70.0	.4		2.3	405.0		59.6		1055.5
	Undated					28.9	17.5								46.4
TOTAL 1970-75		31.0	4.2	2855.4	638.3	2131.7	1205.5	4.8	2.0	319.9	4338.0	47.5	2633.3	105.0	14316.6

TABLE 4

FINANCIAL ASSISTANCE FROM OIL EXPORTING COUNTRIES TO DEVELOPING COUNTRIES 1970-75
COMMITMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

B. MULTILATERAL COMMITMENTS

(Current US $m.) From:

To		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
African Development Bank	1972	13.3					30.0								43.3
	1973														
	1974	20.0						4.0							24.0
	1975						20.0								20.0
	Total	33.3					50.0	4.0							87.3
Andean Development Corp.	1974													65.0	65.0
Arab Bank for Industrial and Agricultural Development	1970					200.0									200.0
	1971														
	1972														
	1973														
	1974										40.0				40.0
	Total					200.0					40.0				240.0
Arab Bank for Economic Development in Africa	1973	20.0	1.0		30.0	20.0	40.0		4.0	20.0	25.0		20.0		180.0
	1974					200.0									200.0
	Total	20.0	1.0		30.0	220.0	40.0		4.0	20.0	25.0		20.0		380.0
Arab Cities Organization	1974												3.5		3.5
Arab Fund for Economic and Social Development	1971	13.5	1.7		25.4	101.0	40.6			5.0			16.9		204.1
	1972														
	1973														
	1974								30.0		60.0				90.0
	Total	13.5	1.7		25.4	101.0	40.6		30.0	5.0	60.0		16.9		294.1
Arab Investment Bank	1974	5.0					5.0						5.0		15.0
Arab Technical Assistance Fund for Africa	1974				2.0						3.0		2.0		7.0
	1975				1.0										1.0
	Total				3.0						3.0		2.0		8.0
Asian Development Bank	1974					17.2									17.2
CGIAR	1974							.8							.8
Caribbean Development Bank	1974													30.0	30.0
Central American Bank for Economic Integration	1974													70.0	70.0
IMF Oil Facility	1974			700.0		483.0		120.0	24.1		1206.0		120.6	542.8	3196.5
Inter-American Development Bank	1974													23.3	23.3
Organization for Agricultural Development of Senegal River Basin	1975					34.0					10.0				44.0
Special Fund for Development of Latin America	1974													500.0	500.0
Islamic Bank	1974	30.0				120.0	360.0		6.0	20.0	480.0		132.0		1148.0
Islamic Solidarity Fund	1974		2.0							10.0	4.5		2.0		18.5
Libya/United Arab Emirates Fund	1973												125.0		125.0
	1974						125.0								125.0
	Total						125.0						125.0		250.0
Special Fund for Arab Non-Oil Producers	1974				16.0	16.9	7.0			5.0	15.0		10.0		69.9
Special Arab Fund for Africa	1974	20.0	1.0			30.0	30.0			10.0	40.0		20.0		151.0
UNDP	1972	.3		1.0	.3	.4	.3	.1		.2	.4			.9	3.9
	1973	.3		1.0	.3	.4	.3	.2		.2	.4		.2	.9	4.2
	1974	.4		1.0	.4	.4		.2		.2	1.5		.2	.9	5.2
	1975				.5										.5
	Total	1.0		3.0	1.5	1.2	.6	.5		.6	2.3		.4	2.7	13.8
U.N. Emergency Special Fund	1974			150.0						14.0				50.0	214.0
U.N. Emergency Special Account	1974	20.0		20.0		10.0					30.0		10.0	80.0	170.0
U.N. FAO	1974						10.0				10.0				20.0
U.N. Miscellaneous Agencies	1972	.1		.6	.2	.5	.7	.2			.4				2.7
	1973	.2		.5	.2	.5	.7	.2		.1	.3		.3		3.0
	1974					35.4					11.0		.2		46.6
	Total	.3		1.1	.4	36.4	1.4	.4		.1	11.7		.5		52.3
World Food Program	1971				.1									1.0	1.1
	1972														
	1973	.1		.1	.1						50.0			1.0	51.3
	1974												5.0		5.0
	Total	.1		.1	.2						50.0		5.0	2.0	57.4
IBRD	1970			4.0		(1.8)	31.8	43.0		.1	(2.5)				74.6
	1971			33.0		91.1	10.0	1.0	6.5	.3	19.9			11.4	173.2
	1972		12.3	8.5		125.4	10.0	14.2	2.0	18.8	(2.0)	7.4	13.9		210.5
	1973	2.0		3.0	7.0	166.8	106.3	1.1	1.0		15.0	.5	2.5		305.2
	1974	37.3	1.0	363.8		(.5)	1.5	239.5	35.0	.1	913.3	5.4	79.0	523.3	2198.7
	Total	39.3	13.3	412.3	7.0	381.0	159.6	298.8	44.5	19.3	943.7	13.3	95.4	534.7	2962.2
IDA	1972	.2		.2		13.0		.2				1.6			15.2
	1973						.1		.4						.5
	1974					32.0									32.0
	Total	.2		.2		45.0	.1	.2	.4			1.6			47.7
ANNUAL TOTAL	1970			4.0		198.2	31.8	43.0		.1	20.0				297.1
	1971	13.5	1.7	33.0	25.5	192.1	50.6	1.0	6.5	5.3	19.9		16.9	12.4	378.4
	1972	13.9	12.3	10.3	.5	139.3	41.0	14.7	2.0	19.0	.8	9.0	13.9	.9	277.6
	1973	22.6	1.0	4.6	37.6	187.7	147.4	1.5	5.4	20.3	90.7	.5	148.0	1.9	669.2
	1974	132.7	4.0	1234.8	18.4	944.4	538.5	364.5	95.1	59.3	2814.3	5.4	389.5	1885.3	8486.2
	1975				1.5	34.0	20.0				10.0				65.5
TOTAL 1970-75		182.7	19.0	1286.7	83.5	1695.7	829.3	424.7	109.0	104.0	2955.7	14.9	568.3	1900.5	10174.0

FINANCIAL ASSISTANCE FROM OIL EXPORTING COUNTRIES TO DEVELOPING COUNTRIES 1970-75
COMMITMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

C. TOTAL BILATERAL AND MULTILATERAL

Commitments (Current U.S. $m.) From:

	Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
1970	1.1		4.0	11.6	260.5	67.1	43.0		.1	68.7				458.1
71	14.5	4.9	33.0	39.2	366.4	76.8	1.0	8.5	5.3	75.3		33.2	12.4	670.5
72	13.9	12.3	12.4	2.8	220.0	90.2	17.7	2.0	20.3	137.1	9.0	69.9	.9	608.5
73	47.0	2.0	14.8	37.6	653.7	920.0	1.5	5.4	210.8	531.3	.5	972.6	1.9	3399.1
74	137.2	4.0	3772.1	619.1	2061.5	773.2	365.9	95.1	185.1	6066.3	52.9	2066.3	1990.3	18189.0
75			305.8	11.5	236.4	90.0	.4		2.3	415.0		59.6		1121.0
Undated					28.9	17.5								46.4
TOTAL	213.7	23.2	4142.1	721.8	3827.4	2034.8	429.5	111.0	423.9	7293.7	62.4	3201.6	2005.5	24490.6

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TABLE 5

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-75
DISBURSEMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

A. BILATERAL DISBURSEMENTS

		Disbursements (Current US $m.) From:													
TO:		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
Afghanistan	1971					.9									.9
	1972			2.1	.3	1.4									3.8
	1973					1.2									1.2
	1974										.3				.3
				2.1	.3	3.5					.3				6.2
Algeria	1972					.4									.4
	1973												7.5		7.5
	1974					59.7							7.5		67.2
	Total					60.1							15.0		75.1
Bahrain	1970					3.4									3.4
	1971					3.2									3.2
	1972														
	1973														
	1974										7.9				7.9
	Total					6.6					7.9				14.5
Brazil	1974					25.0									25.0
	Total					25.0									25.0
Chad	1973						8.0						.1		8.1
	1974														
	Total						8.0						.1		8.1
Dahomey	1973							.4							.4
	1974							.5							.5
	Total							.9							.9
Egypt	1970					44.0	21.9				81.6				167.5
	1971					157.0	21.9				81.6				260.5
	1972					40.0	21.9				81.6				143.5
	1973					290.0	21.9			100.0	181.6				593.5
	1974					40.0	191.9				381.6		250.0		863.5
	Total					571.0	279.5			100.0	808.0		250.0		2008.5
Equatorial Guinea	1974						1.0								1.0
							1.0								1.0
Ethiopia	1974			.1											.1
	Total			.1											.1
Guyana	1974											15.0		15.0	30.0
	Total											15.0		15.0	30.0
India	1974			133.0	20.0										153.0
	Total			133.0	20.0										153.0
Iraq	1971					3.4									3.4
	1972					50.4	22.8						15.0		88.2
	1973					4.8									4.8
	1974					.9									.9
	Total					59.5	22.8						15.0		97.3
Jordan	1970					33.6	18.8				47.1				99.5
	1971		3.2								43.0		6.3		52.5
	1972					1.8			2.0	1.3	63.6				68.7
	1973					5.8					44.7		.5		51.0
	1974					5.8				1.5			7.5		14.8
	Total		3.2			47.0	18.8		2.0	2.8	198.4		14.3		286.5
Lebanon	1974					3.0					6.0		2.0		11.0
	Total					3.0					6.0		2.0		11.0
Mali	1971	1.1													1.1
	1972														
	1973														
	1974														
	Total	1.1													1.1
Mauritania	1971						3.2								3.2
	1972						5.7								5.7
	1973						5.7								5.7
	1974					.2	5.7								5.9
	Total					.2	20.3								20.5
Morocco	1970			3.0		3.3									6.3
	1971			2.6		2.8									5.4
	1972			1.6		2.6									4.2
	1973			.4		5.6									6.0
	1974					4.2									4.2
	Total			7.6		18.5									26.1
Niger	1974						.2								.2
	Total						.2								.2
Pakistan	1971					4.5									4.5
	1972					.5									.5
	1973									.5					.5
	1974			125.0	.1		30.0								155.1
	1975			1.0			16.0						8.0		25.0
	Total			126.0	.1	5.0	46.0			.5			8.0		186.6

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TABLE 5

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-75
DISBURSEMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

A. BILATERAL DISBURSEMENTS

		Disbursements (Current US $m.) From:													
		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
To:															
Senegal	1971					10.9									10.9
	1972														
	1973			.4											.4
	1974														
	Total			.4		10.9									11.3
Somalia	1972				1.3		1.5				9.0				11.8
	1973				2.4		1.5				7.4				11.3
	1974				1.2		2.0	.5		10.0	10.0				23.7
	Total				4.9		5.0	.5		10.0	26.4				46.8
Sri Lanka	1972					1.4									1.4
	1973														
	1974					21.0									21.0
	Total					22.4									22.4
Sudan	1970					1.7									1.7
	1971					.3									.3
	1972					1.9					15.0		10.0		26.9
	1973					5.5									5.5
	1974			44.0		3.3									47.3
	Total			44.0		12.7					15.0		10.0		81.7
Syria	1970					30.0	25.0				81.6				136.6
	1971					53.6	25.0				81.6				160.2
	1972	1.0				30.0	25.0				81.6				137.6
	1973	20.0				35.0	28.5				81.6				165.1
	1974				50.0	137.3	25.0			70.0	131.6		250.0		663.9
	Total	21.0			50.0	285.9	128.5			70.0	458.0		250.0		1263.4
Tunisia	1970					1.2									1.2
	1971					.3									.3
	1972					1.7									1.7
	1973					7.4									7.4
	1974					5.3									5.3
	Total					15.9									15.9
Uganda	1972						4.0				7.5				11.5
	1973										7.5				7.5
	1974														
	Total						4.0				15.0				19.0
Yemen Arab Republic	1970					.2					7.2				7.4
	1971										13.4				13.4
	1972					.5					13.4				13.9
	1973				1.7						5.7				7.4
	1974				4.0						3.0				7.0
	Total				5.7	.7					42.7				49.1
P.D.R. of Yemen	1970	.9					4.0								4.9
	1971	.4			.8										1.2
	1972	.7			.8	.7									2.2
	1973				1.7	.3									2.0
	1974				1.6										1.6
	Total	2.0			4.9	1.0	4.0								11.9
Zambia	1974							.8							.8
	Total							.8							.8
ANNUAL TOTAL	1970	.9		3.0		117.4	69.7				217.5				408.5
	1971	1.5	3.2	2.6	.8	236.9	50.1				219.6		6.3		521.0
	1972	1.7		3.7	2.4	133.3	80.9		2.0	1.3	271.7		25.0		522.0
	1973	20.0		.8	5.8	355.6	65.6	.4		100.5	328.5		8.1		885.3
	1974			302.1	76.9	305.7	255.8	1.8		81.5	540.4	15.0	517.0	15.0	2111.2
	1975			1.0			16.0						8.0		25.0
	Undated					8.2									8.2
TOTAL 1970-75		24.1	3.2	313.2	85.9	1157.1	538.1	2.2	2.0	183.3	1577.7	15.0	564.4	15.0	4481.2

TABLE 5

FINANCIAL ASSISTANCE FROM OIL-EXPORTING COUNTRIES TO DEVELOPING COUNTRIES, 1970-75
DISBURSEMENTS - SUMMARY BY DONOR AND RECIPIENT COUNTRIES AND MULTILATERAL AGENCIES

B. MULTILATERAL DISBURSEMENTS

Disbursements (U.S. $m.) From:

TO:		Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
African Development Bank	1972	13.3													13.3
Arab Bank for Industrial and Agricultural Development in Africa	1974										40.0				40.0
Arab Fund for Economic and Social Development	1971					20.2									20.2
	72														
	73					8.1									8.1
	Total					28.3									28.3
Islamic Bank	1974						150.0								150.0
Libya/U.A.E. Fund	1973												25.0		25.0
	74						25.0								25.0
	Total						25.0						25.0		50.0
IBRD	1970			4.0		(1.8)	31.8	3.4		.1	(2.5)				35.0
	71			1.3		91.1	(1.0)	1.0	.1	.3	.2				93.0
	72		2.1	8.5		122.5	10.0	5.0	2.0	.3	(2.0)	.1	.2	.1	148.8
	73	2.0		3.0	.1	166.8	106.3	1.1	1.0		15.0	.5	2.5		298.3
	74		1.0	288.8		(.5)	10.2	119.5	35.0	.1	538.3	5.4	79.0	381.3	1460.1
	75							120.0			375.0			150.0	645.0
	Total	2.0	3.1	305.6	.1	378.1	148.6	250.0	38.1	.8	924.0	6.0	81.7	531.4	2680.2
IDA	1972					10.9		.1				.2			11.2
	73						.1								.1
	74														
	Total					10.9	.1	.1				.2			11.3
IMF Special Oil Facility	1974			250.0		210.0			10.0		460.0		47.0	197.0	1183.0
Organization for Senegal River Development	1975										10.0				10.0
Special Arab Fund for Africa	1974	20.0				30.0	30.0			10.0	40.0		20.0		150.0
UN Emergency Special Account	1974										30.0		10.0	30.0	70.0
UN Miscellaneous Agencies	1974					.4					10.0				10.4
ANNUAL TOTAL	1970			4.0		(1.8)	31.8	3.4		.1	(2.5)				35.0
	71			1.3		111.3	(1.0)	1.0	.1	.3	.2				113.2
	72	13.3	2.1	8.5		133.4	10.0	5.1	2.0	.3	(2.0)	.3	.2	.1	173.3
	73	2.0		3.0	.1	174.9	106.4	1.1	1.0		15.0	.5	27.5		331.5
	74	20.0	1.0	547.8		250.6	206.5	119.5	45.0	10.1	1118.3	5.4	156.0	608.3	3088.5
	75							120.0			385.0			150.0	655.0
	Total	35.3	3.1	564.6	.1	668.4	353.7	250.1	48.1	10.8	1514.0	6.2	183.7	758.4	4396.5

C. TOTAL BILATERAL AND MULTILATERAL

Disbursements (Current U.S. $m.) From:

	Algeria	Bahrain	Iran	Iraq	Kuwait	Libya	Nigeria	Oman	Qatar	Saudi Arabia	Trinidad & Tobago	United Arab Emirates	Venezuela	Total
1970	.9		7.0		115.6	101.5	3.4		.1	215.0				443.5
71	1.5	3.2	3.9	.8	348.2	49.1	1.0	.1	.3	219.8		6.3		634.2
72	15.0	2.1	12.2	2.4	266.7	90.9	5.1	4.0	1.6	269.7	.3	25.2	.1	695.3
73	22.0		3.8	5.9	530.5	172.0	1.5	1.0	100.5	343.5	.5	35.6		1216.8
74	20.0	1.0	849.9	76.9	556.3	462.3	121.3	45.0	91.6	1658.7	20.4	673.0	623.3	5199.7
75			1.0			16.0	120.0			385.0		8.0	150.0	680.0
Undated					8.2									8.2
TOTAL 1970-75	59.4	6.3	877.8	86.0	1825.5	891.8	252.3	50.1	194.1	3091.7	21.2	748.1	773.4	8877.7

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5. U.S. TREASURY AND AGENCY YIELDS

January 1974 to February 1975

	TREASURIES Maturities			
First Week of	5 Years	7 Years	10 Years	20 Years
January 1974	6.77	6.71	6.82	7.32
February	6.82	6.81	6.93	7.38
March	6.90	6.89	6.88	7.49
April	7.78	7.56	7.28	7.88
May	8.11	7.90	7.41	8.04
June	7.95	7.85	7.41	8.01
July	8.29	8.15	7.60	8.13
August	8.55	8.43	7.70	8.32
September	8.50	8.46	7.96	8.50
October	8.09	7.95	7.69	8.47
November	7.77	7.67	7.33	7.88
December	7.46	7.56	7.16	7.73
January 1975	7.21	7.19	7.01	7.78
February	6.88	7.07	6.91	7.55

	AGENCIES Maturities			
First Week of	5 Years	7 Years	10 Years	20 Years
January 1974	7.03	7.14	7.29	7.72
February	7.12	7.22	7.32	7.81
March	7.10	7.20	7.29	7.87
April	8.05	8.12	8.09	8.35
May	8.23	8.20	8.26	8.40
June	8.31	8.29	8.28	8.38
July	8.78	8.77	8.66	8.70
August	9.00	8.98	8.88	8.85
September	9.30	9.27	9.14	9.02
October	8.65	8.68	8.64	8.95
November	8.15	8.17	8.15	8.37
December	7.85	8.00	8.00	8.35
January 1975	7.70	7.75	7.80	8.30
February	7.10	7.30	7.35	7.90

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6. Briefing Note on Borrowing Program

Attached is a table which outlines the effect on the FY75-79 borrowing program from an additional $1 billion in lending in FY75 and from the $1 billion Third Window proposal.[1/] The additional lending over the period would total $1050 million, $250 million in FY77 and $400 million in both FY78 and FY79.

Also attached is a mark-up of Standard Table III (on borrowing and potential borrowing through FY79) which has been changed to show the FY76 figures recently discussed with the oil-exporting countries (see page 2 of the table). The last line on this table shows that the total potential gross borrowings for each year in the FY75-79 period comfortably exceed the gross borrowings required by the $2 billion in increased lending.

1/ Assumes disbursements in average IBRD projects for 90% of Third Window commitments and quick-disbursing program loans for the remaining 10% in commitments.

Borrowing Requirements for Revised FY75 Program and Third Window Proposal a/

	FY75	FY76	FY77	FY78	FY79
Gross Borrowings					
Present Program	3550	3200	3550	3900	4800
Additional Requirement	-	-	250	400	400
Total	3550	3200	3800	4300	5200
Liquid Holdings (End Year)					
Present Program	5314	5698	5900	6320	6878
- as % of next 3 years' borrowing requirements	55%	51%	45%	41%	40%
With Additional Lending	5293	5537	5824	6385	7037
- as % of next 3 years' borrowing requirements	51%	46%	42%	40%	40%

a/ Assumes a revised lending program of an additional $1b in commitments in FY75 and a $1b Third Window in FY76.

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III. IBRD: BORROWINGS THROUGH FY1980 AND POTENTIAL ADDITIONAL BORROWING
(US$ millions and percentages)

		Outstanding a/ 1974	Outstanding [illegible]	1963 b/	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975 c/	1976	1977	1978	1979	1980	1964-68	1969-73	1974-78
CENTRAL BANKS																								
2-year Bonds																								
Oil-exporting Countries	- Borrowings			11	19	5	36	42	37	46	50	54	62	54	80	94	[illegible]	56	80	[illegible]	50	139	168	423
	- Repayments			9	1	1	19	5	36	42	37	48	50	54	67	94	[illegible]	[illegible]	80	[illegible]	[illegible]	62	211	[illegible]
	- Net	174	174	2	18	4	17	37	1	6	13	6	12	40	18	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	77	[illegible]	18
Other Countries	- Borrowings			539	[illegible]	95	164	159	183	289	300	371	309	356	348	346	[illegible]	[illegible]	340	[illegible]	368	686	1565	1716
	- Repayments			[illegible]	[illegible]	23	81	55	[illegible]	158	185	[illegible]	303	331	315	346	[illegible]	[illegible]	349	[illegible]	[illegible]	538	[illegible]	[illegible]
	- Net	69	69	[illegible]	-13	-4	83	63	[illegible]	131	112	32	5	25	33	0	[illegible]	[illegible]	0	[illegible]	0	148	[illegible]	[illegible]
Total	- Borrowings			[illegible]	[illegible]	100	200	200	215	337	350	375	371	440	428	440	[illegible]	400	420	[illegible]	418	825	[illegible]	2115
	- Repayments			[illegible]	[illegible]	100	100	100	200	200	225	337	350	375	371	440	[illegible]	400	426	[illegible]	418	600	[illegible]	[illegible]
	- Net	813	818	[illegible]	[illegible]	0	100	100	15	137	125	38	21	65	57	0	[illegible]	[illegible]	0	[illegible]	0	225	[illegible]	52
Bundesbank	- Borrowings			1158		198	70	64	91	161	148	144 d/	150	136	220	262	243	185	195	255	249	423	[illegible]	1115
	- Repayments			[illegible]		198	70	64	91	161	148	144	121	135	220	262	243	185	195	255	249	423	[illegible]	1115
	- Net	943 e/	943	[illegible]		0	0	0	0	0	0	0	29	1	0	0	0	0	0	0	0	0	[illegible]	0
Bank of Japan	- Borrowings										200	219	45	330	498	190	199	[illegible]	11	357	433		794	985
	- Repayments										0	0	0	50	105	190	[illegible]	7	11	357	433		55	[illegible]
	- Net	[illegible] f/	[illegible]								200	219	45	280	[illegible]	0	[illegible]	-7	0	0	0		[illegible]	[illegible]
Other Governments g/	- Borrowings			109	0	0	0	0	17	0	0	0		0								17	0	
	- Repayments			[illegible]	3	8	12	8	15	4	4	4		5								51	17	
	- Net			[illegible]	-3	-8	-12	-8	2	-4	-4	-4		-5								-34	-17	
Total	- Borrowings			1915	[illegible]	298	270	264	348	513	698	736	556	906	1146	892	[illegible]	642	634	[illegible]	1110	1265	3505	4158
	- Repayments			961	103	306	182	172	306	365	377	485	471	565	692	892	870	642	634	561	1110	1074	2251	3735
	- Net	3664	[illegible]	[illegible]	[illegible]	-4	88	92	42	148	321	[illegible]	85	341	[illegible]	0	[illegible]	0	0	[illegible]	0	[illegible]	[illegible]	[illegible]
OIL-EXPORTING COUNTRIES																								
Offset Arrangements	- Borrowings															525	[illegible]	390	385	345	355			1660
	- Repayments															0	[illegible]	0	0	0	0			0
	- Net		2350													525	260	390	385	345	355			1660
Iran	- Borrowings														200	100	100	250	200	200	200			800
	- Repayments														0	0	0	0	0	0	0			0
	- Net	200	1220												200	100	100	250	200	200	200			800
Kuwait	- Borrowings									42			140	122	84	0	100	[illegible]	255	350	400		304	634
	- Repayments									0			0	0	11	20	20	[illegible]	42	38	38		0	116
	- Net	434	1200							42			140	122	73	-20	[illegible]	[illegible]	213	312	362		304	518
Libya	- Borrowings											28			101	143	134	200	200	300	400		28	778
	- Repayments											0			0	0	35	0	0	0	0		0	34
	- Net	135	1553									28			101	143	100	200	200	300	400		28	744
Saudi Arabia	- Borrowings								15	15						890	900	1000	1000	1000	1000	15	15	3790
	- Repayments								0	0						0	0	0	0	0	0	0	0	0
	- Net	30	1428						15	15						890	900	1000	1000	1000	1000	15	15	3790
United Arab Emirates	- Borrowings														76			100	200	300	300			376
	- Repayments														0			0	0	0	0			0
	- Net	76	5820												76			100	200	300	300			376
Venezuela	- Borrowings														23	500	500	500	500	500	500			2023
	- Repayments														0	0	0	0	2	2	2			2
	- Net	23	3017												23	500	500	500	498	498	498			2021
Other	- Borrowings																				300			
	- Repayments																				0			
	- Net		300																		300			
Total	- Borrowings								15	57		28	140	122	484	2158	2094	3590	2735	2995	3445	15	347	10061
	- Repayments								0	0		0	0	0	11	20	54	27	40	40	40	0	0	152
	- Net	835	16694						15	57		28	140	122	473	2138	2040	3563	2695	2955	3405	15	347	9909
OTHER COUNTRIES																								
Austria	- Borrowings			5											32	0	0	0	0		0		60	32
	- Repayments			0											1	1	1	1	1		7		10	5
	- Net	36	25	5											31	-1	-1	-1	-1		-7		50	27
Germany	- Borrowings			50		63	0	0	30	400	37	150	191	235	0	0	36	50	50	150	300	93	1013	136
	- Repayments			0		5	5	5	5	5	6	8	29	53	25	24	39	108	142	120	105	20	103	338
	- Net	1507	1555	50		58	-5	-5	25	395	31	142	162	182	-25	-24	-3	-58	-92	30	195	73	910	-202
Italy	- Borrowings			24										43	33			0		0	0		43	33
	- Repayments			0										0	0			23		2	3		0	23
	- Net	93	65	24										43	33			-23		-2	-3		43	10
Japan	- Borrowings												106	162	75		0	50	50	150	300		268	175
	- Repayments												0	0	0		1	9	13	27	31		0	23
	- Net	380	849										106	162	75		-1	41	37	123	269		268	152
Sweden	- Borrowings								14						18				0	0	0	14		16
	- Repayments								0						0				1	1	2	0		1
	- Net	34	30						14						18				-1	-1	-2	14		17
Switzerland	- Borrowings			177	0	14	0	22	17	19	0	18	140	30	178	0	0	18	31	94	86	53	208	227
	- Repayments			33	1	1	1	1	1	32	2	2	30	32	40	5	24	104	5	8	58	5	98	178
	- Net	556	581	144	-1	13	-1	21	16	-13	-2	16	110	-2	138	-5	-24	-86	26	86	28	48	110	49
United States	- 5-year			0	0	0	0	0	0	0	0	200	250	0	0	500 i/	200	200	200	200	300	0	450	1100
	- 25-year			1685	0	200	0	425	300	250	0	200	175	0	0	0	0	0	200	250	350	925	625	200
	- Borrowings			1685	0	200	0	425	300	250	0	400	425	0	0	500	200	200	400	450	650	925	1075	1300
	- Repayments			369	19	21	34	41	195	92	44	44	77	114	87	63	265	322	94	115	341	311	371	831
	- Net	2549	3748	1316	-19	179	-34	384	105	158	-44	356	348	-114	-87	437	-65	-122	306	334	309	614	704	469
Other g/	- Borrowings			231	0	23	19	19	25	0	0	33	176	112	0	0	0	0	0	0	0	86	261	0
	- Repayments			98	4	15	4	5	4	30	5	9	1	4	2	8	27	51	58	32	67	32	39	148
	- Net	534	291	133	-4	8	15	14	21	-30	-5	24	175	108	-2	-8	-27	-51	-58	-32	-67	54	222	-148
Total	- Borrowings			2172	0	300	18	465	387	669	37	602	1038	582	336	500	236	318	531	844	1336	1171	2928	1921
	- Repayments			500	24	42	44	52	205	159	57	63	137	203	155	101	357	618	314	306	610	868	621	1545
	- Net	5689	7148	1672	-24	258	-26	413	182	510	-20	539	901	379	181	399	-121	-300	217	538	726	303	2307	376
Gross Borrowing	- Oil Exporting			11	19	5	36	42	52	105	50	82	202	216	565	2252	2174	2684	2815	3089	3525	54	655	10490
	- Non-oil Export.			3976	81	593	252	687	683	1077	685	1282	1402	1394	1401	1298	1026	866	1085	1711	2366	2396	6026	5676
	- Total			3987	100	598	288	729	735	1224	735	1368	1744	1610	1966	3550	3200	3550	3900	4800	5891	2450	6681	16166
Debt Retirement	- Oil Exporting			9	1	1	19	5	36	42	37	48	50	54	73	114	134	121	120	134	120	62	231	562
	- Non-oil Export.			1452	131	357	205	221	478	484	399	500	558	714	790	899	1147	1166	868	1173	1640	1381	2655	5456
	- Total			1461	132	358	224	226	514	526	436	548	608	768	863	1013	1281	1287	988	1307	1760	1443	2886	6018
Net Borrowing	- Oil Exporting	1072	16868	2	18	4	17	37	16	63	13	34	152	162	491	2138	2040	2563	2695	2955	3405	92	424	9927
	- Non-oil Export.	8578	9854	2526	-50	246	47	466	205	594	286	786	844	558	612	399	-121	-300	217	538	726	915	3371	807
	- Total	9650	26722	2528	-32	250	64	503	221	698	299	820	1136	842	1103	2537	1919	2263	2912	3493	4131	1007	3795	10734
Average Cost of Borrowing h/				4.18	4.00	4.69	5.26	5.49	6.34	6.52	7.54	8.03	7.38	6.92	7.49	8.25	8.25	8.25	8.25	8.25	8.25	5.55	7.28	8.16

a/ Funded debt outstanding at the end of FY1974, FY1975 and FY1980 includes exchange adjustments.
b/ Borrowings and repayments in this column are for [illegible] through 1963; average cost of borrowing is for FY1963 only.
c/ [illegible]
d/ [illegible]
e/ [illegible]
f/ A drawing of $114m on the Bank of Japan line of credit made in FY73 is assigned to the FY74 borrowing program of $1126m.
g/ [illegible]
g/ Includes borrowings as follows:

FY63: Belgium $10m, Canada $54m, [illegible] International Institutions $65m.
FY65: Canada $23m.
FY66: Canada $19m.
FY67: [illegible]
FY68: Canada $18m and Netherlands $11m.
FY71: Netherlands $33m.
FY72: Belgium $35m, Canada $6m, France $21m, Netherlands $13m, and U.K. $24m.
FY73: Belgium $25m, Netherlands $62m, and Lebanon $25m.

h/ Average cost of new borrowing is the average weighted by amount and average life of the cost to the Bank of new issues. Assumed borrowing costs are:

	FY75	FY76 on
2-yr. Issues	8.50%	7.45%
Bundesbank	8.75%	8.20%
Bank of Japan	8.52%	8.26%
5-yr. Issues (US)	8.16% i/	7.50%
12-yr. Issues	8.10%	8.31%
25-yr. Issues (US)	-	8.45%

i/ Includes a 10-year issue of $200 million at 8.25%.

F & B
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III. IBRD: BORROWING PROGRAM THROUGH FY80 AND POTENTIAL ADDITIONAL BORROWING
(US $ millions)

		1975	1976	1977	1978	1979	1980	Projected 1974-78
POTENTIAL ADDITIONAL BORROWING								
Central Banks 2-year Bonds	- Borrowings	60	72	160	172	260	272	464
	- Repayments	0	0	60	72	160	172	132
	- Net	60	72	100	100	100	100	332
Oil-exporting Countries								
Iran		100	~~100~~ 300	-	-	-	-	200
Iraq		200	200	200	200	200	200	800
Kuwait		200	200	100	100	-	-	600
Libya		57	200	100	100	-	-	457
Saudi Arabia		110	100	-	-	-	-	210
UAE & Qatar		200	300 +100	200	100	-	-	800
Other		-	- 60	50	100	150	-	150
Total		867	~~1100~~ 1460	650	600	350	200	3217
Other Countries								
Germany		-	114	150	200	100	-	464
Japan		-	150	150	200	100	-	500
Switzerland		50	50	82	56	6	14	238
United Kingdom		-	-	25	50	100	100	75
United States	- 5-year	-	50	100	150	150	50	300
	- 25-year	-	250	250	100	100	50	600
Other		25	50	75	100	125	150	250
Total		75	664	832	856	681	364	2427
TOTAL POTENTIAL ADDITIONAL NET BORROWINGS								
Oil-exporting Countries		867	~~1100~~ 1460	650	600	350	200	3217
Non-oil Exporting Countries		135	736	932	956	781	464	2759
Total		1002	~~1836~~ 2196	1582	1556	1131	664	5976
NET BORROWING PROGRAM (from Page 1)								
Oil-exporting Countries		2138	2040	2563	2695	2955	3405	9927
Non-oil Exporting Countries		399	-121	-300	217	538	726	807
Total		2537	1919	2263	2912	3493	4131	10734
TOTAL POTENTIAL & NET BORROWING PROGRAM								
Oil-exporting Countries		3005	~~3140~~ 3500	3213	3295	3305	3605	13144
Non-oil Exporting Countries		534	615	632	1173	1319	1190	3566
Total		3539	~~3755~~ 4115	3845	4468	4624	4795	16710
TOTAL POTENTIAL GROSS BORROWING		4552	5496	5132	5456	5931	6555	

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I. Co-financing with Arab Countries

Co-financing with Arab Countries - Mutual Benefits

Table 1. Summary of co-financing between Bank Group and Arab Countries to present

Table 2. Past co-financing operations between Bank/IDA and Arab institutions

Table 3. Bank/IDA projects for which co-financing with Arab institutions is under consideration

Table 4. Other Bank/IDA projects which might be of interest to Arab countries for co-financing

Table 5. Kuwait Fund for Arab Economic Development - Past co-financing operations with the Bank Group

Table 6. Kuwait Fund for Arab Economic Development - Co-financing operations with the Bank Group presently under consideration

Table 7. Arab Fund for Economic and Social Development - Past co-financing operations with the Bank Group

Table 8. Arab Fund for Economic and Social Development - Co-financing operations with the Bank Group presently under consideration

Table 9. Saudi Arabia - Past co-financing operations with the Bank Group

Table 10. Saudi Arabia - Co-financing operations with the Bank Group presently under consideration

Table 11. Abu Dhabi Fund for Arab Economic Development - Past co-financing operations with the Bank Group

Table 12. Abu Dhabi Fund for Arab Economic Development - Co-financing operations with the Bank Group presently under consideration

Note on World Bank Co-financing

CO-FINANCING WITH ARAB COUNTRIES - MUTUAL BENEFITS

The Record

1. Most of the Bank's co-financing experience with Arab countries has been with Kuwait, but recently other Arab countries have shown increased interest in this technique of development financing (the attached tables indicate the scope of recent co-financing). To date, sixteen projects have been co-financed with Arab countries. Kuwait has participated in twelve of them, Abu Dhabi has participated in five projects, and Libya, Saudi Arabia, Qatar and the Arab Fund in two. Together they have provided $516 million in co-financing. Of this amount, $212 million was in the transportation sector and $211 in industry.

The Attractions of Co-financing

2. Co-financing has two main advantages:

- it makes possible additional flows of assistance for countries new to aid programming;
- it helps to make assistance more effective.

Additional flows are facilitated because the availability of the Bank's lending program allows a co-financier to disburse funds speedily for projects ready to be financed. Some donors also welcome the Bank's 'umbrella' in lending to particular countries. Assistance is made more effective because co-financing reduces the administrative burdens of a co-financier's aid program and utilizes the experience of existing institutions.

Services Provided by the Bank

3. A co-financier may choose to draw upon the Bank's work in project management in several ways:

- The Bank identifies projects, negotiates and appraises them;
- Bank project reports and economic reports on the borrowing country are provided to the co-lender;
- The Bank supervises the project and can disburse for itself and the co-financier.

4. These services are provided by the Bank only to the extent the co-financing partner wishes and requests. The co-financier has its own direct contact with the recipient and is free to participate in project administration with the Bank to the extent desired but need not divert scarce technical and economist manpower.

Costs

5. At this point the Bank bears the costs of managing co-financed projects. Although the cost of co-financing with Arab countries and the total of about 30 co-financed projects each year are not a serious budget expense, co-financing does have an impact on the time of key personnel. If the volume of co-financing and number of projects administered by the Bank were to increase, the Bank would be ready to accept contributions to offset costs.

AHouse/FVibert/BSnoy:sap

Table 1. SUMMARY OF CO-FINANCING BETWEEN BANK GROUP AND ARAB COUNTRIES TO PRESENT

(in US $ million equivalent)

Co-Lender	Amount	Country
I. Bilateral		
Kuwait	60.0	Algeria
	56.8	Egypt
	10.2	Jordan
	3.8	Mauritania
	11.0	Sudan
	33.0	Syria
	9.4	Tunisia
	6.4	Yemen AR
	6.0	W. Africa River Blindness
Sub-total	196.6	
Lybia	10.1	Egypt
	100.7	Zaire
Sub-total	110.8	
Abu Dhabi	43.2	Egypt
	15.0 1/	Syria
	1.0	Yemen AR
	11.0	Pakistan
Sub-total	70.2	
Saudi Arabia	83.0	Egypt
Qatar	13.4	Egypt
Total bilateral co-financing	474.0	
II. Multilateral		
Arab Fund for Economic and Social Development	20.0	Algeria
	22.1	Egypt
Sub-total	42.1	
Total multilateral co-financing	42.1	
TOTAL CO-FINANCING WITH ARAB COUNTRIES	516.1	

1/ Not yet confirmed.

Table 2. PAST CO-FINANCING OPERATIONS BETWEEN BANK/IDA AND ARAB INSTITUTIONS

(in US $ million equivalent)

Country and Project	FY	IBRD Loan	IDA Credit	Terms of Loan or Credit	Co-financing Arab Institution	Loan	Terms of the Loan
ARAB COUNTRIES							
Algeria - Port of Bethioua	74	70		25 yrs. incl. 4 yrs. grace, 7-1/4%	Arab Fund	20	20 yrs. incl. 4 yrs. grace, 6%
					Kuwait Investment Company	60	16 yrs. incl. 4 yrs. grace, 7% (bonds)
					(also German KFW)	(32)	(30 yrs. incl. 10 yrs. grace, 2%)
Egypt - Talkha II Fertilizer	74		20	Standard IDA terms	Arab Fund	22.1	20 yrs. incl. 5 yrs. grace, 6%
					Kuwait Fund	23.8	20 yrs. incl. 5 yrs. grace, 4%
					Abu Dhabi Fund	10.2	19 yrs. incl. 6 yrs. grace, 6.5%
					Lybian Arab Foreign Bank	10.1	16 yrs. incl. 5 yrs. grace, 6.5% (bonds)
					State of Qatar	3.4	16 yrs. incl. 5 yrs. grace, 6.5% (bonds)
- Suez Canal Rehabilitation	75	50		20 yrs. incl. 5 yrs. grace, 8%	Kuwait Fund	33)	17 yrs. incl. 2 yrs. grace, 4.5%
					Saudi Arabia	50)	
					State of Abu Dhabi	33)	
					State of Qatar	10)	
					(USAID) (not confirmed)	(up to 50)	(Expected to be for 40 yrs. incl. 10 yrs. grace, 2% during grace period, 3% thereafter.)
- Cotton Ginning Rehabilitation	74		18.5	Standard IDA	Saudi Arabia	23	17 yrs. incl. 2 yrs. grace, 4.5%
Jordan - Hussein Thermal Power	73		10.2	Standard IDA terms	Kuwait Fund	10.2	25 yrs. incl. 5 yrs. grace, 4%
Mauritania - Highways III	74		3	Standard IDA terms	Kuwait Fund	3.8	25 yrs. incl. 5 yrs. grace, 1/2% service charge
Sudan - Rahad [1] Irrigation	73		42	Standard IDA terms	Kuwait Fund	11	30 yrs. incl. 5 yrs. grace, 2-1/2% interest plus 1/2% service charge.
					(also USAID)	(11)	(40 yrs. incl. 10 yrs. grace, 2% during grace period, 3% thereafter.)
Syria - Mehardeh Thermal Power	74	25		25 yrs. incl. 4 yrs. grace, 7-1/4%	Kuwait Fund	33	20 yrs. incl. 4-1/2 yrs. grace, 4%
					Abu Dhabi Fund (request)	15	Terms not known (should finance cost-overruns)
Tunisia -Gafsa Phosphate	73	23.3		15 yrs. incl. 3 yrs. grace, 7-1/4%	Kuwait Fund	6.9	15 yrs. incl. 3 yrs. grace, 4%
-Gas Pipeline	71	7.5		16 yrs. incl. 3 yrs. grace, 7-1/4%	Kuwait Fund	2.5	16 yrs. incl. 3 yrs. grace, 3.5% plus 1/2% service charge.
Yemen Arab Republic - Tihama Agriculture	73		10.9	Standard IDA terms	Kuwait Fund	5.9	Same as IDA terms, plus service charge of 1/2%.
Technical Assistance) for Economic Planning)	72	.2		Grant	Kuwait Fund	.2	Grant
)	74	.2		Grant	Kuwait Fund	up to .3	Grant
Sana'a Water Supply [2]	74		6.25	Standard IDA terms	Abu Dhabi Fund [2]	1	Terms unknown
NON-ARAB COUNTRIES							
Pakistan - Multan Fertilizer Expansion	74	35		15 yrs. incl. 4 yrs. grace 7-1/4%	Abu Dhabi National Oil Company	11 [3]	Equity
					(Also Asian Development Bank)	((19.25) [4]	(15 yrs. incl. 4 yrs. grace, 7-1/2%)
						((7.75) [4]	(40 yrs. incl. 10 yrs. grace, 1%)
Zaire - Gecamines Mining Expansion	75	100		15 yrs. incl. 4 yrs. grace 8%	Lybian Arab Foreign Bank	100.7	15 yrs. incl. 4 yrs. grace, 8%
Western Africa River Blindness Program	74	.75		Grant	Kuwait	6.0	Grant
					Iraq	.05	Grant

1/ Mr. Husain, RVP, Eastern Africa Region, plans to meet with Kuwait Fund on March 3-4 to discuss re-financing of this project.

2/ The co-financing arrangement between the YAR Government and the Abu Dhabi Fund was made six months after Board approval of the IDA credit. We were not informed of this agreement. However, it is our likely guess that this one million provided by the Abu Dhabi Fund would cover the local cost component of the project which was envisaged by us to be contributed by the Government.

3/ Recently the Abu Dhabi National Oil Company has agreed to increase its participation to an equivalent of US $ 31 million to meet cost overruns.

4/ Both loans were to the Government of Pakistan, with relending of the proceeds to Parabad Fertilizers Limited at 9-1/2% for 15 years, including 4 years grace.

Table 3. BANK/IDA PROJECTS FOR WHICH CO-FINANCING WITH ARAB INSTITUTIONS IS UNDER CONSIDERATION*

(in US $ million equivalent)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit	Arab Institution approached	Amount considered
ARAB COUNTRIES							
Algeria/Morocco - CIMA (Cimenterie Maghrebine)	76	120	70	35		Arab Fund	35
Bahrain - Water Supply & Sewerage	76	75	n.a.	10		Kuwait Fund	20 to 25
Egypt - Tourah Cement	75	93	60	40 1/		Arab Fund 2/	23.1
- Railways II	75	296	148	32.5		Saudi Fund	Up to 65
- Telecommunications I	75	129	44.5		30	Saudi Arabia	23
- Textiles Rehabilitation	76	216	155	50		Kuwait Fund	Undetermined
Jordan - Potash Engineering	75	7	6		1	Kuwait Fund	Undetermined
- Zerka Power	76	22	17.3		12.3	Kuwait Fund	Undetermined
Lebanon - South Beqaa Irrigation	75	115	61	50		Kuwait Fund	Undetermined
- Highways II (Beirut-Syria Border)	77	150	75	35		Kuwait Fund Arab Fund	Undetermined Undetermined
Morocco - Beni-Amir/Doukkala Irrigation	76	100	55	30		Arab Fund	25
Mauritania - Port of Nouadhibou	75	14.3	n.a.		4	Kuwait Fund	5
Sudan - DFC	75	n.a.	12 to 15		5	Kuwait Fund	Undetermined
- Domestic Aviation	76	14	9		10	Kuwait Fund	Undetermined
- Highways II	77	n.a.	n.a.		15	Kuwait Fund	Undetermined
- Livestock	77	27	n.a.		10	Arab Fund	Undetermined
Syria - Highways III	77	260	130	20		Kuwait Fund	Undetermined
- Lower Euphrates Drainage	77	100	50	35		Kuwait Fund	Undetermined
Tunisia - Urban Sewerage	75	86	56	28		Saudi Arabia	28
Yemen AR - Agriculture Southern Uplands	75	21.8	12.6		10	Abu Dhabi Fund	Undetermined
- Hodeida Water Supply	75	31	n.a.		6 to 8	Arab Fund Abu Dhabi Fund	Undetermined Undetermined
- Highways II	75/76	18.5	n.a.		6	Saudi Arabia	Undetermined
Yemen, PDR							
- Highways III	75	30.5	21.6		15	Kuwait Fund	15
- Aden Port	76	20	17.5		3	Arab Fund	Undetermined
- Agriculture/Rural Development Wadi Hadhramaut	76	9 to 10	7 to 8		3	Arab Fund	Undetermined
NON-ARAB COUNTRIES							
Tanzania - Mwanza Textile Mill	75	44.5	30	15		Kuwait Fund	15
Yugoslavia -	76	380 3/	170 3/	30		Kuwait Foreign Trading and Investment Co. Iraq Lybia Abu Dhabi	About 1/3 of the total cost Undetermined 70 Undetermined

* This table includes only projects for which Arab Institutions have expressed positive interest. It does not include projects in a number of African countries on which briefs were sent to Arab Institutions but for which no reaction was received so far. For these projects see table 4.

1/ Already approved by the Board.

n.a. - Not available.

2/ Loan being negotiated in February for submission to the Arab Fund Board in end Feb/early March.

3/ Preliminary estimates.

Table 4. OTHER BANK/IDA PROJECTS WHICH MIGHT BE OF INTEREST TO THE ARAB COUNTRIES FOR CO-FINANCING

(in US $ million)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit
ARAB COUNTRIES					
Algeria					
Complexe Industriel et portuaire des ISSERS	76/77	400	300	50	
Egypt					
Fruit and Vegetables	76	100	60	50	
Port of Alexandria	76	100	60	20	
Jordan					
Education	75	17	11		6
Phosphate Fertilizer	76	150	120	30	
Roads II	77	30	15		8
Potash	77	160	100	30	
Lebanon					
Education II	76	100	45	15	
Mauritania					
Gorgol Irrigation *	76	20	n.a.		6
Rural Development Fund	77	6	n.a.		4
Guelbes Iron Ore Mining *	1/	300	n.a.	50	
Rosso-Boghe Road	79	n.a.	n.a.		
Morocco					
Water Supply	76	n.a.	40	Undetermined	
Education III	76	90	50	25	
Casablanca Urbanization	76/77	n.a.	n.a.	Undetermined	
Sidi Cheho Multipurpose	77	100	50	25	
Somalia					
North-West Region Agricultural Dev.	76	14	10.2		6
Drought Rehabilitation	76	32	n.a.		8
Roads III	77	20	14		6
Syria					
Damascus Water Supply (overrun financing)	75	130	105	15	
Telecommunications	76	180	100	20	
Tunisia					
Sidi Salem Irrigation	77	200	100	20	
NON-ARAB COUNTRIES					
AFRICA					
Burundi*					
Mixed Farming/Coffee Improvement	75	12	10		Undetermined
Fish Processing	76	3.5	2.5		"
Storage and Marketing	76	2	1.5		"
Cameroon					
Rubber	75/76	25	12.5	8	8
Douala Port *	76	50 to 70	37 to 45	16	4
Douala-Yaounde Railway* Realignment	78	150 to 200	100 to 130	20	
Chad					
Sategui-Deressia irrigation (overrun financing)	75	16	n.a.		7.5
Lake Chad polders irrigation	76	12	n.a.		10
Chad/Cameroon *					
Moundou-Ngaoundere Road	75	48	n.a.		15
Dahomey					
Highways II (overrun financing)	74	17.1	n.a.		11.8
Cotonou port	76	21 to 25	n.a.		11
Ethiopia					
Coffee Processing II	77	20 to 25	n.a.		11.5
Agricultural Settlement I	77	30 to 35	n.a.		20
Highways VII	77	75 to 100	n.a.		31.5
Gambia					
Tourism	76	9.3	7.4		4
Ghana *					
Kpong hydroelectric power	77	120	70	30	
Kenya*					
Mombasa-Nairobi Oil Pipeline	75	83	61	20	
Mombasa Water Supply	75	70	48	25 to 35	
Gitaru Power	75	106	75	40 to 45	
Tana River Irrigation	76	30	Up to 15	10	
Water Supply III (Nairobi Extension)	77	40 to 50	n.a.	10 to 13	10 to 12
Sugar Production I	76	30 to 35	"	Undetermined	
Lesotho*					
Thaba Bosiu II Rural Dev.	77	15	12		8
Liberia*					
Highways Program I	76	35	23)	28	
Program II	77	12	8)		
Madagascar*					
Fourth Highway	76	65	43	19	11
Ragez Hydro-elec. Power	76	80	60	10	
Development Finance Co.	76	8	6	4	
Second Education	76	8	6		6
Third Irrigation	77	25	18	10	
Malawi*					
Viphya Pulpmill	77	300	250	50	
Karonga II	76	14	12		10
Second Education	76	15	12		10
National Rural Development Program	77	24	20		10
Mali*					
Highways III	76	24	17		10
Mali-Sud (cotton)	76	78	21		15
Mopti-Rice II	77	39	25		8
Haute Valee Rural Dev.	78	16	10		10
Railways III	78	25	20		10
Selingue Dam	77/78	100	n.a.		20
Telecommunications	78	6	n.a.		undetermined
Mauritius*					
Third Development Bank of Mauritius	76	10	8	5	
Water Supply	76	20	12	5	
Niger*					
Highways III	76	32	21		10
Irrigation II	77	18 to 20	15		15
Rwanda*					
Commercial Crops	75	9.5	8		Undetermined
Agric. Dev./Livestock	76	5.5	4		"
Small & Medium Industries	77	4.5	3.5		"
Senegal					
Livestock	76	15	n.a.		6
Debi-Lampsar Irrigation	77	n.a.	n.a.		12
Tourism	77	n.a.	n.a.	8	
Port (Fishing)	77	n.a.	n.a.	6	
Tanker Repair*	1/	100	75	30	
Sierra Leone*					
Bumbuna Hydro-elec. Power	77	35	25-27	5	
Coconut Plantation	1/	22	13.5		Undetermined
Swaziland*					
Agriculture I	77	12	9		Undetermined
Thermal Power	78	120	100	20	
Tanzania*					
Power III	76	77	60	25	
Industry II (Monsoro Industrial Estate)	76	45	25	25	
Pulp and Paper	1/	50 to 60	n.a.	Undetermined	
Togo					
Highways II (Overrun financing)	74	13.5	9.7		8.7
CIMAO Cement Clinker*	76	150	120	40	
Zaire*					
Several Agricultural & Transport projects	77/78	n.a.	n.a.		Undetermined
Zambia*					
Kafue III Hydro-electric Project	77	140	100		Undetermined
Regional Project*					
Senegal River Basin Development (OMVS) (Mali-Mauritania-Senegal)	78	300-500	n.a.	15-20 2/ Bank/IDA	
ASIA					
Burma					
Nguanggyat Dam	76	83	40		25
Fertilizer, Urea	76	n.a.	100		Undetermined
Bangladesh					
Fertilizer II	78	n.a.	n.a.		Undetermined
Irrigation & Water Projects	78/79	n.a.	n.a.		"
India					
Railways XIII	76	n.a.	125		80
Telecommunications VI	76	"	152		80
ICICI XI	76	"	125	90	
Power Transmission IV	76	"	n.a.		150
Fertilizer Manufacturing	76	"	"		120
Coastal Shipping	76	"	"		70
Rajasthan Rock Phosphate	76	"	"		40
Urban Transportation – Bombay	76	"	"		40
Seeds Package	76	"	"		70
Indonesia					
Shipping II	76	200	194	60	
Korea					
Ports II	76	n.a.	n.a.	60	
Highways III	76	140	"	70	
Tourism II	77	60	"	30	
Railways VI	77	425	"	90	
Ports III	78	n.a.	"	Undetermined	
Highways IV	78	"	"	60	
Power I	78	"	"	50	
Fertilizer	1/	"	"	Undetermined	
Iron and Steel	1/	"	"	"	
Machine Tool Industry	1/	"	"	"	
Shipbuilding	1/	"	"	"	
Tourism	1/	"	"	"	
Malaysia					
Mardi Agric. Research	75	108	28	28	
Sarawak Land Settlement	76	80	30	30	
Highways III	76	120	65	50	
Western Jahore Agricultural Dev. II	78	170	85	50	
Rural Electrification	1/	40	30	Undetermined	
Sabah Ports II	1/	n.a.	200	60	
Nepal					
Kulikhani Hydro-electric Power	76	55	45		18
Pakistan					
Karachi Ports V	76	n.a.	At Least 25		25
Livestock	76	"	n.a.		10
Railways I	76	"	"	35	
Lahore Improvement Trust	76	"	18		18
Power Projects	76	"	n.a.		30
Irrigation Projects in Indus Basin	76	"	"		Undetermined
Philippines					
Development Bank II	76	n.a.	200	60	
Fertilizer	76	200	120	30	
Highways III	76	140	75	75	
Copper Smelters	1/	134	n.a.	Undetermined	
Integrated Steel Mill	1/	1060	742	"	
Nuclear Power	1/	1000	n.a.	"	
Private Development Corporation of the Philippines	1/	n.a.	50	"	
Singapore					
Mass Transit	77	550	n.a.	80-100	
Thailand					
Ban Chao Nen	74 3/	181	116	75	
Bangkok Water Supply	74 3/	212	n.a.	55	
Phitsanulok	75	210	88	90-95	
Rubber Replanting	76	100	n.a.	50	
EUROPE					
Greece					
Irrigation III	76	150	60	55	
Turkey					
Karakaya Hydro-Power Plant	76	626	300	110	

* Briefs on these projects for African countries were sent to the Kuwait Fund in the fall of 1974. We have received no firm reaction so far.

1/ Not current in Bank Group lending program.

2/ Financing for FY78 only.

3/ Previously approved project in which participation might be purchased.

Table 5. KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

Past Co-financing Operations with the Bank Group
(in US $ million equivalent)

Country and Project	FY	IBRD Loan	IDA Credit	Terms of IBRD Loan or IDA Credit	Loan from Kuwait Fund	Terms of loan from Kuwait Fund
Egypt						
Talkha II Fertilizer 1/	74		20	Standard IDA terms	23.8	20 yrs. incl. 5 yrs. grace, 4%
Suez-Canal Rehabilitation 2/	75	50		20 yrs. incl. 5 yrs. grace, 8%	33	17 yrs. incl. 2 yrs. grace, 4.5%
Jordan						
Hussein Thermal Power	73		10.2	Standard IDA terms	10.2	25 yrs. incl. 5 yrs. grace, 4%
Mauritania						
Highways III	74		3	Standard IDA terms	3.8	25 yrs. incl. 5 yrs. grace, 1/2% service charge
Sudan						
Rahab Irrigation 3/	73		42	Standard IDA terms	11	30 yrs. incl. 5 yrs. grace, 2-1/2% plus 1/2% service charge
Syria						
Mehardeh Thermal Power 4/	74	25		25 yrs. incl. 4 yrs. grace, 7-1/4%	33	20 yrs. incl. 4-1/2 yrs. grace, 4%
Tunisia						
Gafsa Phosphate	73	23.3		5 yrs. incl. 3 yrs. grace, 7-1/4%	6.9	15 yrs. incl. 3 yrs. grace, 4%
Gas Pipeline	71	7.5		16 yrs. incl. 3 yrs. grace, 7-1/4%	2.5	16 yrs. incl. 3 yrs. grace, 3.5% plus 1/2% service charge.
Yemen Arab Republic						
Tihama Agriculture	73		10.9	Standard IDA terms	5.9	Same as IDA terms plus service charge of 1/2%
Technical Assistance for Economic Planning	(72 (74	.2 .2		Grant Grant	.2 Up to .3	Grant Grant

1/ Also co-financed by Arab Fund, Abu Dhabi Fund, Lybian Arab Foreign Bank and State of Qatar.

2/ Also co-financed by Saudi Arabia, State of Abu Dhabi, State of Qatar and USAID.

3/ Also co-financed by USAID.

4/ Cost overruns on this project are being financed by Abu Dhabi Fund.

Table 6. KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

Co-financing Operations with the Bank Group
Presently under Consideration 1/

(in US $ million equivalent)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit	Amount Considered by Kuwait Fund	Status of Project
ARAB COUNTRIES							
Bahrain							
Water Supply & Sewerage	76	75	n.a.	10		20 to 25	Not yet appraised.
Egypt							
Textiles Rehabilitation	76	216	155	50		Undetermined	Not yet appraised.
Jordan							
Potash Engineering	75	7	6		1	Undetermined	Appraisal scheduled for March 1975.
Zerka Power	76	22	17.3		12.3	Undetermined	Appraised in December 1974.
Lebanon							
South Beqaa Irrigation	75	115	61	50		Undetermined	Board presentation subject to passage by Parliament of Land Betterment and Water Rights Expurgation Law.
Highways II (Beirut-Syria Border)	77	150	75	35		Undetermined	Still in preliminary stage.
Mauritania							
Port of Nouadhibou	75	14.3	n.a.		4	5	Negotiations took place in Nov. 1974
Sudan							
DFC	75	n.a.	12 to 15		5	Undetermined	Appraised in November 1974.
Domestic Aviation	76	14	9		10	Undetermined	Appraisal scheduled for March 1975.
Highways II	77	n.a.	n.a.		15	Undetermined	Appraisal mission scheduled for October 1975.
Syria							
Highways III	77	260	130		20	Undetermined	Still in preliminary stage.
Lower Euphrates Drainage	77	100	50		35	Undetermined	Master plan and preliminary engineering for project being prepared.
Yemen, PDR							
Highways III	75	30.5	21.6		15	15	Negotiations scheduled for March.
NON-ARAB COUNTRIES							
Tanzania							
Mwanza Textile Mill	75	44.5	30	15		15	Kuwait Fund appraisal mission currently in Tanzania.

1/ This table does not include projects in a number of African countries on which briefs were sent to the Kuwait Fund in the fall of 1974 but for which no reaction has been received so far. These projects are listed in Table 4 above.

Table 7. ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

Past Co-financing Operations with the Bank Group
(in US $ million equivalent)

Country and Project	FY	IBRD Loan	IDA Credit	Terms of IBRD Loan or IDA Credit	Loan from Arab Fund	Terms of Loan from Arab Fund
Algeria						
Port of Bethioua 1/	74	70		25 yrs. incl. 4 yrs. grace, 7-1/4%	20	20 yrs. incl. 4 yrs. grace, 6%
Egypt						
Talkha II Fertilizer 2/	74		20	Standard IDA terms	22.1	20 yrs. incl. 5 yrs. grace, 6%

1/ Also co-financed by Kuwait Investment Company and German KFW.

2/ Also co-financed by Kuwait Fund, Abu Dhabi Fund, Lybian Arab Foreign Bank and State of Qatar.

Table 8. ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT *

Co-financing Operations with the Bank Group
Presently under Consideration

(in US $ million equivalent)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit	Amount Considered by Arab Fund	Status of Project
Egypt							
Tourah Cement	75	93	60	40		23.1	Approved by the Board in January. Arab Fund loan was negotiated in February for submission to Arab Fund in late February/early March.
Lebanon							
Highways II (Beirut-Syria Border)	77	150	75	35		Undetermined	Bank engineer in the field with Arab Fund preparation mission. Parallel financing envisaged.
Morocco							
Beni-Amir/Doukkala Irrigation	76	100	55	30		25	Still preliminary stage. Parallel financing envisaged.
Sudan							
Livestock	77	27	n.a.		10	Undetermined	Appraisal mission scheduled for July 75.
Yemen Arab Republic							
Hodeida Water Supply	75	31	n.a.		6 to 8	Undetermined	Was appraised in January.
Yemen, PDR							
Aden Port	76	20	12.5		3	Undetermined	Was appraised in Nov./Dec. 1974.
Wadi Hadhramaut Rural Dev.	76	9 to 10	7 to 8		3	Undetermined	Was appraised in January/February.

* For a list of other Bank/IDA projects for which the Arab Fund has not yet been approached but which might be of interest for co-financing see table 4.

Table 9. SAUDI ARABIA

Past Co-financing Operations with the Bank Group

(in US $ million equivalent)

Country and Project	FY	IBRD Loan	IDA Credit	Terms of IBRD Loan or IDA Credit	Loan from Saudi Arabia	Terms of Loan from Saudi Arabia
Egypt						
Suez Canal Rehabilitation 1/	75	50		20 yrs. incl. 5 yrs. grace, 8%	50	17 yrs. incl. 2 yrs. grace, 4.5%
Cotton Ginning Rehabilitation (overrun financing)	74		18.5	Standard IDA terms	23	17 yrs. incl. 2 yrs. grace, 4.5%

1/ Also co-financed by Kuwait Fund, Abu Dhabi and Qatar.

Table 10. SAUDI ARABIA *

Co-financing Operations with the Bank Group Presently under Consideration

(in US $ million equivalent)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit	Amount Considered	Status
Egypt 1/							
Railways II	75	296	148	32.5		Up to 65	Negotiated in Washington in January 75.
Telecommunications I	75	129	44.5		30	23	Negotiations scheduled for late March.
Tunisia							
Urban Sewerage	75	86	56	28		28	Project approved by Board in January. Financing for remaining foreign exchange being explored by Tunisian Government with Saudi Arabia.
Yemen Arab Republic							
Highways II	75/76	18.5	n.a.		6	Undetermined	Appraised in December 74. YAR Government has approached Saudi Arabia.

* For a list of other Bank/IDA projects for which Saudi Arabia has not yet been approached but which might be of interest for co-financing see table 4.

1/ One could mention also the Agricultural and Industrial Imports Project where the increased gap for imports for the two-year period beginning December 1974 is estimated at $570 million, towards which program aid from bilaterals (Iran, Japan, Germany, USA) provides $255 million, and Bank/IDA $70 million. Egypt expects to request Saudi Arabia shortly for such assistance using the Bank Group President's Report as the basis.

Table 11. ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT

Past Co-financing Operations with the Bank Group
(in US $ million equivalent)

Country and Project	FY	IBRD Loan	IDA Credit	Terms of IBRD Loan or IDA Credit	Loan from Abu Dhabi Fund	Terms of Loan from Abu Dhabi Fund
Egypt						
Talkha II Fertilizer 1/	74		20	Standard IDA terms	10.2	19 yrs. incl. 6 yrs. grace, 6.5%
Syria						
Mehardeh Thermal Power 2/	74	25		25 yrs. incl. 4 yrs.	15	Terms unknown (will finance cost overruns)
Yemen Arab Republic						
Sana'a Water Supply 3/	74		6.25	Standard IDA terms	1.0	Terms unknown.

1/ Also co-financed by Arab Fund, Kuwait Fund, Lybian Arab Foreign Bank and

3/ The co-financing arrangement between the YAR Government and the Abu Dhabi Fund was made six months after Board approval of the IDA credit. We were not informed of this agreement. However, it is our likely guess that this one million provided by the Abu Dhabi Fund would cover the local cost component of the project which was envisaged by us to be contributed by the Government.

2/ Also co-financed by Kuwait Fund.

Table 12. ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT *

Co-financing Operations with the Bank Group presently under Consideration

(in US $ Million equivalent)

Country and Project	FY	Total Cost	Foreign Exchange Cost	Proposed IBRD Loan	Proposed IDA Credit	Amount considered by Abu Dhabi Fund	Status
Yemen Arab Republic							
Agriculture Southern Uplands	75	21.8	12.6		10	10	Negotiations scheduled for February 18.
Hodeida Water Supply	75	31	n.a.		6 to 8	Undetermined	Was appraised in January. Arab Fund also involved.

* For a list of other Bank/IDA projects for which the Abu Dhabi Fund has not yet been approached but which might be of interest for co-financing see table 4.

Note on World Bank Co-financing

1. The term "co-financing" is used within the World Bank to refer to any arrangement associating Bank Group funds with other sources of finance for development projects. Co-financing may cover both local and foreign expenditures but does not apply to funds provided by the beneficiary government or by other local sources. A co-financing partner with the Bank Group could be a bilateral official aid agency, a multilateral organization, or an export credit agency. The three basic forms of co-financing are these:

a) Joint financing
b) Parallel financing
c) Sales of participation in World Bank loans and portfolio sales.

I. Joint Financing

2. "Joint financing" refers to a co-financing operation in which the Bank and one or more co-financiers each finance an agreed portion of a project's procurement costs. An important distinction in joint financing is whether the co-lender's funds are tied or untied. When funds are untied, the Bank and the co-financier each finance a given percentage of every item purchased. When funds are tied, purchases using the co-financier's share of financing will be concentrated in the co-financier's country. A prerequisite to joint financing is that the arrangements for all procurement conform to the Bank practice of international competitive bidding open to all members of the Bank and Switzerland. Agreement between the Bank and the co-lender(s) is reached in advance on the terms (or at least minimum terms) to be extended by the co-lender to the borrower. In comparing bids for financing project costs, the terms of financing are excluded from consideration.

3. In joint financing operations, the Bank or IDA usually assumes full responsibility for supervising procurement and project execution. When an aid agency's funds are untied, relations between the Bank and such an agency can be governed by a general loan administration agreement. Each co-financier has its own relationship with the borrower, but in some cases a tripartite agreement is instituted which includes such provisions as:

(a) The allocation and withdrawal of the proceeds of both the bilateral and the Bank Group loans or credits;

(b) The use of proceeds of the bilateral and Bank Group financing including how the project will be executed, and procurement;

(c) Particular covenants pertaining to the project entity, including matters related to the management of the project unit and the project's operation;

(d) Particular covenants with the borrowing country, including agreement to exchange views and information concerning the project and to consult each other about the project's progress.

II. Parallel Financing

4. Parallel financing refers to a co-financing operation in which the Bank finances the procurement of goods and services on a distinct list of goods, and the co-lender finances the procurement of another list. In such operations, the Bank's loan agreement may or may not have cross default provisions in respect of the co-financing partner. The separation of project financing into distinct "packages" lends itself typically to cases wherein the funds of the co-lender are tied to procurement in one specific country or in a small group of countries, including on occasion countries which are not members of the Bank (other than Switzerland).

5. The terms "organized" and "unorganized" are used in reference to parallel financing to describe the role played by the Bank in establishing the framework by which the entire project is financed. The terms are more applicable to the participation of an export credit agency than a bilateral financing agency in a parallel operation. In an organized parallel financing operation the Bank seeks to arrange the participation of co-financing partners and tries to set agreement on minimum credit terms; financing terms are not taken into account in awarding contracts. In unorganized parallel financing the borrower manages the financial arrangements for the part of the project not covered by Bank lending; frequently financing terms are taken into account in selecting suppliers.

6. All parallel operations have the following features:

(a) The Bank and the co-lenders finance different lists of goods (which often reflect different parts of a project);

(b) Procurement of the goods financed by the Bank is on the basis of international competitive bidding;

(c) Procurement of the portion financed by the co-lenders may be on the basis of restricted bidding or bilateral negotiations;

(d) The Bank appraises the entire project and the project management entity but does not supervise bidding and award of contracts financed by co-lenders.

III. Administration

7. The Bank has a standard procedure of project administration from identification and appraisal through supervision. When a co-financier expresses interest in a project, the Bank keeps the co-financier informed of the status of the project. The co-financier may participate in the project administration procedure. The Bank's project appraisal report is given to the co-financier as soon as it is available. If there are to be two or more co-financing partners, the Bank normally seeks to reach an agreement on the extent of each member's participation. The Bank normally incorporates in its loan agreement a cross default provision giving it the right to declare a default on or premature the Bank loan if a default occurs on a co-lender's loan, and it is prematured. The co-lender's contract frequently has similar provisions.

8. Disbursement by the Bank is made against specified, itemized withdrawal applications received over time as a project progresses. Disbursement for jointly financed operations involves blending percentages of contribution (except in the case of tied funds reverting to the co-financier's country). In practice, the joint lender from time to time receives suggested disbursement advice from the Bank and pays its share directly to the borrower (or to the supplier or contractor, as the case may be).

IV. Participation in World Bank Loans and IDA Credits

9. The World Bank sells portions of its loans to co-financiers (mostly financial institutions) who then receive from the Bank payment of interest and principal.[1/] Such sales are normally commercial investments but sales of portions of the loans at a lower interest rate, as of IDA credits could also be used to provide development assistance. Such sales can serve one or more of several purposes:

(a) To help a co-financing partner to commit funds for quick disbursement;

(b) To provide a channel for development funds with minimal administrative burden for the co-financier;

(c) To establish the credit of Bank member countries in financial markets;

(d) To reduce loan costs for borrowers by selling part of a loan at rates less than the original lending rate;

(e) To promote private foreign investments;

(f) To increase the amount of funds available to the World Bank for lending to developing countries.

10. Normally, when negotiations for a loan or credit have been substantially completed, the Bank invites financial institutions to participate in the loan by sending them a memorandum covering the loan's main features. However, the co-financier could also be associated with a project at any point prior to negotiation. A "Participation Agreement" is usually signed by the Bank and the co-financing participant when the Loan Agreement is executed. This Agreement demonstrates the allotment of a portion of the loan and the participant's agreement to remit funds at some later date at the Bank's request as required for disbursement. The Bank does not sell a loan in its entirety but keeps part of each maturity. The agreement also provides for a commitment fee at the same rate paid by the borrower (presently 3/4 of 1 percent) and accrued from the date on which the commitment charge begins to accrue under the loan (generally 60 days after the date of the Loan Agreement) to

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1/ When portions of Bank loans are sold when the loan is made, such sales are called "participations"; subsequent sales of loan maturities are referred to as "portfolio sales."

the date on which the participant remits funds to the Bank. This commitment fee is always paid in U.S. dollars.

11. The Bank sells maturities on its loans at or below the interest rate charged to the borrower, which remains fixed for the lifetime of the loan and the difference is usually passed along to the borrower. A co-financier may determine the extent to which he wishes to subsidize or make concessional the terms paid by the borrowing country by purchasing a loan below the Bank's lending rate. For example, a co-financier could purchase an 8 percent Bank loan at 3 percent interest. The borrower would then pay the Bank 3 percent per annum interest on the amount of the participation (which the Bank would pass on to the participant), and 8 percent interest on the balance.

12. Co-financing through participation has been used also for channeling aid on grant basis. Under a Norwegian Aid Participation Agreement, Norway purchased in December 1973, an $11 million participation in a loan for an education project in Zambia under a Loan Agreement of June 1973 (Loan No. 900 ZA). Since the Bank continued normal project implementation, this arrangement simplified project administration for both Zambia and Norway. It allowed Norway to contribute to an on-going project with commitment and disbursement of funds in accordance with Norway's annual aid budgets. Moreover, since the original project financing had been a Bank loan of $33 million, Norway's purchase of one-third of the portfolio in grant form considerably softened the financing blend for Zambia. A similar arrangement for a grant participation by Norway in a Pakistan project has also been arranged.

13. The Loan Agreement between the Bank and the borrower, the Guarantee Agreement between the government (if the borrower is an entity other than the government) and the Bank, the project appraisal report, economic reports and information on the country concerned, and other relevant papers are supplied to the participant when the Participation Agreement is executed. Against payment as requested under the Participation Agreement, the Bank issues to the participant its own Participation Certificate covering the particular maturity for which payment has been made.

14. Settlement in U.S. dollars is effected at the Federal Reserve Bank of New York. Payments in other currencies are made in the country of the currency according to instructions given prior to the settlement. Interest payments are made semi-annually in the currency of participation.
A Participation Agreement, except if the participation is on a grant basis, specifies that the Bank will promptly pay to the participant all sums received by it on account of the principal of, and interest on, the part of the loan represented by the participation.

Policy Planning Division
AHouse:fvf
June 19, 1974

G

Mr. Robert S. McNamara, President

February 27, 1975

E. Stern, Director, Development Policy

CONFIDENTIAL

1975 Oil Facility -
Mr. Witteveen's Recent Trip

1. The most complete summary of the results of Mr. Witteveen's trip are contained in his statement to the Board. A copy is attached. This information is still being held closely in the Fund, and the statement has been circulated on a very limited basis.

2. The commitments, firm and tentative, are as follows (in SDR million):

	Initial	Potential Supplement
Saudi Arabia	1000	250
Iran	820	--
Qatar	82	--
Germany	300	300
Netherlands	150	--
Switzerland	170- 250	--
Norway	50- 100	--
TOTAL	2572-2702	550

The interest rate will be 7.25%.

Attachment
cc w/att.: Messrs. Knapp, Cargill
cc wo/att.: Mr. Paijmans

EStern/ls

Statement by the Managing Director
Executive Board Meeting 75/21
February 24, 1975

Directors are aware that for the last few weeks I have been visiting a number of countries to arrange financial support for the Oil Facility in 1975, as was agreed by the Interim Committee. In the Middle East I had discussions with the authorities of Saudi Arabia, Iran, Qatar and Abu Dhabi. Mr. Gunter, of the Middle Eastern Department, visited Lebanon and Iraq for the same purpose. In Europe, I had discussions with representatives of the Swiss National Bank and the Deutsche Bundesbank, and also with the Dutch Minister of Finance.

In all countries, I found sympathy for and a willingness to cooperate with the Fund for this purpose. The discussions on financing the Oil Facility in 1975 and on related matters were thorough and threw further light on the rapidly changing circumstances in the countries concerned and in the world economy. These have a direct bearing on the problem for which the Facility was created. In particular the major Middle East oil exporting countries which I visited are expecting smaller, and to some extent considerably smaller, current account surpluses than were forecast just a few weeks ago. For various reasons the demand for oil and associated products is falling at present, stocks of oil throughout the world are high and output is being cut back, severely so in some countries. Furthermore, the demand for imports by the major oil exporters is continuing to increase at a very high and, in some cases, at an accelerating rate; these countries are also making large and growing commitments for bilateral loans. These developments will, of course, be reflected in somewhat smaller deficits, or increased surpluses, in other parts of the world.

The absolute size of the payments imbalances between the oil exporters and the rest of the world nevertheless remains large and for the time being financing the gap remains an urgent problem. At its last meeting the Interim Committee agreed that the Fund might borrow SDR 5 billion to finance transactions under the Oil Facility with respect to 1975. This was less than the staff estimates of the possible need for use of the facility. The indications I received that the size of the oil exporters' surpluses may be somewhat less than forecast, make it more probable that the amount of SDR 5 billion will be sufficient to meet the needs for use of the facility by our member countries in 1975.

Against this background, the aggregate financial support to the Oil Facility in 1975 that I received during my discussions is not unsatisfactory, though we have still some way to go to reach the amount of SDR 5 billion.

The Saudi Arabian authorities have agreed that the Saudi Arabian Monetary Agency would again lend in 1975 a minimum of SDR 1 billion in riyals, and would raise this amount to SDR 1,250 million insofar as this would be needed to achieve a total of SDR 5 billion. They also agreed to consider further loans later in the year if additional amounts were needed.

In Iran, the Central Bank of Iran agreed to lend during 1975 SDR 820 million (about US$1 billion). In view of their evolving external situation this is the maximum amount to which they felt they could appropriately commit themselves in 1975. In the discussions the Iranian authorities emphasized the importance they attach to a relatively large quota increase for their country, which they consider justified on the basis of their recent economic performance. In Qatar, which did not lend to the Fund for the Oil Facility in 1974, the authorities are considering a loan of SDR 82 million (US$100 million) during 1975. In view of the dramatic fall in oil production in Abu Dhabi in the weeks before our visit, the authorities there, while giving their strongest support to the Oil Facility and Abu Dhabi's continued participation in the financing arrangements for it, felt they could not commit themselves immediately to a precise amount for lending to the Fund in 1975. However, they would inform the Fund of the amount to be lent as soon as the situation regarding their oil production was clarified and the Minister of Finance, who was abroad during my visit, has returned to the country. In determining the amount to be lent they would take into account, as did Iran, not only their current account surplus but also their past accumulation of reserves. I am hopeful that the amount to be lent will be somewhat larger than their loan in 1974. Discussions were also held with the authorities of the Currency Board of the United Arab Emirates with a view to determining whether some of the liquid foreign assets held by the Board could not be used for lending to the Fund; this matter is being given attention by the UAE authorities.

In Europe I also had encouraging discussions about financial support for the oil facility. The authorities in Switzerland strongly support the oil facility, although their country is not a member of the Fund, and have now decided to give a loan under the conditions agreed with other lenders. The amount of this loan will be determined after an official proposal by the Fund has been put before the Minister of Finance. It will probably be for between US$200 and US$300 million. In Frankfurt we had very open and useful discussions about a loan by the German Bundesbank for the Oil Facility for 1975. After discussions in the Council of the Bundesbank, Dr. Emminger informed me that the Bundesbank is prepared to give a loan of SDR 300 million now and is willing to consider an additional loan of SDR 300 million, if, in a review of the Oil Facility in 4 to 6 months time, this appeared to be needed. The German authorities also took a positive attitude to the possibility of borrowing by the Fund in the German capital market. This might be useful after the direct loans from monetary authorities would have been exhausted.

Finally, I discussed with the Minister of Finance of the Netherlands the possibility of a further loan for the oil facility in 1975. The Dutch authorities will consider a second loan of SDR 150 million for 1975. They emphasized, however, that they attach great importance to the progress of the quota reviews. They hope that in the near future they will find reasonable understanding for their wish for some increase in their share in the Fund.

The commitments which have been indicated to me, together with the previous commitment by Norway of SDR 50 million to SDR 100 million, total the equivalent of approximately SDR 1,870 million to SDR 2,170 million.

Under positive consideration are further loans to a total between SDR 800 million and SDR 1.250 million. This is an important start in achieving our immediate goal of SDR 5 billion. Discussions on borrowing from other countries will be held soon; I hope the next round will include discussions with Kuwait, Venezuela, Oman, Ecuador, Nigeria, Canada, and Belgium. Last year these countries contributed SDR 1.250 billion.

On the question of the rate of interest, the prospective lenders indicated a preference for a fixed rather than a variable rate. Furthermore, there was agreement that the rate of interest for this year should reflect market conditions more fully than the rate of 7 per cent, as agreed last year, which was considered to contain a concessionary element. On the other hand, however, it was readily acknowledged that market rates of interest--especially on short- and medium-term U.S. dollar-denominated assets--had fallen sharply during the last months. Taking into account all the circumstances, I agreed to recommend to the Board a rate of 7.25 per cent per annum on loans made for the Oil Facility in 1975. This rate was accepted by all potential lenders. It was also generally recognized that it was appropriate for the Fund to impose a small fee on the borrower under the Oil Facility as a means of covering its administrative expenses and also restoring the Fund's net income.

For the most seriously affected countries, these interest costs are likely to be reduced substantially as the countries I visited in the Middle East gave their full support to the principle of an interest subsidy account and promised to contribute to that account. Most agreed that the amount of the subsidy should permit interest costs to be reduced by around 5 percentage points a year, although the authorities of one country wondered whether the recent fall in interest rates should not also result in a somewhat smaller subsidy. In some cases the thought was also expressed that the share of the industrial countries in the contributions should be more than 50 per cent. I understand that Directors have already had a discussion on this matter and I look forward to considering it further.

In the course of my talks a number of related topics were discussed which I wish merely to mention at this time since they will be fully discussed by the Directors on the appropriate occasions. First, the lenders to the Oil Facility in 1974 were, in general, satisfied with the working of the agreements as drawn up last year; apart from some minor details they did not feel the need for important changes in the form of the agreements as they might apply in 1975. In particular, they felt satisfied with and were unwilling to change the options available to them and to the Fund in the event of a change in the valuation of the SDR.

Secondly, regarding the use in regular Fund transactions of the holdings of currencies of some of the major countries lending to the Fund, I feel that we can look forward to an enlargement of the list of usable currencies, particularly as progress is made on the quota review and in removing the gap between the two rates payable as remuneration on net creditor positions.

OFFICE MEMORANDUM

TO: Mr. M.P. Benjenk DATE: February 21 1975

FROM: Attila Karaosmanoglu

STRICTLY CONFIDENTIAL

SUBJECT: Mr. Witteveen's Visit to OPEC Countries

I saw Mr. J. Gunter, Acting Director of the Middle Eastern Department of the IMF this afternoon. He accompanied Mr. Witteveen during his visit to the Middle East and returned to the office today.

He gave me the following information and asked that it be treated as "confidential" since the Managing Director had not yet reported to the Board. (I understand he will do so on February 24.)

General

1. Mr. Witteveen generally was very well received; but reception was especially good in Saudi Arabia and Iran.

2. All countries visited "had gone a long way in committing available funds".

3. They seem to be treating the use of resources as a budgetary problem and increasingly complain about the lack of budgetary funds, even when they continue accumulating foreign exchange reserves.

4. Especially in view of the possible balance of payments developments in Iran an arrangement was worked out to enable OPEC countries to draw on them as other liquid reserves when needed. The funds committed would have maturities of four to seven years with the proviso that the countries could call on them if they experienced balance of payments deficits.

5. On the question of the "Subsidy Account", both Iran and Saudi Arabia expressed their support in principle but insisted that the share of the developed industrialized countries should be increased. They also said that what they will do will depend on how the arrangement will be worked out by the IMF Board.

Saudi Arabia

1. Saudi Arabia agreed to give SDR 1 billion at 7½% interest for four to seven years.

2. As a result of Mr. Witteveen's insistence, the Saudis agreed to increase it by SDR 250 million, provided that this additional amount would be necessary to complete the SDR 5 billion target.

3. It was understood that the IMF could approach Saudi Arabia again six months later but at this point the Saudis "did not make any promises whatsoever".

4. The Saudis were very tough on the rate of interest discussions.

5. They requested technical assistance particularly for SAMA.

6. The IMF promised to send a resident representative to Jeddah.

7. An IMF mission will be sent in March to advise on measures against inflation.

8. Mr. Witteveen called on King Faisal and had a very friendly discussion.

Iran

1. Mr. Witteveen will visit the Shah in Switzerland on his way back from the Middle East.

2. The Iranians told Mr. Witteveen that they were ready to give the U.S. $1 billion. (SDR 820 million).

3. The Iranians were not happy with the interest rate agreed upon in Saudi Arabia but did not object to it.

4. In the arrangement of the last year, the Iranian Government had deposited to a counterpart fund in the Central Bank an amount equal to the Central Bank loan to the IMF. This year the transaction will be only between the Central Bank and the IMF. The reason given by the Iranian Government is budgetary constraint.

Qatar

1. Visit was not as successful as the previous two.

2. All were friendly but nobody was very enthusiastic about lending (outlook was influenced by declining oil production).

3. Mr. Witteveen was informed at the airport, shortly before he left, that the Ruler decided to lend $100 million (SDR 82 million).

UAE

1. Visit took place at the most unfortunate time. (UAE has a capacity of production of 1.6 to 1.7 billion barrels a day. Average production in 1974 was 1.3 billion b/d. In January it declined to 700 million b/d and further declined to 400 million b/d before the visit took place.)

2. Ruler was visiting India. The Minister of Finance said that they could participate if a satisfactory arrangement was worked out with the oil companies (1 billion b/d). No commitments were made during the visit.

3. Mr. Gunter was shown a list of external aid commitments for 1975 which comprised the names of some thirty countries and was as large as one-third of the total budget. Most of the commitments (about half) were for Egypt and Syria.

cc: Mr. Paijmans

H

BOARD PAPER ON TECHNICAL ASSISTANCE

To be provided by Mr. Schulmann by Monday, March 3, 1975.

I

PRESENT STATUS OF SUBSIDIES FOR "THIRD WINDOW"

Mr. Gaud will provide.

J

WXA698 MEX692

1244 : MIDEAST-LOANS:

CAIRO,FEB.25, REUTER-THE ARAB LEAGUE IS ASKING ARAB COUNTRIES TO RENEW THEIR PARTICIPATION IN A 200 MILLION DOLLARS ARAB FUND WHICH GIVES LOANS TO AFRICAN COUNTRIES, THE LEAGUE'S ASSISTANT SECRETARY GENERAL SAYED NOFAL SAID TODAY.

DR NOFAL SAID THE NPITAL OF THE FUND,CREATED LAST YEAR, X EXPECTED TO BE INCREASED BY ANOTHER 25 MILLIONS DOLLARS WHICH WOULD BE MET BY SAUDI ARABIA, KUWAIT AND IRAQ.

THE FUND,ONE OF THREE BODIES CRATED BY THE ARAB COUNTRIES IN APPRECIATION OF THE AFRICAN SUPPORT TO THEM IN THEIR STRUGGLE AGAINST ISRAEL, HAS SO FAR GIVEN LOANS TOTALLING 125,550,000 DOLLARS TO 31 AFRICAN COUNTRIES.

THE LEAGUE OFFICIALS SAID THE SUM IS EXPECTED TO REACH 173,500,000 DOLLARS SHORTLY WHEN SOME OF THESE COUNTRIES RECEIVE TEIRTCONDZVN FCVAL INSTALMENTS.

EQUATORIAL GUINEA TODAY RECEIVED 250,000 DOLLARS REPRESENTING THE FINAL INSTALMENT OF ITS 500,000 DOLLARS.THE AGREEMENT WAS SIGNED BY DR NOFAL AND MR EDUARDO DNDO,EQUATORIAL GUINEA'S AMBASSADOR IN ADDIS ABABA.

MORE AH/CR12

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#WXA699

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#WXA700 MEX693

1247 : MIDEAST LOANS 2 CAIRO:

DR NOFAL SAID THE ARAB SUMMIT MEETING IN RABAT LAST OCTOBER DECIDED ON THE RENEWAL OF CONTRIBUTIONS TO THE FUND WITH SAUDI ARABIA PROMISING TO INCREASE ITS SHARE BY 10 MILLION DOLLARS KUWAIT BY 10 MILLION DOLLARS AND IRAQ BY FIVE MILLION DOLLARS.

HE SXID THE LEAGUE WAS MAKING CONTACTS WITH MEMBERS STATES ON THE ISSUE.

FOLLOWING THE 1973. ARAB ISRALI WAR,THE ARAB STATES DECIDED TO ESTABLISH THE FUND,THE KHAVTOUM-BASED ARAB BANK FOR AFRICAN ECONOMIC DEVELOPMENT AND THE ARAB FUND FOR TECHNICAL AID.

THE CAPITAL OF THE ECONOMIC BANK WAS SET AT231 MILLION DOLLARS, WITH SAUDI ARABIA'S PARTICIPATION THE HIGHEST AT 50 MILLION DOLLARS.

THE FIRST INSTALMENT OF THE SAUDIVCONTRIBUTION, WORTH 21.5 MILLION DOLLARS,WAS DEPOSITED IN THE SUDAN BANK LAST WEEKLM

ETHIOPIA AND TANZANIA TOPPED THE LIST OF AFRICAN COUNTRIES V RECEIVING LOANS FROM THE FUND WITH 14,200,000 DOLLARS EACH.

LOANS TO OTHER COUNTRIEHZVARIED BETWEEN 12,700,000 DOLLARS TO ZAMBIA AND 500,000 DOLLARS TO GUINEA BISSAU AND EQUATORIAL GUINEA EACH.

REUTER AH/CR 13

FORM NO. 155.01 (3-70)
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

NEWS SERVICE

INFORMATION AND PUBLIC AFFAIRS DEPARTMENT

This news story appeared on page 72 of the 15 Feb 1975 issue of:

- [ ] THE NEW YORK TIMES
- [ ] THE WALL STREET JOURNAL
- [ ] THE JOURNAL OF COMMERCE
- [ ] THE WASHINGTON POST
- [ ] THE CHRISTIAN SCIENCE MONITOR
- [ ] THE TIMES
- [ ] THE FINANCIAL TIMES
- [x] The Economist

Business Brief

Petro-aid takes off

When the European car firms push up their prices at home no one would suggest that they should subsidise the extra cost of the cars to customers in less developed countries. When the world's oil exporters raise their prices, quite different principles seem to apply.

The rise in oil prices cost the less-developed countries (the ldcs) an extra $10 billion last year. The industrialised nations, whose oil bill went up by $55 billion, say that the oil producers ought to see the ldcs right.

The parallel with the car firms is far from straightforward: they do not form a cartel, and have never quadrupled prices by a stroke of the pen.

Some can afford it

About 25% of Opec revenues goes to the United Arab Emirates, Qatar, Kuwait and Libya, where income per head exceeds the OECD average; in the UAE and Qatar it is twice as high. All these four super-rich countries have minute populations (only 3.5m between them) and can well afford to give money to the world's poorer brethren. Their combined oil revenue is $20 billion, or $5,700 per head, roughly the American or West German gnp per head. But the rest of Opec is much less able to afford such largesse.

Some can't

About 76% of Opec oil revenues goes to nine countries that have a gnp per head of only $450 a year, less than one-tenth the $4,600 averaged by members of the Organisation for Economic Co-operation and Development. And 43% of Opec revenues goes to six countries that, even after the new boost to their incomes, are clearly still in the developing country category: Iran, Iraq, Algeria, Nigeria, Indonesia and Ecuador have an average gnp per head of only $300.

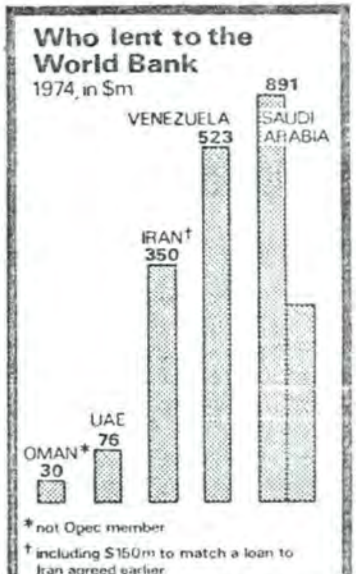
OECD countries last year gave $11-12 billion of official development assistance, in grants and soft loans, directly or through multilateral agencies. That was $13 out of the average income of $4,600. If Opec were to hand over $10 billion to the ldcs, that would mean they were giving $37 in aid out of their income of $525 per head. Some people--American senators, for instance—might argue that the $10 billion should come from the richest Opec countries, out of the five which share $27 billion of oil revenues. The five would reply that their oil will run out after 25 years, after which their only source of income will be the investments and industrial development bought with today's and tomorrow's petrodollars. Why, therefore, they say, should over a third of these petrodollars, which will determine their future living standards, be given to others?

Such arguments have not prevented the American Senate from trying to punish Opec members by blocking tariff concessions to them in the recent Trade Act. Nor from trying to block concessionary aid by the World Bank and other agencies to countries like Nigeria (gnp per head $230)—and succeeding in the cases of Indonesia ($100) and Ecuador ($420)—while approving official development aid to Israel ($2,900).

How much aid?

Yet neither have these facts of life prevented Opec countries from launching into new aid programmes, and topping up existing ones. As much as $2.6 billion was actually transferred in 1974, out of $9.6 billion committed. A further $1.8 billion was provided to the World Bank and $3.4 billion to the International Monetary Fund, both on cheap terms. These figures do not include the $1 billion military aid to Egypt and other front-line states given by Arab Opec members in 1973 and 1974, nor the $2.35 billion a year that was pledged to these states at the Rabat Arab summit conference in October.

The Arabs claim rather higher figures. Mr Abdel-Latif al-Hamad, director-general of the Kuwait Fund, reckons $14 billion of Arab aid alone was given in 1974. There is little dispute over his claim that Kuwait is now the world's top donor, ie, gives away the highest proportion of its gnp. He says that proportion is 7-8%, while an unpublished OECD paper, on which most of our figures are based, gives 6.2%, with 1974 commitments equivalent to 15.8%.

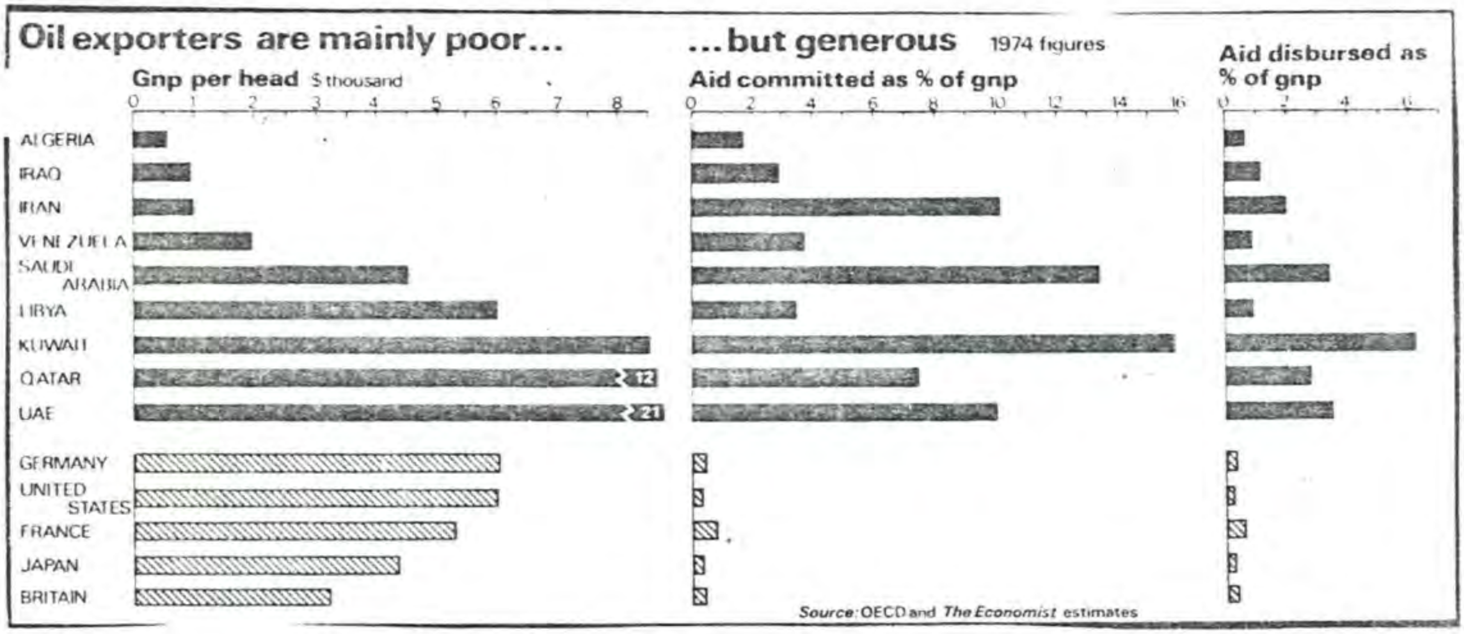


*not Opec member
†including $150m to match a loan to Iran agreed earlier

Saudi Arabia, Kuwait and Iran each provided a quarter, or nearly so, of Opec aid in 1974. Egypt predictably got the lion's share; other recipients are shown in the bottom chart opposite.

How it is given

In its 12 years, the **Kuwait Fund for Arab Economic Development** has lent $456m; Egypt got 21%, Sudan 17% and Tunisia 13%. Since other Opec countries are new to aid-giving, Mr al-Hamad's



experienced voice is heeded. And not only in the Arab world, where other states, led by Abu Dhabi, have been copying the KFAED, but also at the World Bank. Mr al Hamad wants the bank to lend on softer terms (at 4% over 25–40 years like the KFAED does, instead of 8% over 5 years), and to press the rich countries to cough up funds on these terms. Kuwait, meanwhile, is the only Opec contributor to the World Bank's soft loan agency, the International Development Association. And the KFAED was broadened last year to channel money to all ldcs instead of just Arab ones.

The **Arab Fund for Economic and Social Development** (capital $340m) was set up in 1972, thanks to Kuwaiti persuasion. This is a multilateral version of the original KFAED and is headed by Mr Saeb Jaroudi, the Lebanese former chief economist of the KFAED. Although it is based in Kuwait, all Arab states are supposed to contribute, and only Arab states will benefit. As an emergency measure, the Arab oil producers have set up a fund to help non oil Arab states hit by higher oil prices; it has already made loans to Somalia and Mauretania.

The large $900m **Islamic Development Bank** that King Faisal has inspired will concentrate on non Arab Moslem countries. Pakistan will probably do best out of this. Partly because of his pro Pakistan sympathies, King Faisal has frowned on Bangladesh from the start, the more so as it proclaims itself a secular state. But he chipped in a modest $10m for Bangladesh flood relief. India, as a largely Hindu country, may have difficulty in tapping the fund, despite its 60m minority of Moslems. Top contributors to the fund are Saudi Arabia ($240m), Libya ($150m) and the UAE ($120m).

The African countries are supposed to be taken care of by the $200m **Special Arab Fund for Africa** ($100m provided by Saudi Arabia, Kuwait and Libya). About half of each country's allocation (worked out on a rigid formula) has been shelled out so far. Presumably the rest will be handed over in 1975. So what happens in 1976?

African countries have other sources to turn to beyond that modest $200m, including, now, the KFAED. And, notably, the long-standing **African Development Bank**, to which Nigeria and Libya have made sharply boosted contributions of $30m apiece, with Algeria also a big donor.

Venezuela concentrates on its immediate region, providing funds notably through the **Inter-American Development Bank**, the **Caribbean Development Bank**, the **Central American Bank for Economic Integration** and the **Andean Development Corporation**.

Iran's idea of an Opec aid fund came to nothing. Iran is something of a lone wolf: Moslem but non-Arab and outside any obvious regional grouping. It sees itself as a rich country—although it is not one yet—because it has enough people to make an industrial base. And the Shah wants it to be a world power. It is constantly calling for joint aid efforts by the oil states and the rich industrial countries—against all the inclinations of Algeria, for one, which feels itself one of the world's downtrodden poor.

Nevertheless, Iran has secured some backing for joint action to help agriculture in poor countries. In the meantime it feels relatively free to help with the severe problems of India, Pakistan, Bangladesh and Sri Lanka.

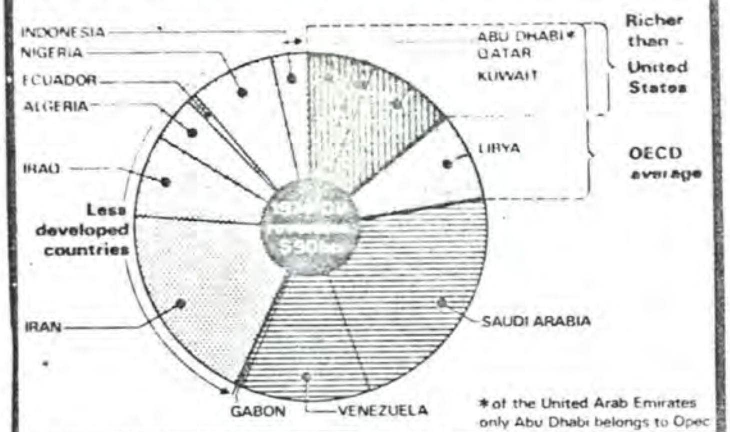
Where it goes

The proliferation of funds and banks in Opec countries reflects their shortage of financial skills. Only Venezuela and Kuwait are equipped to assess projects. Abu Dhabi did not set up its fund until 1971. Saudi Arabia and Iran started only this year. So while Kuwait disbursed 40% of the aid it pledged last year, Saudi Arabia and Iran managed to get rid of only a quarter. The lack of expertise explains why much Opec aid giving seems haphazard. How far did Qatar, for instance, investigate the economic needs of Chad before it handed over $1m in November?

But Arab aid is often tied, if only loosely, to a project, like some of the loans to Egypt. Also, more Opec money is being invested in the ldcs on a commercial basis; notably the $200m put up by Saudi Arabia, Kuwait, UAE and Qatar for the Suez-Mediterranean pipeline as a straight business deal. Now Libya says it is about to invest $100m in copper development in Zaire, presumably in conjunction with western interests.

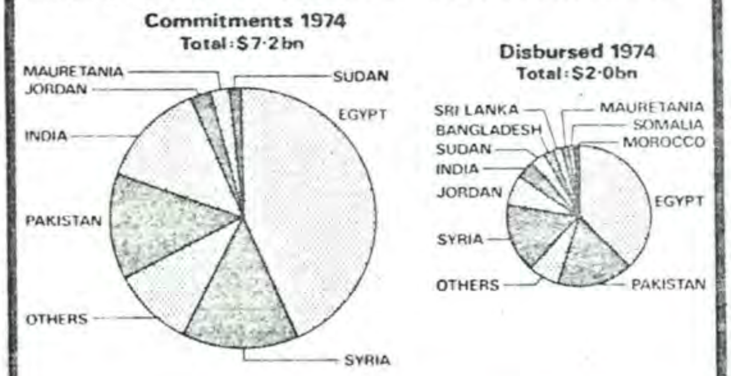
There is boundless scope for such three way joint ventures. Iran has set up and financed joint shipping companies with India and Pakistan. And Abu Dhabi and Pakistan have their jointly owned fertiliser plant under construction in Pakistan, with the money for Pakistan's share, just to confuse things, coming from

Opec revenues – who gets them



Opec aid – who got it

(excluding multilateral aid of $2401m commited, $572m disbursed in 1974)



Source OECD

Saudi Arabia.

As straight aid, the Arab countries have given generously (and perhaps competitively) for Pakistan earthquake relief ($36m in all), as well as the Bangladesh floods. Kuwait, as well as Iran, has joined the Aid-Bangladesh consortium. And Iran and Iraq have pioneered the selling of oil on credit (but on favourable terms) to India and (in Iran's case) to Bangladesh.

As the first issue of the Standard and Chartered Bank Review points out, oil price problems for the less-developed countries boil down largely to those of the Indian sub-continent. Though the ldcs as a group paid $15 billion for their oil in 1974, they started the year with reserves of $29 billion. The resilient economies of the Far East with developed export industries—Singapore, Hongkong, the Philippines, Thailand and South Korea—have suffered merely a slowing of their economic growth.

The same is true of Turkey. In Africa, Kenya also has had its growth slowed, but partly as a result of drought and static tourist earnings. Ghana too has been badly hit. But Zaire and Zambia and many other primary producers have been cushioned by the tail of the commodity price boom. Next year will be harder. The problems for the Indian sub-continent (apart from Pakistan, thanks to cotton and other strong export earners) are on a vastly different scale.

What next?

Naturally Arab oil producers help their brother Arabs first, especially as pooling their oil revenues among all Arab states would leave all of them very poor by European standards. But the test of a genuine aid policy is that a large element of it should be concentrated where the need is greatest.

In their first real year of giving, the oil producers have struck a fair balance between helping, on the one hand, brother Arabs, Islamic co-religionists and (in Venezuela's case) neighbours and, on the other, the really needy (India, Bangladesh and some African countries). What is now needed, besides more giving, is more co-operation with other aid-giving bodies.

GREATER COOPERATION BETWEEN WORLD BANK & ARAB COUNTRIES AND INSTITUTIONS

Major Developments in 1974

According to the World Bank annual report for the fiscal year 1974, the main feature of the year's stastiscal record is that "there has been another substantial expansion in financial and technical assistance". Approved lending and investment commitments by the World Bank Group reached $4.517 million, an increase of 27 percent over fiscal 1973. Of the total the Bank accounted for $3.218.4 million, IDA for $1.095.2 million and the IFC for $203.4 million.

The Bank's borrowing scored a record of $1.853 million against $1.723 million in fiscal 1973. Of this al the share of petroleum exporting untries was $565 million as compared with $216 million in the preceding year. The Bank's disbursements went up by 30 percent to reach $1.533 million, and IDA's by 44 percent to reach $711 million. As to the number of projects approved by both the Bank and IDA, they were 174 against 148 in 1973.

Growing Cooperation With M.E. Institutions

An interesting development that took place in the course of 1974 is the growing cooperation between the Bank Group and the new institutions based in the Middle East and which are playing a more important role in the field of financing development efforts. For example, the Bank is collaborating with the Kuwait Fund for Arab Economic Development (KFAED) on the Mehardeh power project in Syria. The Bank Group and the Arab Fund for Economic and Social Development (AFESD) are helping to finance the construction of the port of Bethioua in Algeria. Furthermore, IDA on the one hand and AFESD, KFAED, Abu Dhabi Fund, the Libyan Arab Foreign Bank and the State of Qatar on the other are co-financing the Talkha fertilizer project in Egypt.

The Bank and the Arab World

As shown in table No.1, the percentage of the Bank and IDA lending to North Africa and the Middle East rose from an annual average of 7 percent of the total between 1965-68 to 19 percent of the total in 1974. Percentage-wise, lending to Eastern and Western Africa and Southern Europe increased as well while lending to Asian, Latin American and the Caribean countries slightly declined.table No.2.

Cooperation between the Arab oil producing countries, on the one hand, and the Arab non-oil producing countries, on the other, differ. The Arab oil producing countries do not need financing but are in dire need of technical assistance of the sort that the Bank Group is in a position to offer. For instance, a technical assistance project of $2.75 million was made to Oman to help it in the problems of institution development, data collecting, planning, project preparation and on-the-job training. The Bank has also provided to Saudi Arabia technical assistance.

It is interesting to note that, the Bank was able to increase remarkably its borrowings from the Arab oil exporting countries. It has borrowed KD25 million ($84.4 million) from Kuwait, LD300 million ($101.3 million) from Libya and DH300 million ($76 million) from Abu Dhabi. In addition arrangements have been

TABLE –1–

BANK AND IDA TO CURRENT BORROWERS BY GEOGRAPHICAL AREAS

	Annual Average 1964-68		Annual Average 1969-73		1972		1973		1974	
Area	$m	%	$m	%	$m	%	$m	%	$m	%
Eastern Africa	70.3	7.1	214.0	8.3	214.0	7.2	341.9	10	408.4	9.5
Western Africa	59.6	6.1	177.5	6.9	223.3	7.6	176.6	5.1	281.7	6.5
North Africa & M.E	70.0	7.1	299.9	11.7	365.8	12.4	523.2	15.4	821.5	19.0
Northern Europe	17.5	1.8	35.3	1.4	28.0	0.2	45.0	1.4	42.0	1.0
Southern Europe	90.1	9.2	270.8	10.6	335.3	11.4	344.3	10.1	475.0	11.0
Asia	366.9	37.2	861.1	33.6	834.7	28.3	1292.1	37.9	1,361.8	31.6
Latin America & the Caribbean	310.4	31.5	706.4	27.5	956.5	32.4	684.9	20.1	923.2	21.4
TOTAL	984.8	100	2565.0	100	2957.6	100	3,408.0	100	4,313.6	100

made to borrow a sum of SR500 million (\$140.8 million) from the Saudi Arabian Monetary Agency and 30 million from Oman. It should be noted that the sums raised from Oman and Abu Dhabi are the Bank's first long-term borrowing from these countries.

TABLE –2–

BANK LOANSAND IDA CREDIT TO ARAB COUNTRIES APPROVED In 1973/74[1]

	Bank Loans		IDA Credit		Total	
	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
Algeria	3	157.5	—	—	3	157.5
Egypt	—	—	4	43.9	4	43.9
Morocco	4	136.0	—	—	4	136.0
Oman	2	8.4	—	—	2	8.4
Syria	2	88.0	—	10.0	2	98.0
Tunisia	3	39.6	—	7.0	3	46.6
Yemen Arab Rep.	—	—	3	19.6	3	19.6
Sudan	—	—	3	38.7	3	38.7
Somalia	—	—	1	10.0	1	10.0

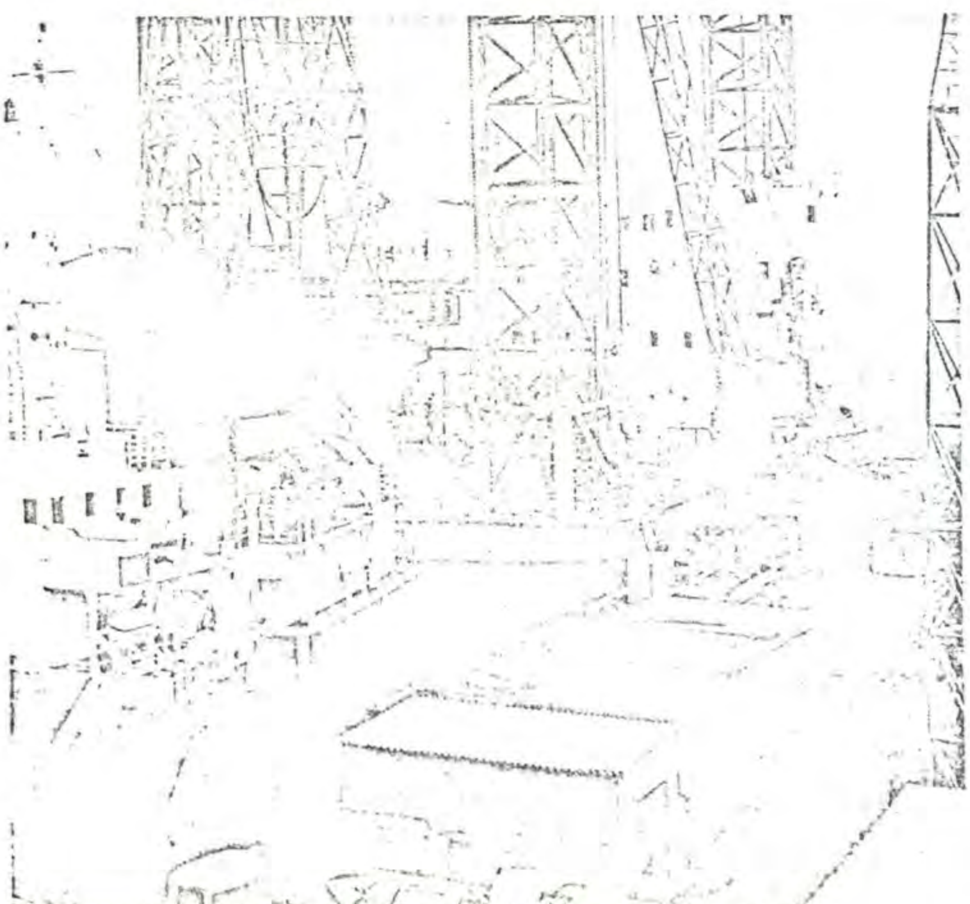
(1) All Supplements and amendments are included under "amounts", but only those qualifying as seperate under "number".

Overview of Projects Undertaken

Approved Bank loans and IDA credit in fiscal 1974 were mainly to Arab non-oil producing countries, table No.2.

IDA approved credit to the value of \$10.7 million to stabilize the agricultural sector in Southern Sudan, by rehabilitating peasants and herdsmen and laying foundation for longer term development through self-sufficiency in food.

In Somalia the Trans-Juba Livestock project to be supported with IDA credit of \$10 million is to improve the standard of living of small scale herdsmen. The project includes the establishment of five market centers, water supplies, five veterinary centers and veterinary dispensaries. The project aims to increase cash incomes of about 20,000 nomadic families by about a half and to increase exports of meat.



A state industrial project in the Yemen Arab Republic was supported with \$2.3 million by IDA. This is a pilot project "designed to serve as a model of industrial development in a country where the industrialization process has just begun".

A Bank loan of \$63 million and IDA credit of \$10 million were extended to the Balikh irrigation project in Syria. The project is to help 43,000 people settle into sedentary agriculture and provides for such aspects of rural development as the extension of services, health clinics, schools and control of malaria and bilharzia.

The Tunisian urban development project is supported by a Bank loan of \$11 million and an IDA credit of \$7 million. The objective of the project is to help draw up a long term plan for the future development of Tunisia and to meet the need for public transport.

These, in addition to a population project in Egypt and an education project in Oman which will tackle the critical need for skilled manpower and for an education system, are the major projects in the Arab world supported by the World Bank and IDA in fiscal year 1974.

FORM No. 155 (1.64)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

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Gulf Arabs: More Fortunes Than Degrees

By Jim Hoagland
Washington Post Foreign Service

KUWAIT—"We are not rich," Kuwait's acerbic minister of finance and oil, Abdel Rahman al Atiqi, often tells diplomats who have the poor taste to ask him about the $7 billion this nation of a million people is earning from oil this year. "We just happen to have a lot of money."

For Atiqi, countries like Iraq, Egypt and Sudan are "rich." They can measure wealth in large populations that will give their countries an industrial base, and in large amounts of fertile, uncultivated land that can feed future generations.

The 10 small emirates dotted along the southern curve of the Persian Gulf lack both fertile land and people. They can appear to a visitor to this desolate landscape to be poor in every way except the hoard of money they get in return for draining the lakes of oil that lie beneath their burning sands and shallow coastal waters.

The torrent of money flooding over these mini-nations is producing social and economic mutations as the Gulf Arabs have become wealthy enough to buy any technology they want, and then have to struggle to fit it into their embryonic infrastructures.

Among them are lands with more millionaires than college graduates. They possess the most modern color television networks, which coexist with six-page newspapers that explain that a local personality "is going blind due to lack of sight." Futuristic airports are springing up in desert areas where paved roads are still a recent phenomenon.

This leapfrogging of institutional generations on the back of wealth is shaping a society that resembles one that might be described by H.G. Wells or the scholars of Jorge Luis Borges' imaginary world who "do not seek for the truth or even for verisimilitude, but rather for the astonishing."

To travel across these lands is to be astonished frequently. The modern jetliners that roar off the runway of Dubai's airport throughout the day arch above the wide, clear green waters of Dubai Creek, which twists past skyscrapes rising at a frenetic pace on the desert sand.

Dozens of ships anchored

See GULF, A7, Col. 1

Fortunes Multiply Along Persian Gulf

GULF, From A1

in the Pesian Gulf wait to unload cargoes of luxury goods at Dubai's clogged port. They appear as white lines on the receding horizon where the water breaks around them.

The plane streaks west, flying over a man-made island 60 miles from Abu Dhabi. An orange flame rises from the blue-green waters and gray smoke curls from the natural gas flare of the off-shore oil well.

Doha, the capital of Qatar and one of the new babylons that are being created around the Arab world by oil money, appears at the edge of arid, barren Thumb-Line Peninsula that two decades ago was inhabited only by thousands of isolated nomads.

A 17-year-old Qatari eager to practice English learned at a three-month course in England this summer points out from the plane the town's hotel. He wants to be a cartoonist, he says, because he has watched Walt Disney movies in one of Qatar's three movie houses.

Chemical engineering or accounting hold no attraction for him. "We can always hire foreigners to do those things," he confides.

The odds are that the aspiring cartoonist will make his way back to England when he is ready for university. There is no university in the nation of Qatar. Nor in Bahrain. Nor Dubai. Nor Abu Dhabi, whose 50,000 citizens are in per capita terms the richest people in the world, theoretically dividing up $5 billion this year.

Kuwait, light years ahead of the small emirates to the south in developing infrastructure, opened its university only in 1966. Educational experts who fear that the small emirates will want universities as prestige symbols argue that it is far more economical for them to send out their 2,000 university students now abroad than to set up fledgling colleges locally.

Qatar, Bahrain and the seven-nation United Arab Emirates, headquartered in Abu Dhabi, have thus far produced about 1,000 college graduates, almost all of them in the past five years. The nine states have a total indigenous population of about 700,000.

The economic booms they are enjoying have brought rising tide of foreign workers and professionals into these lands. Out of a work force of 50,000 in Qatar, 40,000 are Indians, Pakistanis, or foreign Arabs. In Bahrain, nearly 40 per cent of all jobs are held by foreigners. In Abu Dhabi, every second person is a foreigner.

They come from England or France as executives of oil companies or supply concerns, drawing salaries that enable them to rent a large house in Abu Dhabi at the current going rate—$25,000 a year. And they come as laborers, stored into dhows in Iran or Pakistan and making a swift night run to be sumuggled into the sheikhdoms.

Patrol boats from the Abu Dhabi defense force sweep through the Gulf at night, intercepting many of the dhows and taking off the hundreds of would-be illegal immigrants who have put down their life savings for the clandestine journey and a chance at work. Some find ways to remain, but most are tossed back to their countries of origin.

Still others try a more traditional method. A secretary at one of Abu Dhabi's 23 banks deals almost daily with letters from Indian clerks who have received a

The Washington Post

degree in Higher Typewriting from the University of Kerala" or other exotic qualifications.

These sheikdoms have come from deep poverty to blazing riches in a decade, and the elite here is often impatient with anything small scale. When Sheikh Zayed, the ruler of Abu Dhabi, mentioned to aides that he wanted a personal aircraft, they scurried around to find him brochures on Lear jets and other executive planes.

He stunned them by returning from a visit to London with two VC-10 commercial jetliners. He has since presented one of the planes to Somalia as a gift.

Zayed reputedly dispenses about $2.5 million each year as pocket money to each of 20 sheikhs in Abu Dhabi's inner circle. One of the younger sheikhs says he owned 35 cars at his last count.

Kismet has added a strong element of competition to the surrealistic scene in the lower Gulf. To Abu Dhabi's Zayed has been given the oil, 1.5 million barrels a day at current production. To Sheikh Rashid, the ruler of Dubai, fate has willed geographic position and acumen.

Dubai's natural port straddles the wide creek that flows into the Persian Gulf, and Rashid's hard-driving business tactics have turned it into the lower gulf's principal trading center. He reluctantly brought Dubai into the United Arab Emirates, certain to be dominated economically and militarily by Abu Dhabi, but has largely gone his own way on things that count to him.

Foreign residents watch the growing rivalry with a mixture of amusement and awe. The building of a modern airport in Dubai assured that Abu Dhabi would have a larger one. The opening of the new deep-water Port Rashid was followed by accelerated work on Port Zayed in Abu Dhabi. A local pastime is betting how much taller Abu Dhabi's clock tower will be than Dubai's most impressive local landmark, which is, of course, a clock tower

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INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Bernard Snoy

DATE: February 25, 1975

FROM: Alexandra Humber

SUBJECT: Mission Schedule: Mid-February - End-March 1975

Please find here below the missions visiting the countries on Mr. McNamara's itinerary over the period mid-February to end-March 1975.

Country	Staff	Mission	Dates
Libya	Mr. El Darwish	Technical Assistance	Feb.11 - 14
	Messrs. Gerring, von Samson	Technical Assistance (Kufra Oasis)	Mar.6 - 14
	Mr. Stewart	Technical Assistance (Education)	Apr.7 - 21
Kuwait	Mr. El Darwish	Technical Assistance	Feb.15 - 17
Saudi Arabia	Mr. El Darwish	Technical Assistance	Feb.3 - 6 Feb.8 - 10
	Messrs. de Man(Cons), Fateen, Ramuglia, Sisson, Zetterstrom(CPS)	UNDP Transport Survey Survey (Supervision)	Feb.28 - Mar.7
	Mr. Serageldin	Technical Assistance - Manpower Development	Mar.~~8~~ 15 - ~~17~~ 24
	Messrs. Erkmen (E.Af.), Cuellar	Technical Assistance - (Power-Desalin.)	Mar.10 - 17
Qatar	None		
UAE (Abu Dhabi)	Mr. Erkmen (E. Af.)	Technical Assistance - Power	Mar.3 - 10

We have no resident staff in any of the above countries at this time.

Cleared with and cc: Mr. Wapenhans

AHumber:baf

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Sven Burmester's Travel Briefings: Middle East President's papers - Robert S. McNamara Travel briefs: Middle East	1772918

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Correspondents / Participants

Subject / Title
Noted on Visit to Middle East Countries - February 1973

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OFFICE MEMORANDUM

Mr. Burmester

TO: Mr. Robert S. McNamara, President (through Mr. I. P. M. Cargill)

DATE: February 25, 1975

FROM: Mohamed Nassim Kochman

SUBJECT: Visits to Kuwait, Saudi Arabia, Qatar and the United Arab Emirates

I visited from February 3rd to February 20th, 1975 Kuwait, Saudi Arabia, Qatar and the United Arab Emirates. As you indicated, during the discussion of my briefing, I restricted myself to the questions of immediate interest to you namely: a) the increase in voting power and subscribed capital for OPEC countries; b) the Third Window lending facility. You also indicated that I should give an "early warning" about our borrowing program for FY1976. One note was prepared on each subject cleared by you. During the last briefing, you made it clear that I should avoid discussing, as previously intended, IDA, co-financing, reporting on financial assistance from oil-exporting countries to developing countries and technical assistance. However, you added that unless I am questioned on those topics I must avoid discussing them. You made an exception for Saudi Arabia where I was supposed to ask, on your behalf, the Minister of State for Financial Affairs and National Economy his general impression on our technical assistance program.

I. KUWAIT

On Wednesday February 8th at 11:30 a.m. I had a very long meeting with H.E. Abdel Rahman Salem Al-Ateeqy, Minister of Finance and Oil. Mr. Abdlatif Al-Hamad, Director General of the Kuwait Fund for Arab Economic Development was present.

I indicated to Minister Al-Ateeqy that I am in Kuwait on my first visit to acquaint myself with local authorities and financial institutions and most of all, to convey to him your views on two very important matters of mutual concern: the increase in voting power and subscribed capital of OPEC members and the "Third Window" lending facility.

At the outset, the Minister said to me that he was very upset by the continuous reference, in all quarters and the international press, to the so-called "oil surplus countries" (terminology he dislikes profoundly) in order to explain all the difficulties of world economy. He was displeased by this kind of unfair treatment given to the oil producing countries. He stated that Kuwait has always cooperated sincerely with others including the World Bank. Kuwait is still prepared to intensify its collaboration with the international organizations and mainly the World Bank provided "the brain washing about the so-called oil surplus countries" is stopped. He made a reference to the first study made by the Bank on oil which he considered not to be "in the right direction" and he actually made the usual representation at that time through Mr. Al-Sharek who was member of the Bank's Board. He came back several times on the words "oil surplus countries" and emphasized that his country needs every cent it receives from oil sales for its long-term development and nobody should forget that their resources are of a non-renewable nature.

He then invited me to put his remarks in the right context and chiefly not to interpret them as a hostile attitude either to the Bank or its management. He wanted me just to know how he feels about the propaganda made about the oil producers. As a matter of fact, he added, I know very well Mr. McNamara and I admire the work he is doing. He reaffirmed his full support to you and the policies you are promoting as Head of the World Bank and he would have soon the opportunity to state it directly to you.

I intervened and said that all his comments are well taken but I would like, before making my presentation of the topics mentioned a while ago, to come back to the Bank study on oil he spoke of and bring, with his permission, a brief clarification. I reminded him that that particular first study was followed by others more documented and Mr. McNamara was very clear on this subject in his speech during the annual meeting in September and his report to the ECOSOC later. Mr. Al-Hamad supported my clarification and went further by mentioning the recent article of Mr. Chenery as illustration of the fair position of the Bank on the whole question of energy.

I then made my presentation of the increase in voting power and subscribed capital for OPEC members and the Third Window.

1. Increase in subscribed capital

At the beginning of the discussion the Minister was slightly tense and was not quite sure that such an exercise would place the OPEC members, in general, and Kuwait, in particular, in a stronger position or enhance their participation in the life of the Organization. I replied that when one goes through the figures which are in the note and others that I quoted the net result of such an increase is not only in the interest of the OPEC members but also the LDCs. I went on adding that this increase in voting power was not symbolic, it will strengthen the hands of the oil producing countries and by way of consequence all the developing countries who will have a better say and a strong status within the Bank and more specifically at the level of the Board. Moreover, I stressed the fact that for such an effective and meaningful role, in the final analysis the price is not that high to OPEC members. It will not cost much to Kuwait,for instance,in terms of paid-in capital,to increase its voting power from the present 0.33% to the proposed 1.66% and referred to the note you cleared. Mr. Al-Hamad intervened and added that this increase corresponded any way to the demands made many times by OPEC members. The Minister then said that he would like to study it further and assess all the implications and that I should know that he approach all this matter in a "constructive way" and will act in the best interest of the cooperation between Kuwait and the Bank. He then turned to Mr. Al-Hamad and asked him to see him later to study this question with the view of positive results.

2. Third Window

The Minister did not put the "Dutch proposal" in its proper context and thought it was quite a different proposal, in every aspect, from what the Kuwaitis had in mind. I indicated to him that he will realize after reading the note that as I stated during my presentation we should look at this new facility as an exercise consisting of two stages. The first stage is the interim scheme to be started on the basis of voluntary contributions to the subsidy and this was suggested by the Dutch delegate. I reminded the Minister that after Mr. Al-Hamad's statement in the Development Committee and the strong interest it produced, the Ministers referred it to the Bank for study and presentation of a proposal later to the Development Committee in June. However, multilateral negotiations of this kind are going to be very lengthy and complex and IDA replenishment successive negotiations, for instance, have demonstrated it. Precisely, the Dutch came in support of the Third Window and suggested that we proceed, as an interim measure, on the basis of voluntary contributions. The Bank management, taking into account the urgency of the catastrophic situation of the poor countries, wished to take advantage of this initiative without any delay and with the view of launching this operation as quickly as possible. Thus, the Dutch initiative is quite in the right direction and should not be construed as a move against "the Kuwaiti proposal". It paves the way rather to the second stage of the scheme when the permanent structures of the Third Window will emerge from negotiations which, I recognized, will be long and difficult. Mr. Al-Hamad intervened in the discussion and confirmed what I said and elaborated abundantly on the details.

After insisting on the interim and urgent character of the voluntary contributions to the Subsidy Fund, I clarified that for the first year the management of the Bank hoped for amounts between 100 and 150 million dollars from 4 or 5 OPEC members including 25 million dollars from Kuwait and 100 million dollars from 4 or 5 OECD members. The Minister immediately noted that much more is demanded from OPEC members. He felt that OECD members should contribute for a larger share. Moreover, he felt that the contribution expected from Kuwait was on the high side. I indicated to him that the contributions I quoted are, to a large extent, illustrative estimates of what we think could be mobilized quickly on a voluntary basis from the OPEC members because of their relative capacity to respond without the delays characterizing the legislative procedures required in some of the OECD countries. We frankly think, I added, that the assumption is that 50%, or maybe more, of the initial voluntary contributions might still come from the OPEC members precisely because many of them can act quickly. Now, when we look at the sharing of contributions between the groups of potential donors, a very important point must be kept in mind: this proportion between OPEC and OECD, at this particular juncture, bears no relation whatsoever to the shares which may later emerge in a negotiated burden-sharing agreement for a permanent third window lending facility. The figure of 25 million dollars expected from Kuwait is indicative. After a short pause, the Minister glanced once more through the note and asked me to clarify what we mean exactly in this note by "additional capital or reserves in amounts adequate to protect it (the Bank) against the risk of Third Window loans".

I would say that the atmosphere was tense at the beginning for reasons certainly unrelated to our meeting but became quickly very cordial and pleasant. In conclusion, Minister Al-Ateeqy said that he views the "Third Window" with sympathy and the more so that Mr. Al-Hamad put forward the proposal in Washington and he himself fully endorses it. He would certainly like this proposal to go through. Their willingness to cooperate fully with the industrialized countries, he added, is unquestionable. He asked Mr. Al-Hamad to initiate the work to be done in the light of the note that I gave him in order that action can be taken, after further elaboration of the proposal, by the new cabinet.

3. Borrowing program

I gave the Minister the short note that was prepared before my departure from Washington and cleared by you. I explained that I do not intend to discuss this matter at this point because Mr. Cargill will do it in the next 3 months. My purpose was mainly to give him an "early warning" about our borrowing program mainly in FY1976. I stated that as in the past, and particularly in FY1975, the Bank will be looking to OPEC members to support its borrowing program. In this program we hope to be able to raise about 300 million dollars in Kuwait. The Minister commented abundantly on past cooperation with the Bank in this field. He added that they are well disposed towards the Bank. However, they will have to study this matter with "precaution" and in the light of their own final figures concerning the level of oil production, revenues, commitments within their aid program and the requirements of their own financial market. He concluded saying that by the time he sees you during your forthcoming visit he will have a clearer idea on the future prospects.

II. SAUDI ARABIA

1. RIYADH

While in Riyadh I met twice with H.E. Mohammed Aba Al-Khail, Minister of State for Financial Affairs and National Economy.

a) First meeting

On Sunday, February 9 at 4:30 p.m. I met with H.E. Mohammed Aba Al-Khail, Minister of State for Financial Affairs and National Economy. H.E. Abdul-Aziz Al-Rashed, Deputy Minister for Financial Affairs and Mr. Ahmed Sani El-Darwish, Assistant Director - Projects Department EMENA, were also present.

I exposed to the Minister the object of my mission and gave him the notes on the increase of subscribed capital, the Third Window and the Borrowing Program.

After listening to my presentation of the proposed increase of subscribed capital he raised few minor points. He asked for clarification on the increase of the authorized capital and the concept of preemptive rights.

I passed to the Third Window. He wanted to know whether this new lending facility is different from IDA and why. He was not clear about the subsidy component of the new facility and noted that the level of voluntary contributions is higher for the OPEC members than the OECD members. Finally he was anxious to know who would manage the Third Window. I undertook to clarify these questions and made again the distinction between the interim scheme and the permanent one adding that the staff of the Bank is preparing a study in view of the meeting of the Development Committee in June.

He then said that he would like to have more time in order to read the notes I gave him and then convey to me his first impressions. He promised to meet with me the following day. I thanked him for receiving me few hours after a long meeting of the Council of Ministers and wished to avail myself of the opportunity of the presence of Mr. El-Darwish to talk about technical assistance. More precisely, I told him that you requested me to have his general impression on the technical assistance activities of the Bank in the Kingdom.

The Minister indicated to me that he has discussed with you a year ago the needs of Saudi Arabia for technical assistance and you both agreed to start a program. He feels that the response of the Bank was rapid and the opinions of the technicians have always been objective. He considers that the collaboration is very good but an expansion of the work of the Bank in the Kingdom is urgent and necessary. He mentioned that the week before he discussed with Deputy Minister Al-Soghair and Mr. El-Darwish the procedures that would then need to be adopted. He is of the opinion that a technical assistance coordination Representative in Riyadh is highly necessary to meet these new circumstances. According to the Minister his role would be to:

(i) help the different departments of government and agencies to specify their requirements;

(ii) transmit these requests to Washington and ask for assistance in the form that is appropriate and

(iii) should circumstances justify it, fly to Washington to discuss such requests alone or together with the key persons in the requesting Departments.

I promised the Minister that I shall relay his request as discussed with Mr. El-Darwish to the President of the Bank. In conclusion, the Minister seems to be very happy with the technical assistance program initiated by the Bank. He repeated several times that they trust the advice given by our staff and the neutrality and objectivity of the Institution. However, there is the feeling, at least the way I sense it, that they wish a substantial expansion of our advisory services without delay. They have a great confidence in the Bank's work and we should capitalize on the kind of enthusiasm they have towards the Bank and its staff.

b) Second meeting

I met with H.E. Minister of State Aba Al-Khail a second time on Monday February 10th at 5:30 p.m. H.E. Abdul Aziz Al-Rashed was present.

The Minister indicated to me that he read the notes and had few comments and clarifications to seek.

- increase of subscribed capital

At the outset, he regarded this increase of the subscribed capital as another form of financial assistance to the Bank through the paid-in capital it implies. He wanted to know which are the OPEC countries that asked for such an increase of the subscribed capital. With this in mind, he commented at length on the policy of the Saudi Government which consisted always in supporting the activities of all international agencies and specially the World Bank and the IMF. He stressed that his country is helping the poor countries in various ways: bilaterally, through international organizations and regional institutions and through the Saudi Development Fund. As a matter of fact their contributions to various Banks and Funds are usually the highest.

He thinks that cooperation between OPEC members - and Saudi Arabia in particular - will not be limited to subscribing in the increase of capital. Saudi Arabia is a shareholder and will cooperate with the Bank in many different ways whether or not it increases its subscribed capital. Having said this he came back to the specific case of Saudi Arabia and indicated that his government would be seriously thinking of increasing its subscribed capital. Now, as far as the whole OPEC group is concerned, a doubling of the voting rights is reasonable but tripling it merits further examination.

- Third Window

The Minister introduced the same ideas about the aid effort made by the Kingdom and its participation in all sorts of Banks and Funds. In this context, he felt the industrialized countries should contribute more to this new facility. He liked to know who would benefit from the Third Window. I replied that it will essentially be of benefit to the most seriously affected countries and the poor ones. He inquired about the list of countries and wanted to know whether we have the same classification as the IMF or the U.N. Then, he asked whether we have approached Iran or not and what was the reaction I got while in Kuwait.

I provided him with all the explanations he expected and added that the beauty of this scheme is that with a small contribution to the subsidy Fund it will make it possible to make a large volume of lending. The fact that loans on intermediate terms can be made give a great multiplier to OPEC contributions. Moreover, this is a special occasion to OPEC members to demonstrate their willingness to effect a quick and meaningful transfer of resources to the developing countries through existing institutions. The resources would enable a significant contribution to be made towards meeting the financing needs of the most seriously affected countries and the poorer ones and at the same time this will make it possible to re-allocate IDA and IBRD funds to the MSAs and poorest countries. I concurred with the Minister that there are many Banks and Funds that have been created by the OPEC members. Precisely, until such date as these institutions are operational, it seems to me useful to take advantage of the ready availability of existing staff and expertise of organizations as the World Bank. Finally, contribution to the Third Window will draw great publicity and recognition to OPEC members.

The Minister concluded this discussion by stating that their reaction is positive but they will have, however, to analyze the figure of 35 million. He will review both the increase of the subscribed capital and the Third Window and by the time you will visit the Kingdom he hopes to be able to make firm commitments on both subjects.

- Borrowing program

I gave the Minister the note on our borrowing program and explained to him that he will be approached in the near future. He stated that he would not like to comment on the figure of one billion dollars at this stage. He can only promise that in due course they will study our program carefully.

2. JEDDAH

On Tuesday, February 11th at 6:00 p.m., I met with Sheikh Abdul Aziz Alquraishi, Governor of SAMA. Sheikh Khaled Algosaibi, Vice Governor, was also present.

I gave the Governor copies of the notes about the increase of subscribed capital, the Third Window and the Borrowing program.

- increase in subscribed capital

Governor Alquraishi wondered whether a real profit would be gained from such an increase. Would this bring more influence on the decision-making process? The weight of the large shareholders will be still determining in terms of voting power. I indicated to the Governor that it seems to me a great improvement would be achieved if and when the OPEC members support the sort of increase in subscribed capital which would raise their voting power to 15%. I think that the whole exercise is in line with what has been advocated by OPEC members. I added that one should not look at the proposed increase in the voting power of Saudi Arabia - from 0.49% to 2.86% - in an isolated way. Let us concentrate for a moment on the group represented by Mr. Al-Atrash to which Saudi Arabia belongs. There are

5 OPEC members in that group and because of their proposed increase in subscribed capital the voting power of the whole group would go from 3.53% to 7.98%. This is a tremendous jump and puts the group in a very strong position since only the United States and the United Kingdom would have a higher voting power. I did stress the fact that their grouping in the Bank illustrates forcefully the change of situation that could prevail if the OPEC members were in favour of such an increase. Indeed, their group consists of 12 countries out of which 5 are oil exporting countries and by bringing their financial strength to that group they give a different status to the group. At the level of all the LDCs the results are similar because when we add the votes of the oil exporting countries to those of the rest of the LDCs we reach almost 45% of the global voting power. If we keep in mind that there are also some industrialized countries such as the Scandinavians that frequently support the LDCs we can safely say that a serious improvement has been achieved and the Bank obviously has reconsidered the OPEC members position and adjusted to their new circumstances.

The Governor asked me to explain to him why the authorized capital had to be increased and the related question of preemptive rights. He wanted me also to elaborate on the paid-in capital in case of increase of their subscribed capital and the amount of money the Government would have to put in. After my explanations the Governor said that he feels that doubling of the voting power of the OPEC members would be reasonable but tripling it necessitates further study.

- Third Window

The Governor said that he has not received anything from the Bank about the Third Window and he appreciated the presentation that I made on the subject and the note on this subject will make it easy for him to study it thoroughly later. He wished to know, however, the difference between this new facility and the IMF oil facility. Who is going to control and manage this new Fund, what are the criteria of eligibility. I indicated to him that all these matters and others will be dealt with in the study being prepared by the staff of the Bank, and after discussion by the Board,detailed proposals will be put forward for discussion during the meeting of the development committee in June. Then I came back to the interim scheme based upon the voluntary contributions to the subsidy fund and reassured him that this fund will be operated in close consultation with the contributing countries. The Governor wanted to know if the United States and other OECD countries were going to contribute and who has been already approached. I replied that, at this stage, I was personally concentrating my efforts on the OPEC members with whom I am to maintain close liaison. So, I would not like to speculate about the OECD members but I know that Mr. McNamara has just initiated talks on the Third Window with those countries. I added, when you will meet with him during your forthcoming visit to Jeddah you will be in a better position to answer this question.

The beneficiaries of this new facility seemed to interest particularly the Governor. I told him that the facility is really designed to meet the needs of the most affected countries and the poorer ones. He then spoke at length about the importance and the scope of the assistance given so far by the Kingdom to the poor countries and the role assigned to the Saudi Arabian Development Fund. He touched upon joint-financing with the Bank.

Finally he indicated that, at this stage, he can say that he views the Third Window favorably although he has still to learn more about it. In principle, he does not "disagree with this concept", but feels that 35 million dollars as contribution from the Kingdom was on the high side.

- Borrowing program

I gave a copy of the note on this subject to the Governor and made a brief presentation. He indicated that he will take note of the facts and figures and there are certainly many occasions for exchange of views on the borrowing program.

III. QATAR

I did not meet the Minister of Finance and Petroleum because he had left for Vienna the day before to attend the OPEC Conference. However, it is only after his departure that the Ministry was notified that the Conference was postponed.

In Doha, I met with Mr. AbdelKadir Al-Qadi, Director General for financial affairs of the Ministry of Finance and Petroleum, and later, several times with Mr. Madhat Abdul Latif Masood, Director of the Minister's Office and Alternate Governor of the IMF and the Bank for Qatar.

1. Meeting with Mr. Al-Qadi

I met with Mr. Abdel Kadir Al-Qadi on Saturday, February 15th at 9:30 a.m. He said that the Minister regretted very much to have to travel because he was looking forward to this meeting and actually had cabled to me in Washington. I indicated to Mr. Al-Qadi the object of my mission and made a presentation on the three topics. I handed him the notes and told him that they were cleared by you and I would be very grateful to him to give them to the Minister.

- Increase in Subscribed Capital

Mr. Al-Qadi said that in the absence of the Minister it is difficult to offer any official opinion. However, he would like to speak on a purely personal basis. He feels that no matter how we look at this question it has political implications and it is not just an increase of subscribed capital to strengthen the position of the OPEC members. He does not doubt that the management of the Bank is exploring all possibilities to promote cooperation. However, this scheme will result in payment of money to the Bank, thus it is another way of indirect fund raising for the Bank. The resources of Qatar are limited and its income low compared to other countries like Saudi Arabia, Kuwait or Iran. In spite of that, added Mr. Al Qadi, we are helping very much the developing countries by way of loans on soft term and grants. "We consider that this increase in the subscribed capital should be a part of the overall participation in the life of the Bank and not an indirect way of getting only more money". I then clarified many points and told him that we had indication from Mr. Al-Atrash, Executive Director for his country that the Government of Qatar would support an increase in the share capital of OPEC countries to 15% and accepts also the order of magnitude of the individual share of each country. My purpose is to obtain confirmation of the stated intention of the Government. He replied that he did not remember any correspondence to that effect and it is difficult for him to confirm anything in the absence of the Minister.

- Third Window

Mr. Al-Qadi stated that they are always ready to consider proposals oriented towards assistance to other countries. However they have now some serious constraints. He again indicated that he is speaking on his own behalf and cannot commit the Minister who is absent. In the context of their policy of assistance they certainly agree on the principle of setting up a new lending facility such as the Third Window. He concluded that he would have to consult with the Minister on all these issues (increase in subscribed capital and third window). He will try to brief him by phone and particularly about the figures advanced in both cases.

2. Meeting with Mr. Masood

I met with Mr. Madhat Abdul Latif Masood, Director of the Minister's office on Sunday, February 16th at 10:30 a.m.

I essentially treated the same subjects with him.

- increase in subscribed capital

Mr. Masood confirmed to me what was indicated to you by Mr. Al-Atrash. He wanted, however, to know more about the criteria adopted to arrive at the figure retained for Qatar and the impact of the increase for the OPEC members on the rest of the LDCs. I explained to him how we have proceeded at this stage of the exercise and made it clear that the increase in the voting power of OPEC members will be made in such a way as it would have minimum effect on the voting power and representation of the other developing countries. This is our objective and it is of course conditional to the outcome of further discussions and negotiations to be undertaken in due course.

- Third Window

It was stated by Mr. Masood that in principle they agree on the third window lending facility. However, even if we are talking of an interim scheme with voluntary contribution it would be desirable to know the basis for fixing the amount of the individual contributions. It is very important to clarify this question because the yardstick of financial strength is not that clear to him. The OPEC members have different level of oil production different reserves and specific commitments within their respective aid programs. Moreover, he was eager to learn about the position of Saudi Arabia and Iran and their respective contributions. He said that he did not anticipate that 15 million dollars would be expected from Qatar since there are 13 OPEC members and a quick look at the figures has prompted him to anticipate a lower figure. He does not have anything against the whole scheme and he hopes that the Minister will be in a position before your arrival to Doha to form a final opinion.

He then said that he does not want to miss this occasion to confess that, although they have always been very cooperative with the Bank, they have not yet received any tangible assistance from the Bank. He attended the annual meeting in Washington and his delegation had discussions with the officials of the Bank. They expect the Bank to help them in providing technical assistance but so far nothing has happened. I replied that to my knowledge the Bank has always been prepared to assist them and mainly in the field of development policy where Qatar might benefit substantially from our technical and advisory services. I made reference to some letters that were sent to the Minister of Finance and Petroleum and particularly to a letter from Mr. Wapenhans dated September 5th 1974. I assured him that the Management of the Bank and the EMENA Region were very anxious to bring their contribution to the difficult task facing the country. The Bank will certainly provide technical assistance in those fields in which we believe we have the expertise required and where the recipient country can make proper and good use of the help provided. Actually, the responsible authorities in the Bank are working hard on a program of technical assistance for the area that will take into consideration our own possibilities and I am sure that Qatar is not forgotten at all.

- Borrowing program

I indicated to Mr. Masood what were our immediate preoccupations and left with him copies of the notes including the one concerning our borrowings. He affirmed that Qatar has cooperated with us in the past and will continue. The Minister will have to decide on the figure mentioned in the note. However, he is almost sure that it will be difficult for the Bank to borrow in dollars and their preference would be for a package of currencies equivalent to SDRs.

IV. UNITED ARAB EMIRATES

In Abu Dhabi I met several times with H.E. Mohammed Habroush, Minister of State for financial and industrial affairs and Dr. Hassan Abbas Zaki, Deputy Chairman of the Abu Dhabi Fund for Arab Economic Development.

1. Meeting with the Minister

I met with Minister Habroush on Tuesday, February 18th at 11:00 a.m. After my presentation of the increase in subscribed capital, the Third Window and the borrowing program I handed the notes to him.

- increase of subscribed capital

The Minister stated that he agrees on the principle of such an increase. As a matter of fact he had, in the past, the occasion to indicate to Mr. Cargill that the future cooperation between the Bank and Abu Dhabi will depend on their say in the Bank which should reflect their present position. So, he welcomes this initiative on the part of the Bank which he regards as in the right direction. Agreeing on the principle implies, of course, consultation and further discussion of the figures proposed for the U.A.E. which he is not in a position to do in the absence of the Ruler who has to decide.

- Third Window

The Minister wanted to know the reactions of the countries I have visited so far. He expressed his genuine interest in the Third Window lending facility and added that he will indicate a figure once he consults with other officials and after the matter is brought to the attention of the Ruler. He added that I should bear in mind that they were put in a critical situation by all the Oil Companies who cut down the level of oil output to some 500.000 barrels per day thus contributing to create a dangerous financial situation here. Nobody remembers that only two years ago their reserves were not over 100 million dollars and they have many commitments on two fronts: internally, to develop their industrial basis and to promote social and economic development and, externally, to face the demands of their huge aid program. He stressed the fact that they are certainly the country who gives the largest percentage of their revenues in direct aid for development outside the U.A.E. He mentioned that my visit has taken place at the right time because their demands as far as the Oil Companies are concerned were met - i.e. to bring back the level of oil production to 1,3 million barrels a day - and this clarifies the atmosphere. The Minister added that Mr. Witteven was in Abu Dhabi a few days earlier and no commitments were made mainly because of the "crisis" created by the oil companies and its financial implications. He concluded saying that he does not want to ask any specific questions about the Third Window lending facility, he will analyze the scheme with Dr. Zaki but he wanted me to know they agree on the general idea and by the time you are there they will examine both the increase in subscribed capital and the Third Window with you because they would have already terminated the required consultations.

- Borrowing program

The Minister stated that they have always been predisposed to cooperate with the Bank and the past experience proves it. He will approach this matter of future borrowings with a very open mind. I asked him how should I interpret his earlier reference to Mr. Witteven. Should I relate it to our own preoccupations in the Bank ? He said: "not at all" and indicated that Mr. Witteven arrived to Abu Dhabi at the wrong time because the Ruler was absent and is still in Pakistan since the end of the year, he himself was in London and most of all they were seriously concerned by the attitude of the Oil Companies to the extent that they had already prepared an emergency plan of action in case of no change in the attitude of the oil companies. I learnt from reliable sources that in case of failure of the negotiations with the oil companies the Government was prepared to cut down investments drastically, reduce substantially the aid program and reconsider all the participations and contributions to international organizations.

2. Meeting with Dr. Zaki

On Monday February 17th at 11:15 I had a meeting with Dr. Hassan Abbas Zaki, Vice Chairman of the Abu Dhabi Fund for Arab Economic Development. I discussed in general terms the increase in subscribed capital, the Third Window and the borrowing program because the Minister told me that he has already been in touch with him.

Dr. Zaki was very anxious to establish close working relationship with the Bank. To that effect he feels that the Bank should help him in organizing and restructuring the Fund. He said that they are in an urgent need of training staff and recruiting competent people. He made reference to that effect to a discussion he had with Mr. Upper from the Bank to whom he indicated this need for recruiting competent staff, possibly on secondment from the Bank.

He went on explaining to me the policy of the Fund and elaborating on their operations in other countries. Obviously he wants to develop with the Bank group a program of joint financing of projects. He mentioned that he had an interesting meeting with Mr. Cherif Hassan to explore the best ways of collaboration with IFC.

I exposed to him our approach concerning joint or parallel financing and your own frequent statements on this question and what we have done so far. He asked me to send him feasibility studies or appraisal reports on projects in Malaysia, Pakistan, Sri Lanka, India and Bangladesh. He added that the Fund is also prepared to join in projects in Africa where they have sent a mission to explore all possibilities. I left with him a list of projects in Asia and Africa which are in the pipeline and promised him that I would convey to the management all the views he has expressed. He asked me also to convey to you the desire of the Government to create a money market in Abu Dhabi and whether the Bank could give help in this particular field.

. . . .

CONCLUSION

In the context of my discussions in the four countries visited I can state that the officials I met with have reacted on both topics - increase in capital subscription and Third Window - in a very encouraging way. However, their final positions depend upon the consultations they have initiated on the basis of the notes I left with them reflecting the present thinking of the management and the discussions they wish to have with you during your forthcoming visit.

With hindsight, I feel that all the officials visited had, deep in their mind, the unity and the solidarity that should prevail among OPEC members. From their questions and reactions one could sense easily that they expected all the other OPEC members to be approached in order to avoid any misinterpretation of their determination to keep their Organization as strong and united as possible.

On the increase in subscribed capital they wanted more specific information on the criteria adopted to determine the voting power of the OPEC members and assurances that such an increase will not take place at the expense of the other developing countries.

On the third window there was sympathetic response and support in general. However, the officials visited wished to have more details on the scheme and particularly on how it will be operated and the countries which will benefit from it. As stated before, there was expression of opinion that the voluntary contributions (Kuwait: 25 million, Saudi Arabia: 35 million, Qatar: 15 million and UAE: 20 million dollars) seem to be on the high side and they wish to know more about the guiding principles for determining the amount of individual contributions. Moreover, they hope that the OECD members will participate and contribute to the subsidy fund and that we should not expect OPEC members to bear an excessive burden.

At this point, in order to avoid any possible ill-feeling or misinterpretation of our initiatives, we should contact as soon as possible those OPEC members which are not yet aware of the discussions initiated with the four countries I visited. For the success of the scheme they should be convinced to endorse the interim phase and contribute to the subsidy fund even token amounts for some of them. At the same time, we need to be in a position to give some kind of indication on the present thinking of several OECD members to those OPEC members already approached and the others as well.

MNKochman:gwh

cc: Messrs. Knapp
Benjenk
Shoaib
Stern
Wappenhans
Paijmans
El Darwish
El Fishawy

Mr. Robert S. McNamara, President
(through Mr. I. P. M. Cargill)
Mohamed Nassim Kochman

February 25, 1975

Visits to Kuwait, Saudi Arabia,
Qatar and the United Arab Emirates

I visited from February 3rd to February 20th, 1975 Kuwait, Saudi Arabia, Qatar and the United Arab Emirates. As you indicated, during the discussion of my briefing, I restricted myself to the questions of immediate interest to you namely: a) the increase in voting power and subscribed capital for OPEC countries; b) the Third Window lending facility. You also indicated that I should give an "early warning" about our borrowing program for FY1976. One note was prepared on each subject cleared by you. During the last briefing, you made it clear that I should avoid discussing, as previously intended, IDA, co-financing, reporting on financial assistance from oil-exporting countries to developing countries and technical assistance. However, you added that unless I am questioned on those topics I must avoid discussing them. You made an exception for Saudi Arabia where I was supposed to ask, on your behalf, the Minister of State for Financial Affairs and National Economy his general impression on our technical assistance program.

I. KUWAIT

On Wednesday February 8th at 11:30 a.m. I had a very long meeting with H.E. Abdel Rahman Salem Al-Ateeqy, Minister of Finance and Oil. Mr. Abdlatif Al-Hamad, Director General of the Kuwait Fund for Arab Economic Development was present.

I indicated to Minister Al-Ateeqy that I am in Kuwait on my first visit to acquaint myself with local authorities and financial institutions and most of all, to convey to him your views on two very important matters of mutual concern: the increase in voting power and subscribed capital of OPEC members and the "Third Window" lending facility.

At the outset, the Minister said to me that he was very upset by the continuous reference, in all quarters and the international press, to the so-called "oil surplus countries" (terminology he dislikes profoundly) in order to explain all the difficulties of world economy. He was displeased by this kind of unfair treatment given to the oil producing countries. He stated that Kuwait has always cooperated sincerely with others including the World Bank. Kuwait is still prepared to intensify its collaboration with the international organizations and mainly the World Bank provided "the brain washing about the so-called oil surplus countries" is stopped. He made a reference to the first study made by the Bank on oil which he considered not to be "in the right direction" and he actually made the usual representation at that time through Mr. Al-Sharek who was member of the Bank's Board. He came back several times on the works "oil surplus countries" and emphasized that his country needs every cent it receives from oil sales for its long-term development and nobody should forget that their resources are of a non-renewable nature.

He then invited me to put his remarks in the right context and chiefly not to interpret them as a hostile attitude either to the Bank or its management. He wanted me just to know how he feels about the propaganda made about the oil producers. As a matter of fact, he added, I know very well Mr. McNamara and I admire the work he is doing. He reaffirmed his full support to you and the policies you are promoting as Head of the World Bank and he would have soon the opportunity to state it directly to you.

I intervened and said that all his comments are well taken but I would like, before making my presentation of the topics mentioned a while ago, to come back to the Bank study on oil he spoke of and bring, with his permission, a brief clarification. I reminded him that that particular first study was followed by others more documented and Mr. McNamara was very clear on this subject in his speech during the annual meeting in September and his report to the ECOSOC later. Mr. Al-Hamad supported my clarification and went further by mentioning the recent article of Mr. Chenery as illustration of the fair position of the Bank on the whole question of energy.

I then made my presentation of the increase in voting power and subscribed capital for OPEC members and the Third Window.

1. Increase in subscribed capital

At the beginning of the discussion the Minister was slightly tense and was not quite sure that such an exercise would place the OPEC members, in general, and Kuwait, in particular, in a stronger position or enhance their participation in the life of the Organization. I replied that when one goes through the figures which are in the note and others that I quoted the net result of such an increase is not only in the interest of the OPEC members but also the LDCs. I went on adding that this increase in voting power was not symbolic, it will strengthen the hands of the oil producing countries and by way of consequence all the developing countries who will have a better say and a strong status within the Bank and more specifically at the level of the Board. Moreover, I stressed the fact that for such an effective and meaningful role, in the final analysis the price is not that high to OPEC members. It will not cost much to Kuwait, for instance, in terms of paid-in capital, to increase its voting power from the present 0.33% to the proposed 1.66% and referred to the note you cleared. Mr. Al-Hamad intervened and added that this increase corresponded any way to the demands made many times by OPEC members. The Minister then said that he would like to study it further and assess all the implications and that I should know that he approach all this matter in a "constructive way" and will act in the best interest of the cooperation between Kuwait and the Bank. He then turned to Mr. Al-Hamad and asked him to see him later to study this question with the view of positive results.

2. Third Window

The Minister did not put the "Dutch proposal" in its proper context and thought it was quite a different proposal, in every aspect, from what the Kuwaitis had in mind. I indicated to him that he will realize after reading the note that as I stated during my presentation we should look at this new facility as an exercise consisting of two stages. The first stage is the interim scheme to be started on the basis of voluntary contributions to the subsidy and this was suggested by the Dutch delegate. I reminded the Minister that after Mr. Al-Hamad's statement in the Development Committee and the strong interest it produced, the Ministers referred it to the Bank for study and presentation of a proposal later to the Development Committee in June. However, multilateral negotiations of this kind are going to be very lengthy and complex and IDA replenishment successive negotiations, for instance, have demonstrated it. Precisely, the Dutch came in support of the Third Window and suggested that we proceed, as an interim measure, on the basis of voluntary contributions. The Bank management, taking into account the urgency of the catastrophic situation of the poor countries, wished to take advantage of this initiative without any delay and with the view of launching this operation as quickly as possible. Thus, the Dutch initiative is quite in the right direction and should not be construed as a move against "the Kuwaiti proposal". It paves the way rather to the second stage of the scheme when the permanent structures of the Third Window will emerge from negotiations which, I recognized, will be long and difficult. Mr. Al-Hamad intervened in the discussion and confirmed what I said and elaborated abundantly on the details.

After insisting on the interim and urgent character of the voluntary contributions to the Subsidy Fund, I clarified that for the first year the management of the Bank hoped for amounts between 100 and 150 million dollars from 4 or 5 OPEC members including 25 million dollars from Kuwait and 100 million dollars from 4 or 5 OECD members. The Minister immediately noted that much more is demanded from OPEC members. He felt that OECD members should contribute for a larger share. Moreover, he felt that the contribution expected from Kuwait was on the high side. I indicated to him that the contributions I quoted are, to a large extent, illustrative estimates of what we think could be mobilized quickly on a voluntary basis from the OPEC members because of their relative capacity to respond without the delays characterizing the legislative procedures required in some of the OECD countries. We frankly think, I added, that the assumption is that 50%, or maybe more, of the initial voluntary contributions might still come from the OPEC members precisely because many of them can act quickly. Now, when we look at the sharing of contributions between the groups of potential donors, a very important point must be kept in mind: this proportion between OPEC and OECD, at this particular juncture, bears no relation whatsoever to the shares which may later emerge in a negotiated burden-sharing agreement for a permanent third window lending facility. The figure of 25 million dollars expected from Kuwait is indicative. After a short pause, the Minister glanced once more through the note and asked me to clarify what we mean exactly in this note by "additional capital or reserves in amounts adequate to protect it (the Bank) against the risk of Third Window loans".

I would say that the atmosphere was tense at the beginning for reasons certainly unrelated to our meeting but became quickly very cordial and pleasant. In conclusion, Minister Al-Ateeqy said that he views the "Third Window" with sympathy and the more so that Mr. Al-Hamad put forward the proposal in Washington and he himself fully endorses it. He would certainly like this proposal to go through. Their willingness to cooperate fully with the industrialized countries, he added, is unquestionable. He asked Mr. Al-Hamad to initiate the work to be done in the light of the note that I gave him in order that action can be taken, after further elaboration of the proposal, by the new cabinet.

3. Borrowing program

I gave the Minister the short note that was prepared before my departure from Washington and cleared by you. I explained that I do not intend to discuss this matter at this point because Mr. Cargill will do it in the next 3 months. My purpose was mainly to give him an "early warning" about our borrowing program mainly in FY1976. I stated that as in the past, and particularly in FY1975, the Bank will be looking to OPEC members to support its borrowing program. In this program we hope to be able to raise about 300 million dollars in Kuwait. The Minister commented abundantly on past cooperation with the Bank in this field. He added that they are well disposed towards the Bank. However, they will have to study this matter with "precaution" and in the light of their own final figures concerning the level of oil production, revenues, commitments within their aid program and the requirements of their own financial market. He concluded saying that by the time he sees you during your forthcoming visit he will have a clearer idea on the future prospects.

II. SAUDI ARABIA

1. RIYADH

While in Riyadh I met twice with H.E. Mohammed Aba Al-Khail, Minister of State for Financial Affairs and National Economy.

a) First meeting

On Sunday, February 9 at 4:30 p.m. I met with H.E. Mohammed Aba Al-Khail, Minister of State for Financial Affairs and National Economy. H.E. Abdul-Aziz Al-Rashed, Deputy Minister for Financial Affairs and Mr. Ahmed Sani El-Darwish, Assistant Director - Projects Department EMENA, were also present.

I exposed to the Minister the object of my mission and gave him the notes on the increase of subscribed capital, the Third Window and the Borrowing Program.

After listening to my presentation of the proposed increase of subscribed capital he raised few minor points. He asked for clarification on the increase of the authorized capital and the concept of preemptive rights.

I passed to the Third Window. He wanted to know whether this new lending facility is different from IDA and why. He was not clear about the subsidy component of the new facility and noted that the level of voluntary contributions is higher for the OPEC members than the OECD members. Finally he was anxious to know who would manage the Third Window. I undertook to clarify these questions and made again the distinction between the interim scheme and the permanent one adding that the staff of the Bank is preparing a study in view of the meeting of the Development Committee in June.

He then said that he would like to have more time in order to read the notes I gave him and then convey to me his first impressions. He promised to meet with me the following day. I thanked him for receiving me few hours after a long meeting of the Council of Ministers and wished to avail myself of the opportunity of the presence of Mr. El-Darwish to talk about technical assistance. More precisely, I told him that you requested me to have his general impression on the technical assistance activities of the Bank in the Kingdom.

The Minister indicated to me that he has discussed with you a year ago the needs of Saudi Arabia for technical assistance and you both agreed to start a program. He feels that the response of the Bank was rapid and the opinions of the technicians have always been objective. He considers that the collaboration is very good but an expansion of the work of the Bank in the Kingdom is urgent and necessary. He mentioned that the week before he discussed with Deputy Minister Al-Soghair and Mr. El-Darwish the procedures that would then need to be adopted. He is of the opinion that a technical assistance coordination Representative in Riyadh is highly necessary to meet these new circumstances. According to the Minister his role would be to:

(i) help the different departments of government and agencies to specify their requirements;

(ii) transmit these requests to Washington and ask for assistance in the form that is appropriate and

(iii) should circumstances justify it, fly to Washington to discuss such requests alone or together with the key persons in the requesting Departments.

I promised the Minister that I shall relay his request as discussed with Mr. El-Darwish to the President of the Bank. In conclusion, the Minister seems to be very happy with the technical assistance program initiated by the Bank. He repeated several times that they trust the advice given by our staff and the neutrality and objectivity of the Institution. However, there is the feeling, at least the way I sense it, that they wish a substantial expansion of our advisory services without delay. They have a great confidence in the Bank's work and we should capitalize on the kind of enthusiasm they have towards the Bank and its staff.

b) Second meeting

I met with H.E. Minister of State Aba Al-Khail a second time on Monday February 10th at 5:30 p.m. H.E. Abdul Aziz Al-Rashed was present.

The Minister indicated to me that he read the notes and had few comments and clarifications to seek.

- increase of subscribed capital

At the outset, he regarded this increase of the subscribed capital as another form of financial assistance to the Bank through the paid-in capital it implies. He wanted to know which are the OPEC countries that asked for such an increase of the subscribed capital. With this in mind, he commented at length on the policy of the Saudi Government which consisted always in supporting the activities of all international agencies and specially the World Bank and the IMF. He stressed that his country is helping the poor countries in various ways: bilaterally, through international organizations and regional institutions and through the Saudi Development Fund. As a matter of fact their contributions to various Banks and Funds are usually the highest.

He thinks that cooperation between OPEC members - and Saudi Arabia in particular - will not be limited to subscribing in the increase of capital. Saudi Arabia is a shareholder and will cooperate with the Bank in many different ways whether or not it increases its subscribed capital. Having said this he came back to the specific case of Saudi Arabia and indicated that his government would be seriously thinking of increasing its subscribed capital. Now, as far as the whole OPEC group is concerned, a doubling of the voting rights is reasonable but tripling it merits further examination.

- Third Window

The Minister introduced the same ideas about the aid effort made by the Kingdom and its participation in all sorts of Banks and Funds. In this context, he felt the industrialized countries should contribute more to this new facility. He liked to know who would benefit from the Third Window. I replied that it will essentially be of benefit to the most seriously affected countries and the poor ones. He inquired about the list of countries and wanted to know whether we have the same classification as the IMF or the U.N. Then, he asked whether we have approached Iran or not and what was the reaction I got while in Kuwait.

I provided him with all the explanations he expected and added that the beauty of this scheme is that with a small contribution to the subsidy Fund it will make it possible to make a large volume of lending. The fact that loans on intermediate terms can be made give a great multiplier to OPEC contributions. Moreover, this is a special occasion to OPEC members to demonstrate their willingness to effect a quick and meaningful transfer of resources to the developing countries through existing institutions. The resources would enable a significant contribution to be made towards meeting the financing needs of the most seriously affected countries and the poorer ones and at the same time this will make it possible to re-allocate IDA and IBRD funds to the MSAs and poorest countries. I concurred with the Minister that there are many Banks and Funds that have been created by the OPEC members. Precisely, until such date as these institutions are operational, it seems to me useful to take advantage of the ready availability of existing staff and expertise of organizations as the World Bank. Finally, contribution to the Third Window will draw great publicity and recognition to OPEC members.

The Minister concluded this discussion by stating that their reaction is positive but they will have, however, to analyze the figure of 35 million. He will review both the increase of the subscribed capital and the Third Window and by the time you will visit the Kingdom he hopes to be able to make firm commitments on both subjects.

- Borrowing program

I gave the Minister the note on our borrowing program and explained to him that he will be approached in the near future. He stated that he would not like to comment on the figure of one billion dollars at this stage. He can only promise that in due course they will study our program carefully.

2. JEDDAH

On Tuesday, February 11th at 6:00 p.m., I met with Sheikh Abdul Aziz Alquraishi, Governor of SAMA. Sheikh Khaled Algosaibi, Vice Governor, was also present.

I gave the Governor copies of the notes about the increase of subscribed capital, the Third Window and the Borrowing program.

- increase in subscribed capital

Governor Alquraishi wondered whether a real profit would be gained from such an increase. Would this bring more influence on the decision-making process? The weight of the large shareholders will be still determining in terms of voting power. I indicated to the Governor that it seems to me a great improvement would be achieved if and when the OPEC members support the sort of increase in subscribed capital which would raise their voting power to 15%. I think that the whole exercise is in line with what has been advocated by OPEC members. I added that one should not look at the proposed increase in the voting power of Saudi Arabia - from 0.49% to 2.86% - in an isolated way. Let us concentrate for a moment on the group represented by Mr. Al-Atrash to which Saudi Arabia belongs. There are

5 OPEC members in that group and because of their proposed increase in subscribed capital the voting power of the whole group would go from 3.53% to 7.98%. This is a tremendous jump and puts the group in a very strong position since only the United States and the United Kingdom would have a higher voting power. I did stress the fact that their grouping in the Bank illustrates forcefully the change of situation that could prevail if the OPEC members were in favour of such an increase. Indeed, their group consists of 12 countries out of which 5 are oil exporting countries and by bringing their financial strength to that group they give a different status to the group. At the level of all the LDCs the results are similar because when we add the votes of the oil exporting countries to those of the rest of the LDCs we reach almost 45% of the global voting power. If we keep in mind that there are also some industrialized countries such as the Scandinavians that frequently support the LDCs we can safely say that a serious improvement has been achieved and the Bank obviously has reconsidered the OPEC members position and adjusted to their new circumstances.

The Governor asked me to explain to him why the authorized capital had to be increased and the related question of preemptive rights. He wanted me also to elaborate on the paid-in capital in case of increase of their subscribed capital and the amount of money the Government would have to put in. After my explanations the Governor said that he feels that doubling of the voting power of the OPEC members would be reasonable but tripling it necessitates further study.

- Third Window

The Governor said that he has not received anything from the Bank about the Third Window and he appreciated the presentation that I made on the subject and the note on this subject will make it easy for him to study it thoroughly later. He wished to know, however, the difference between this new facility and the IMF oil facility. Who is going to control and manage this new Fund, what are the criteria of eligibility. I indicated to him that all these matters and others will be dealt with in the study being prepared by the staff of the Bank, and after discussion by the Board,detailed proposals will be put forward for discussion during the meeting of the development committee in June. Then I came back to the interim scheme based upon the voluntary contributions to the subsidy fund and reassured him that this fund will be operated in close consultation with the contributing countries. The Governor wanted to know if the United States and other OECD countries were going to contribute and who has been already approached. I replied that, at this stage, I was personally concentrating my efforts on the OPEC members with whom I am to maintain close liaison. So, I would not like to speculate about the OECD members but I know that Mr. McNamara has just initiated talks on the Third Window with those countries. I added, when you will meet with him during your forthcoming visit to Jeddah you will be in a better position to answer this question.

The beneficiaries of this new facility seemed to interest particularly the Governor. I told him that the facility is really designed to meet the needs of the most affected countries and the poorer ones. He then spoke at length about the importance and the scope of the assistance given so far by the Kingdom to the poor countries and the role assigned to the Saudi Arabian Development Fund. He touched upon joint-financing with the Bank.

Finally he indicated that, at this stage, he can say that he views the Third Window favorably although he has still to learn more about it. In principle, he does not "disagree with this concept", but feels that 35 million dollars as contribution from the Kingdom was on the high side.

- Borrowing program

I gave a copy of the note on this subject to the Governor and made a brief presentation. He indicated that he will take note of the facts and figures and there are certainly many occasions for exchange of views on the borrowing program.

III. QATAR

I did not meet the Minister of Finance and Petroleum because he had left for Vienna the day before to attend the OPEC Conference. However, it is only after his departure that the Ministry was notified that the Conference was postponed.

In Doha, I met with Mr. AbdelKadir Al-Qadi, Director General for financial affairs of the Ministry of Finance and Petroleum, and later, several times with Mr. Madhat Abdul Latif Masood, Director of the Minister's Office and Alternate Governor of the IMF and the Bank for Qatar.

1. Meeting with Mr. Al-Qadi

I met with Mr. Abdel Kadir Al-Qadi on Saturday, February 15th at 9:30 a.m. He said that the Minister regretted very much to have to travel because he was looking forward to this meeting and actually had cabled to me in Washington. I indicated to Mr. Al-Qadi the object of my mission and made a presentation on the three topics. I handed him the notes and told him that they were cleared by you and I would be very grateful to him to give them to the Minister.

- Increase in Subscribed Capital

Mr. Al-Qadi said that in the absence of the Minister it is difficult to offer any official opinion. However, he would like to speak on a purely personal basis. He feels that no matter how we look at this question it has political implications and it is not just an increase of subscribed capital to strengthen the position of the OPEC members. He does not doubt that the management of the Bank is exploring all possibilities to promote cooperation. However, this scheme will result in payment of money to the Bank, thus it is another way of indirect fund raising for the Bank. The resources of Qatar are limited and its income low compared to other countries like Saudi Arabia, Kuwait or Iran. In spite of that, added Mr. Al Qadi, we are helping very much the developing countries by way of loans on soft term and grants. "We consider that this increase in the subscribed capital should be a part of the overall participation in the life of the Bank and not an indirect way of getting only more money". I then clarified many points and told him that we had indication from Mr. Al-Atrash, Executive Director for his country that the Government of Qatar would support an increase in the share capital of OPEC countries to 15% and accepts also the order of magnitude of the individual share of each country. My purpose is to obtain confirmation of the stated intention of the Government. He replied that he did not remember any correspondence to that effect and it is difficult for him to confirm anything in the absence of the Minister.

- Third Window

Mr. Al-Qadi stated that they are always ready to consider proposals oriented towards assistance to other countries. However they have now some serious constraints. He again indicated that he is speaking on hiw own behalf and cannot commit the Minister who is absent. In the context of their policy of assistance they certainly agree on the principle of setting up a new lending facility such as the Third Window. He concluded that he would have to consult with the Minister on all these issues (increase in subscribed capital and third window). He will try to brief him by phone and particularly about the figures advanced in both cases.

2. Meeting with Mr. Masood

I met with Mr. Madhat Abdul Latif Masood, Director of the Minister's office on Sunday, February 16th at 10:30 a.m.

I essentially treated the same subjects with him.

- increase in subscribed capital

Mr. Masood confirmed to me what was indicated to you by Mr. Al-Atrash. He wanted, however, to know more about the criteria adopted to arrive at the figure retained for Qatar and the impact of the increase for the OPEC members on the rest of the LDCs. I explained to him how we have proceeded at this stage of the exercise and made it clear that the increase in the voting power of OPEC members will be made in such a way as it would have minimum effect on the voting power and representation of the other developing countries. This is our objective and it is of course conditional to the outcome of further discussions and negotiations to be undertaken in due course.

- Third Window

It was stated by Mr. Masood that in principle they agree on the third window lending facility. However, even if we are talking of an interim scheme with voluntary contribution it would be desirable to know the basis for fixing the amount of the individual contributions. It is very important to clarify this question because the yardstick of financial strength is not that clear to him. The OPEC members have different level of oil production different reserves and specific commitments within their respective aid programs. Moreover, he was eager to learn about the position of Saudi Arabia and Iran and their respective contributions. He said that he did not anticipate that 15 million dollars would be expected from Qatar since there are 13 OPEC members and a quick look at the figures has prompted him to anticipate a lower figure. He does not have anything against the whole scheme and he hopes that the Minister will be in a position before your arrival to Doha to form a final opinion.

He then said that he does not want to miss this occasion to confess that, although they have always been very cooperative with the Bank, they have not yet received any tangible assistance from the Bank. He attended the annual meeting in Washington and his delegation had discussions with the officials of the Bank. They expect the Bank to help them in providing technical assistance but so far nothing has happened. I replied that to my knowledge the Bank has always been prepared to assist them and mainly in the field of development policy where Qatar might benefit substantially from our technical and advisory services. I made reference to some letters that were sent to the Minister of Finance and Petroleum and particularly to a letter from Mr. Wapenhans dated September 5th 1974. I assured him that the Management of the Bank and the EMENA Region were very anxious to bring their contribution to the difficult task facing the country. The Bank will certainly provide technical assistance in those fields in which we believe we have the expertise required and where the recipient country can make proper and good use of the help provided. Actually, the responsible authorities in the Bank are working hard on a program of technical assistance for the area that will take into consideration our own possibilities and I am sure that Qatar is not forgotten at all.

- Borrowing program

I indicated to Mr. Masood what were our immediate preoccupations and left with him copies of the notes including the one concerning our borrowings. He affirmed that Qatar has cooperated with us in the past and will continue. The Minister will have to decide on the figure mentioned in the note. However, he is almost sure that it will be difficult for the Bank to borrow in dollars and their preference would be for a package of currencies equivalent to SDRs.

IV. UNITED ARAB EMIRATES

In Abu Dhabi I met several times with H.E. Mohammed Habroush, Minister of State for financial and industrial affairs and Dr. Hassan Abbas Zaki, Deputy Chairman of the Abu Dhabi Fund for Arab Economic Development.

1. Meeting with the Minister

I met with Minister Habroush on Tuesday, February 18th at 11:00 a.m. After my presentation of the increase in subscribed capital, the Third Window and the borrowing program I handed the notes to him.

- increase of subscribed capital

The Minister stated that he agrees on the principle of such an increase. As a matter of fact he had, in the past, the occasion to indicate to Mr. Cargill that the future cooperation between the Bank and Abu Dhabi will depend on their say in the Bank which should reflect their present position. So, he welcomes this initiative on the part of the Bank which he regards as in the right direction. Agreeing on the principle implies, of course, consultation and further discussion of the figures proposed for the U.A.E. which he is not in a position to do in the absence of the Ruler who has to decide.

- Third Window

The Minister wanted to know the reactions of the countries I have visited so far. He expressed his genuine interest in the Third Window lending facility and added that he will indicate a figure once he consults with other officials and after the matter is brought to the attention of the Ruler. He added that I should bear in mind that they were put in a critical situation by all the Oil Companies who cut down the level of oil output to some 500.000 barrels per day thus contributing to create a dangerous financial situation here. Nobody remembers that only two years ago their reserves were not over 100 million dollars and they have many commitments on two fronts: internally, to develop their industrial basis and to promote social and economic development and, externally, to face the demands of their huge aid program. He stressed the fact that they are certainly the country who gives the largest percentage of their revenues in direct aid for development outside the U.A.E. He mentioned that my visit has taken place at the right time because their demands as far as the Oil Companies are concerned were met - i.e. to bring back the level of oil production to 1,3 million barrels a day - and this clarifies the atmosphere. The Minister added that Mr. Witteven was in Abu Dhabi a few days earlier and no commitments were made mainly because of the "crisis" created by the oil companies and its financial implications. He concluded saying that he does not want to ask any specific questions about the Third Window lending facility, he will analyze the scheme with Dr. Zaki but he wanted me to know they agree on the general idea and by the time you are there they will examine both the increase in subscribed capital and the Third Window with you because they would have already terminated the required consultations.

- Borrowing program

The Minister stated that they have always been predisposed to cooperate with the Bank and the past experience proves it. He will approach this matter of future borrowings with a very open mind. I asked him how should I interpret his earlier reference to Mr. Witteven. Should I relate it to our own preoccupations in the Bank ? He said: "not at all" and indicated that Mr. Witteven arrived to Abu Dhabi at the wrong time because the Ruler was absent and is still in Pakistan since the end of the year, he himself was in London and most of all they were seriously concerned by the attitude of the Oil Companies to the extent that they had already prepared an emergency plan of action in case of no change in the attitude of the oil companies. I learnt from reliable sources that in case of failure of the negotiations with the oil companies the Government was prepared to cut down investments drastically, reduce substantially the aid program and reconsider all the participations and contributions to international organizations.

2. Meeting with Dr. Zaki

On Monday February 17th at 11:15 I had a meeting with Dr. Hassan Abbas Zaki, Vice Chairman of the Abu Dhabi Fund for Arab Economic Development. I discussed in general terms the increase in subscribed capital, the Third Window and the borrowing program because the Minister told me that he has already been in touch with him.

Dr. Zaki was very anxious to establish close working relationship with the Bank. To that effect he feels that the Bank should help him in organizing and restructuring the Fund. He said that they are in an urgent need of training staff and recruiting competent people. He made reference to that effect to a discussion he had with Mr. Upper from the Bank to whom he indicated this need for recruiting competent staff, possibly on secondment from the Bank.

He went on explaining to me the policy of the Fund and elaborating on their operations in other countries. Obviously he wants to develop with the Bank group a program of joint financing of projects. He mentioned that he had an interesting meeting with Mr. Cherif Hassan to explore the best ways of collaboration with IFC.

I exposed to him our approach concerning joint or parallel financing and your own frequent statements on this question and what we have done so far. He asked me to send him feasibility studies or appraisal reports on projects in Malaysia, Pakistan, Sri Lanka, India and Bangladesh. He added that the Fund is also prepared to join in projects in Africa where they have sent a mission to explore all possibilities. I left with him a list of projects in Asia and Africa which are in the pipeline and promised him that I would convey to the management all the views he has expressed. He asked me also to convey to you the desire of the Government to create a money market in Abu Dhabi and whether the Bank could give help in this particular field.

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CONCLUSION

In the context of my discussions in the four countries visited I can state that the officials I met with have reacted on both topics - increase in capital subscription and Third Window - in a very encouraging way. However, their final positions depend upon the consultations they have initiated on the basis of the notes I left with them reflecting the present thinking of the management and the discussions they wish to have with you during your forthcoming visit.

With hindsight, I feel that all the officials visited had, deep in their mind, the unity and the solidarity that should prevail among OPEC members. From their questions and reactions one could sense easily that they expected all the other OPEC members to be approached in order to avoid any misinterpretation of their determination to keep their Organization as strong and united as possible.

On the increase in subscribed capital they wanted more specific information on the criteria adopted to determine the voting power of the OPEC members and assurances that such an increase will not take place at the expense of the other developing countries.

On the third window there was sympathetic response and support in general. However, the officials visited wished to have more details on the scheme and particularly on how it will be operated and the countries which will benefit from it. As stated before, there was expression of opinion that the voluntary contributions (Kuwait: 25 million, Saudi Arabia: 35 million, Qatar: 15 million and UAE: 20 million dollars) seem to be on the high side and they wish to know more about the guiding principles for determining the amount of individual contributions. Moreover, they hope that the OECD members will participate and contribute to the subsidy fund and that we should not expect OPEC members to bear an excessive burden.

At this point, in order to avoid any possible ill-feeling or misinterpretation of our initiatives, we should contact as soon as possible those OPEC members which are not yet aware of the discussions initiated with the four countries I visited. For the success of the scheme they should be convinced to endorse the interim phase and contribute to the subsidy fund even token amounts for some of them. At the same time, we need to be in a position to give some kind of indication on the present thinking of several OECD members to those OPEC members already approached and the others as well.

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cc: Messrs. Knapp, Benjenk, Shoaib, Stern, Wappenhans, Paijmans, El Darwish, El Fishawy