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RECORD
Senior Management Council

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

A. W. CLAUSEN
President

December 3, 1985

To: Members of the Senior Management Council

I will be traveling to Uruguay, Argentina and Ecuador from this evening December 3 to December 14. During my absence, Moeen Qureshi will be acting from December 4 to 10 and Ernest Stern from December 11 to 14.

Tom Clausen

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

RECORD
Senior Management Council

DATE: November 15, 1985

TO: Senior Management Council

FROM: V. Roy Southworth VRS

EXT: 73585

SUBJECT: Retreat at Wye Plantation - November 21 to 23, 1985

Following Mr. Clausen's letter on the Senior Management Retreat at the Wye Plantation this note provides some additional information on the arrangements.

1. Driving time to the Wye Plantation is about 1 1/2 hours from the Bank Headquarters. If you arrive at the Plantation between 6:00 and 6:30 p.m. on Thursday you will have time to check in before the cocktails scheduled for 7:00 p.m. Directions to Wye are attached.

2. On arriving at the Plantation, please check-in at the Registration Desk at the Conference Center (follow the signs on the road) where you will be greeted by Aspen Institute hosts who will show you to your room.

3. Accommodation for the most part is in single rooms, each with private bath and private telephone. The room assignment list is attached. All rooms are within walking distance of the Conference Center.

4. The Retreat will start with cocktails on Thursday, November 21 at 7:00 p.m. in the Conference Center Lounge. Dinner will follow at 8:00 p.m. in the Center's dining room. After dinner drinks will be available in the Lounge.

5. On Friday, November 22, breakfast will be served from 8:00 a.m. in the dining room (buffet breakfast). The morning discussion session will start at 9:00 a.m. in the Center's Conference Room and will go until lunch (with breaks for coffee). Lunch will be served at 1:00 p.m. The afternoon session will begin at 2:30 p.m. until about 6:00 p.m. Cocktails will be served at 7:00 p.m. in the Lounge and dinner will follow at 8:00 p.m.

6. Saturday morning's schedule will be similar to Friday's. The Retreat will end after lunch.

7. Informal dress is suggested during the day. For dinner coat and tie would be appropriate.

8. The telephone number at Wye Plantation (Conference Center) is: (301) 827-7400 or 827-7404 (Sue Gick is coordinator).

Attachments: Directions
Room assignments (2)

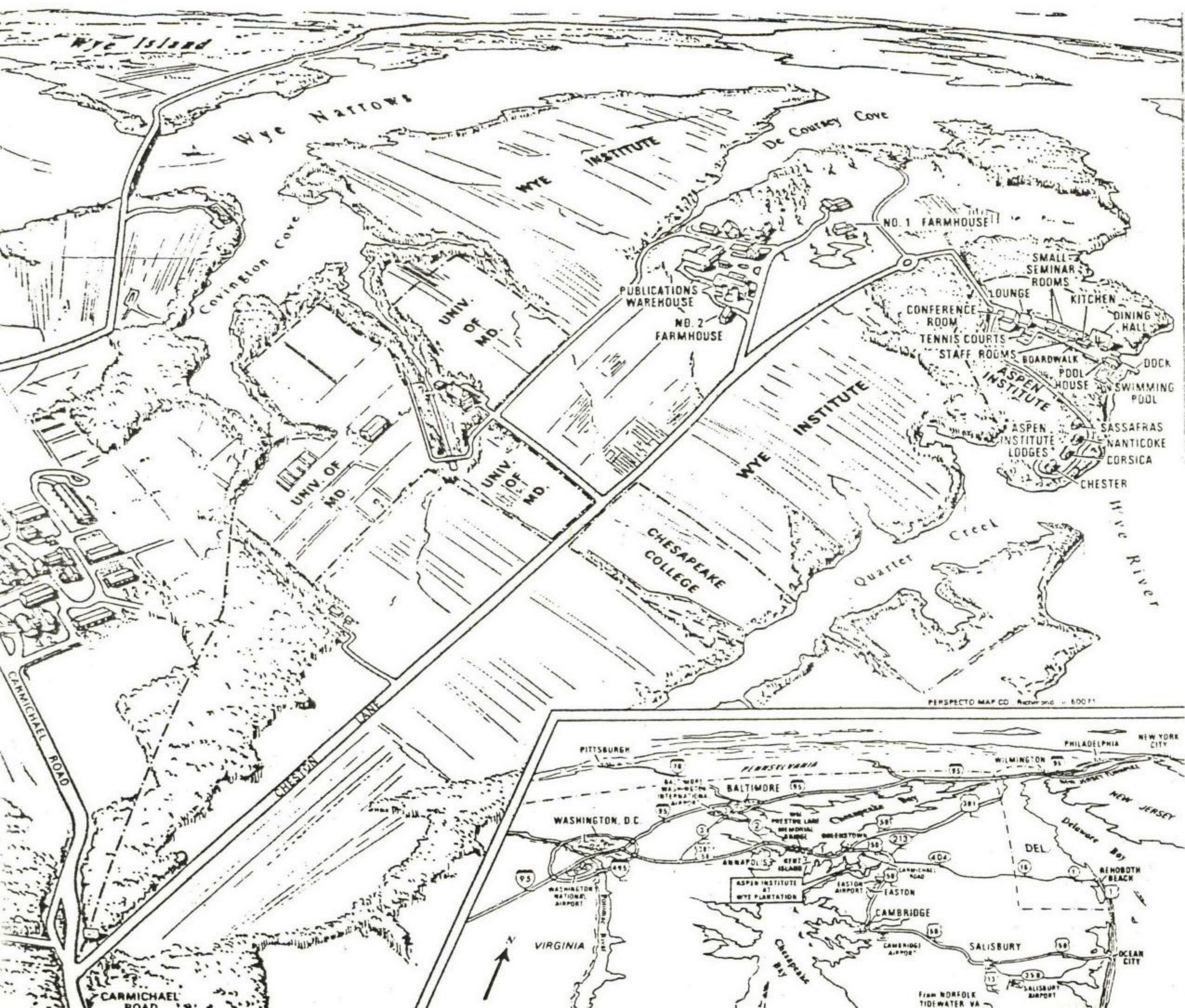
Directions

- Take **Route 50 East** from Washington.

- Cross the Chesapeake Bay Bridge, continue on Route 50.

- 3 miles beyond the intersection of Route 50 and Route 301, **turn right on Carmichael Road** which intersects Route 50 between the signs indicating **mile 49 and mile 50.**

- Follow the signs indicating Aspen Institute and Wye Plantation. At the intersection of Carmichael and Cheston Road, about 3-1/2 miles from intersection with Route 50, **take a right on Cheston Lane** and Follow signs indicating Conference Center and Registration. **Distance from Route 50 to Conference Center is about 5 miles.**



SENIOR MANAGEMENT COUNCIL
WYE PLANTATION RETREAT
November 21-23, 1985

ROOM ASSIGNMENTS

Wye Woods Center
(301) 827-7400 or 827-7404

Thursday, November 21, 1985

SASSAFRAS LODGE		
A 50	(827-6267)	Eugene Rotberg
B 51	(827-6268)	Ibrahim F.I. Shihata
C 52	(827-6269)	A. W. Clausen
D 53	(827-6270)	Joe Wood (Nov.21)

CHESTER LODGE		
A 62	(827-6271)	Attila Karaosmanoglu
B 63	(827-6272)	S. Shahid Husain
C 64	(827-6273)	William S. Ryrie
D 65	(827-6274)	Judhvir Parmar

NANTICOKE LODGE		
A 54	(827-6275)	Jose Botafogo
B 55	(827-6276)	David Hopper
C 56	(827-6277)	Ernest Stern
D 57	(827-6278)	Willi Wapenhans

BOARDWALK ROOMS		
No. 41	(827-6437)	Javier Alejo
No. 42	(827-6435)	Edward V.K. Jaycox
No. 43	(827-6436)	Hans Hittmair
No. 44	(827-6442)	Wilfred Thalwitz
No. 45	(827-6441)	Jean-Loup Dherse
No. 46	(827-6956)	Shiv S. Kapur
No. 47	(827-6955)	K. Georg Gabriel
No. 48	(827-6954)	Hilary P. Reddy
No. 49	(827-6279)	Martijn J.W.M. Paijmans

CORSICA LODGE		
A 58	(827-6262)	A. David Knox
B 59	(827-6263)	Anne Krueger
C 60	(827-6264)	Moeen Qureshi
D 61	(827-6265)	Tim Thahane/Roy Southworth

Tuckahoe Lodge

Choptank Lodge

Total of 37 rooms

SENIOR MANAGEMENT COUNCIL

WYE PLANTATION RETREAT

November 21-23, 1985

ROOM ASSIGNMENTS

Wye Woods Center
(301) 827-7400 or 827-7404

Friday, November 22, 1985

SASSAFRAS LODGE	
A 50 (827-6267)	Eugene Rotberg/Joseph Wood
B 51 (827-6268)	Ibrahim F.I. Shihata
C 52 (827-6269)	A. W. Clausen
D 53 (827-6270)	Teruyuki Ohuchi (Nov.22)

NANTICOKE LODGE	
A 54 (827-6275)	Jose Botafogo
B 55 (827-6276)	David Hopper
C 56 (827-6277)	Ernest Stern
D 57 (827-6278)	Willi Wapenhans

CORSICA LODGE	
A 58 (827-6262)	A. David Knox
B 59 (827-6263)	Anne Krueger
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No. 45 (827-6441)	Jean-Loup Dherse
No. 46 (827-6956)	Shiv S. Kapur
No. 47 (827-6955)	K Georg Gabriel
No. 48 (827-6954)	Hilary P. Reddy
No. 49 (827-6279)	Martijn J.W.M. Paijmans

SENIOR MANAGEMENT COUNCIL

CONFIDENTIAL
October 21, 1985

SMC Minutes September 27, 1985

Members Present: A. W. Clausen, J. Alejo, W. Baum, J. Botafogo, J-L. Dherse, G. Gabriel, H. Hittmair, D. Hopper, S. Husain, K. Jaycox, S. Kapur, A. Karaosmanoglu, D. Knox, A. Krueger, O. Teruyuki, J. Parmar, M. Qureshi, L. Reddy, G. Rotberg, Wm. Ryrie, I. Shihata, E. Stern, W. Thalwitz,

Members Absent: M. Paijmans, T. Thahane, W. Wapenhans, J. Wood

1. August Monthly Financial Report

By the end of the first quarter commitments would be about 13% of the FY86 lending program compared with only 4% for the corresponding period in FY85. IBRD disbursements on the other hand were lagging and by the end of September would be about 20% of the programmed levels. It was noted, however, that the programming figures were on the high side to begin with. They were based in part on the optimistic assumption that public investment would pick up which would impact disbursements from the existing pipeline. Moreover, many quick disbursing loans were scheduled for the second half of the year which would have a disproportionate impact on disbursement patterns.

Overdue service payments continued to be a problem, with Liberia joining Nicaragua in non-accrual status. Both countries would now be identified by name in the next prospectus. However, Mr. Stern noted that Liberia would likely soon be clearing its arrearages as the U.S. had released its ESF funds. Bolivia was also nearing non-accrual status, disbursements to Guatemala had been suspended and Honduras and Tanzania were approaching suspension.

The Borrowing program was on track with over 50% of the FY86 program completed in the first quarter. The accelerated borrowing pace reflected favorable market opportunities and was accomplished at rates considerably below projections. In view of the accelerated borrowing pattern during the early part of the year, it was expected that the second half would be relatively quiet. Unavoidably, the heavy borrowing had kicked up the liquidity ratio to about 50% at the end of August and was expected to peak in the 52-53% range. However, with borrowing activity declining in the second half of the year, liquidity rates would begin to drop, reaching about 42.5% by the end of the year.

On IDA, commitments through the first quarter were expected to total SDR 516 million or 17.2% of the FY86 lending program. Nine countries had released the second installments of their IDA-7 contributions thereby providing additional commitment authority of SDR 996 million.

2. Management Objectives for the 1985 Annual Meeting

Operations: Mr. Stern said that for operational staff the Annual Meeting was only one episode in ongoing discussions with the Bank's borrowers. He said staff would continue to emphasize the need for borrowers to become more vigorous in pursuing stabilization and reform programs. A growing weariness with austerity and stabilization was becoming apparent and Mr. Stern indicated that the Bank needed to offer its support and assistance for those borrowers determined to persevere in their adjustment efforts.

For some countries efforts to rekindle growth would need to be blended with the ongoing restructuring programs. For the heavily indebted middle-income countries, the Bank could play a role in helping to stimulate increased voluntary lending. But this role could only be fulfilled at the request of the borrowing country since the Bank had no mandate to do it on an involuntary basis. Thus the countries would need to be convinced that the Bank could help attract new money from Commercial Banks in association with its own lending program. Debt problems would also dominate discussions with the African delegations, although some countries were clearly not prepared to take the steps necessary to warrant Bank initiatives in this area.

GCI: Mr. Qureshi said the objective was to get as clear as possible political consensus on the need for increased lending in the $40-$45 billion range. The consensus would also need to encompass the understanding that the Bank's ability to expand its lending program would not be constrained by a lack of capital or borrowing authority. The Bank has been able to define a role in the adjustment process. What it needed at the Annual Meeting was permission from its shareholders to play this role with expanded lending. But to accomodate political realities in the U.S., the Bank would not push for an explicit agreement on a GCI and instead work for an agreement that a lack of capital would not constrain lending.

IDA: Mr. Qureshi said the original purpose of the mid-term review was to explore the possibility of supplementary resources. But with the establishment of the Sub-Saharan African facility, the prospects for supplemental funding evaporated and the focus of the review shifted to laying the groundwork for IDA-8 negotiations. Four issues would likely be considered: the allocation to India and China; eligibility criteria and graduation; the extent to which performance should influence eligibility; and the possibility of hardening terms. The hope was to begin negotiations in early 1986 and to conclude by the time of the 1986 Annual Meetings.

On the eligibility criteria, it was noted that an arrangement had been developed to accommodate countries with per capita incomes above the IDA cut-off but which were not creditworthy for Bank lending. These countries were predominantly small island economies. The proposal sought to accommodate the needs of these economies without having to disregard the per capita income criteria, which overall still remained the best measure of development. For the remainder of IDA-7 $30-$40 million would be set aside for these economies with a similar amount earmarked for this purpose in IDA-8. Countries qualifying for these funds would, over time, receive an increasingly hard blend of IDA and IBRD funds. Moreover, an attempt would be made to introduce them to commercial sources of funds.

U.S. Trust Fund Proposal: The U.S. proposal would associate World Bank funds with IMF Trust Fund reflows in jointly administered programs for poor countries facing protracted balance of payment crises. Eligible countries would include all IDA countries, with the exception of India and China, which were willing to undergo reform and adjustment programs. The moneys would be provided on longer terms than the IMF provides and would support two-year adjustment programs that would be jointly prepared and administered by the Bank and Fund.

Trust Fund reflows would be in the range of 2.7 billion SDRs over the next five years and the U.S. was hoping for a matching contribution from the Bank. Possible sources included transfers from profits, funds from the Sub-Saharan Africa facility, and IDA and Bank resources. Other funds would be associated with the effort from bilateral sources.

Council members noted that the proposal posed a number of substantive problems, particularly with respect to the concept of joint Bank/Fund involvement. Furthermore it was argued that the plan was an elaborate plan to reallocate existing flows and involved no additional funding. Without additional resources the impact of the effort would be small. Nevertheless, the council agreed that the proposal represented a major shift in the U.S. administration's attitude, which should be encouraged. Thus, it would be counterproductive to dwell on the modalities and potential problems with the proposal. Rather, management would welcome the initiative, and offer its cooperation and assistance to help the U.S. develop a realistic approach to the debt problem.

IFC: The key issue for IFC will be to consolidate support for the corporation's capital increase. Seventy-one percent of the required subscriptions had been secured. Seventy-four percent was required for final approval which meant that the U.S. would have to subscribe before the increase became effective. Legislative approval was likely but because of delays in the process it would not come before November. IFC staff in Korea would concentrate on explaining the situation to other shareholders who were eager to have the increase finallly approved.

MIGA: The objective for MIGA was to have the draft convention approved at the meetings and to have some countries sign before leaving Seoul. Unfortunately some countries still had reservations and might mount an effort to scuttle the resolution. It was hoped that any such effort, should it arise, could be contained.

VRSouthworth VRS

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

September 27, 1985

To: Senior Management Council

I will be traveling to Japan and to the Annual Meetings in Seoul, Korea from September 29 to October 11. Following the Annual Meetings, I will go to Cartagena, Colombia, returning to the office on October 18. Ernie Stern will be acting from September 28 through October 1; Roberto Picciotto will be in charge from October 2 through 14; and Moeen Qureshi will act on October 15 through 17.

AWClausen

RECORD For Sec. Info.
Senior Management Council

LIST OF MEMBERS SENIOR MANAGEMENT COUNCIL (SMC)
INCLUDING MEMBERS OF THE MANAGING COMMITTEE

	Name	Ext.	Room	Unit
	Alejo, F. Javier (IFC)	60383	I-12-169	CAD
	Zaida Palacios	60383		
	Baum, Warren C.	48001	K-1006	VPT
	Virginia Acio	48004		
*	**Botafogo G., Jose**	**72466**	**E-823**	**EXR**
	Susan Frampton	72467		
*	**CLAUSEN, A.W. (Tom)**	**72001**	**E-1227**	**EXC**
	Southworth, Roy	**73585**		
	Helen Higgins	72002		
	Myra Holsinger	72003		
	Sonia Benavides	73586		
	Dherse, Jean-Loup	72747	C-502	EIS
	Connie Fernandini	72748		
	Gabriel, K. Georg	69137	I-3-025	PFD
	Olive Chin	69138		
	Hittmair, Hans	61051	I-4-100	CTR
	Margaret Bowell	61051		
	Hopper, W. David	33000	H-5-177	ASN
	Virginia Menmuir-Smith	33005		
	Husain, S. Shahid	72283	E-1023	OPS
	Brenda Enuton	72284		
	Jaycox, Edward V.K. (Kim)	74285	B-1210	EAN
	Nolita Pontanilla	74286		
	Kapur, Shiv S.	33035	H-7-021	DGO
	Rosa Maria Duncan	33036		
	Karaosmanoglu, Attila	74503	A-613	AEN
	Sununta Prasarnphanich	74503		
	Knox, A. David	75901	A-907	LAC
	Margot Vobe	75902		
*	**Krueger, (Mrs) Anne**	**33774**	**S-9-035**	**ERS**
	Catherine Oram	33766		
	Ohuchi, Teruyuki	78801	F-1220	COF
	Jessie Harvie	78802		
*	**Paijmans, Martijn J.W.M.**	**76428**	**A-1236**	**PA**
	Gillian Odam	76429		
	Parmar, Judhvir (Jud) (IFC)	60385	I-12-106	CIO
	Betty Smith	60386		
*	**Qureshi, Moeen A.**	**73665**	**E-1241**	**SVPFI**
	Gillian Butler	73665		
	Reddy, Hilary P.(Lary)(IFC)	60383	I-12-170	CPF
	Norma Dueringer	60383		
	Rotberg, Eugene H. (Gene)	72213	E-427	TRE
	Janet Lincoln	72214		
*	**Ryrie, Sir William (Bill)**	**60381**	**I-12-100**	**CEX**
	Mercedita Sebastian	60381		
*	**Shihata, Ibrahim F.I.**	**74945**	**E-723**	**LEG**
	Cleone Hoover	74946		
*	**Stern, Ernest (Ernie)**	**72004**	**E-1227**	**SVPOP**
	Diane Weatherford	72811		
*	**Thahane, Timothy T. (Tim)**	**72185**	**D-1130**	**SEC**
	Heather Marshall	72185		
	Thalwitz, Wilfried P.	72063	A-313	WAN
	Patricia Gallagher	72064		
	Wapenhans, Willi A.	32676	H-12-071	EMN
	Nina Smith	32676		
	Wood, Joseph D. (Joe)	72784	D-730	FPB
	Evelyn S. Castro	72784		

*** Also members of the Managing Committee.**

NOTES: 1. Please send all documents for distribution to the MC and SMC to Roy Southworth's office for distribution.

Copies for distribution: **MC = 14** and **SMC = 30**

2. **All documents for the MC should have an MC reference number. These numbers are assigned by the office of the MC member responsible for the paper. MC documents for discussion should be sent to Roy Southworth's office early Fridays or 10 calendar days prior to the next MC meeting (Mondays) at which such documents would be discussed.**

3. SMC reference numbering is not required.

Office of the President

September 6, 1985

September 18, 1985

SENIOR MANAGEMENT COUNCIL

Agenda for Friday, September 27, 1985 Meeting at **11:00 a.m.**

1. August Montly Financial Report, Hans Hittmair.
   1.1 Monthly Financial Report - August 1985.

2. Management Objectives for 1985 Annual Meetings.

Lunch (E-Dining Room No. 1).

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

September 13, 1985

To: Senior Management Council

I will be traveling to San Francisco from September 16 to 19. During my absence, Moeen Qureshi will be acting in my place.

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

August 9, 1985

To: Members of the Senior Management Council

I will be traveling to India from August 12 to 16. During my absence, Ernest Stern will be acting in my place.

AWClausen

R E C O R D
Senior Management Council

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

A. W. CLAUSEN
President

June 28, 1985

To: Members of the Senior Management Council

I will be traveling to West Berlin and Rome from June 29 to July 5. During my absence, Ernest Stern will be acting in my place.

AWClausen

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

R E C O R D
Senior Management Council

DATE: June 4, 1985

TO: Senior Management Council (SMC)

REVISED

FROM: Roy Southworth URo

EXT: 73585

SUBJECT: Schedule of Future SMC Meetings and Wye Plantation Retreat

Please note the following dates on your calendar for future SMC meetings:

June 28
July 26
August 30
September 27
November 21 p.m. - 23 noon (Retreat)
January 10, 1986

No meeting will be held on October 25 as previously indicated.

Many thanks.

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

June 4, 1985

To: Members of the Senior Management Council

I will be traveling to Cameroon, Guinea and Mali from June 5 to 16. During my absence, Ernest Stern will be acting in my place.

Tom Clausen

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

RECORD
Senior Management Council

DATE: May 17, 1985

TO: Senior Management Council (SMC)

FROM: Roy Southworth VRS

EXT: 73585

SUBJECT: Schedule of Future SMC Meetings and Wye Plantation Retreat

Please mark the following dates on your calendar for future SMC meetings:

August 30
October 25
November 21 p.m. - 23 noon (Retreat)
January 10, 1986

Many thanks.

SENIOR MANAGEMENT COUNCIL

CONFIDENTIAL
May 17, 1985

SMC Minutes October 5, 1984

Members Present: A. W. Clausen, G. Gabriel, H. Hittmair, S. Husain, S. Kapur, D. Knox, A. Krueger, O. Teruyuki, M. Paijmans, M. Qureshi, Wm. Ryrie, I. Shihata, E. Stern, T. Thahane, F. Vogl, W. Wapenhans, J. Wood.

Members Absent: W. Baum, J-L. Dherse, D. Hopper, K. Jaycox A. Karaosmanoglu, J. Parmar, G. Rotberg, W. Thalwitz.

1. Results of the Annual Meetings

Mr. Qureshi told the Council that the meetings had been satisfactory for the Financial complex. He indicated that broad support had emerged for the enhanced role of the Bank envisioned in the Future Role of the Bank discussion. There were, however, different shades of meaning to the support with the U.S., in particular, emphasizing a greater catalytic role. There was also considerable support for the GCI with all countries except the U.S. commenting favorably. The Sub-Saharan Africa report had also been well received and the Bank had been given a strong mandate to explore funding modalities. Some countries, such as France, were prepared to have an immediate donor meeting and to contribute to a special fund. On the other hand, the U.S. would not contribute, while Germany, U.K., Japan had expressed reservations about their possible participation. Mr. Qureshi also said a plan had emerged at the Meetings for an extended discussion in the next Development Committee on the medium- and long-term aspects of debt problems, including the linkage to financial flows and trade. Finally, the meetings showed that there was increasingly favorable comments and responsiveness to MIGA.

Mr. Stern said discussions with individual country delegations had resulted in a mixed picture. There had been encouraging progress with Mexico and Ecuador while talks with Brazil were cautious because of the upcoming elections. Talks with Argentina were also encouraging. On the other hand, Mr. Stern characterized discussions with Peru, Bolivia and Nicaragua as depressing.

Mr. Shihata informed the Council that the ICSID meeting had resulted in the approval of revised rules that were designed to simplify procedures. New powers were given to the Secretary-General to call pre-trial meetings of the participants. Four new members had also joined ICSID, including three from Latin America. Furthermore, ICSID had encoutered a 25% increase in cases.

2. Monthly Financial Review

Mr. Hittmair briefed the Council on the September monthly financial report. He indicated that overall it was too early in the fiscal year to identify real problem areas. Borrowings were on target and by August $2.2 billion had been borrowed with the first quarter borrowing projected at $3.3 billion. Nine borrowings were completed during the month of September totalling $756 million with an average cost of 7.76%. This brought down the borrowing cost for the year to 8.66% compared with 8.96% a month the previous month.

Nicaragua continued in arrears and Mr. Hittmair said it would present major problems shortly. IDA disbursements continued to be very slow which raised the question of whether the FY85 target could be reached. August disbursements were $170 million with September $156 million. This would require that for the rest of the year an average of $260 million in disbursements would be required each month. To achieve this level Mr. Hittmair indicated that mechanisms such as revolving funds were being considered to speed disbursements for countries such as India or China.

On investments Mr. Hittmair said that returns to the portfolio during the first quarter were consistently higher than projected due to capital gains resulting from recent interest rate changes. In September the Bank realized about $15 million in net capital gains and based on first quarter performance returns on liquid investments for FY85 was being revised to 11% from the earlier assumption of 10.5%. The overall effect on net income would likely be an increase over the projected $750 million to a range of $770 to $800 million.

In other discussion, it was stressed that in the previous two years there had been considerable budget underruns which was quite an accomplishment in view of how tight the budget was. Nevertheless, the Council agreed that the emphasis on cost consciousness in management communications with staff would have to continue. It was also noted that concerns about cost consciousness had to go hand in hand with efforts to improve managerial efficiency. Finally, it was recognized that increased cost consciousness might improve the situation on the margin. But major savings would only be achieved through a reallocation of existing resources to new priorities and through a review of major costs items such as salaries and pensions.

3. FY85 Lending Program

Mr. Stern indicated that Bank lending would probably not reach the lower end of the 12.6 - 13.8 range projected in the medium-term budget perspective. Furthermore, the pipeline of projects was depleted, particularly in Latin American where the Bank was essentially lending only to Mexico, Brazil, and Colombia. The ability to increase lending to these countries was limited, while lending to the other countries in Latin America was constrained by creditworthiness problems which would not be quickly resolved.

The overall problem with the lending program stemmed partly from country specific problem. Furthermore, whenever there was a larger policy-based content in the lending program the likelihood of considerable slippage in any one year increased substantially. Thus, for FY85, depending on the outcome of several large policy based loans under preparation, a lending program of $10 billion was not unreasonable. Mr. Stern indicated that he would keep the Council updated on the state of the lending program. He reiterated that managers would have to recognize that in becoming more performance oriented it was inevitable that programs would become much more volatile.

4. Report of the Ombudsman

Mr. Hendry indicated that his terms of reference called for a regular report to management giving an overview and on policy, practices and procedures as they came to the Ombudsman's attention. A key element of the program was that the Ombudsman's office was a place where people could talk in confidence without what they said becoming part of the official records. He said it provided an outlet and an opportunity not available elsewhere to the staff.

Of the people who came to see the Ombudsman over the past year most simply wanted to talk, comprising 45% of all cases. Cases requiring action on the part of the Ombudsman totalled 39% and usually involved meetings between the Ombudsman and the petitioner's division chief, personnel officer, etc. Fifteen percent of the cases required action at a higher level. Seventy-eight percent of issues involved adverse personnel reviews, difficulties in reassignment, or termination. Other cases included problems with benefits and administration.

One aspect of the reassignment policy that created a lot of problems was the policy of providing a second opportunity to staff where there existed genuine doubt about the cause of performance problems. Mr. Hendry indicated that this did not seem to be handled very well and that decentralized recruitment and reassignment procedures made such placements very difficult. In another observation Mr. Hendry indicated that the accountability of managers for their managerial decisions did not seem to be very high.

5. Tenth Annual Review of Project Performance Audits

Mr. Kapur indicated that the report summarized the experience from a period of rapid expansion and considerable experimentation in which projects tended to be innovative and ambitious. The report indicated project failures were most notable in Africa and steemed in part from the African countries unwillingness to make the institutional and policy changes necessary for the projects to succeed. Furthermore, problems were concentrated in area development and livestock projects. Area development projects were very complex and often failed because they overtaxed the institutional and technical capabilities. The problem with livestock projects was largely a problem of inappropriate technology, and social and cultural structures that were poorly understood.

Overall, the results showed that the Bank faces a major problem in institutional capabilities not only at the central government level but at the local level. As a response, 60% of the agricultural projects now included provisions for dealing with local groups. Problems with the policy framework for agricultural projects were also being addressed in project design through efforts to improve the institutional capacity for policy analysis and adjustment.

VRSouthworth VRS

SENIOR MANAGEMENT COUNCIL

CONFIDENTIAL
May 17, 1985

SMC Minutes February 1, 1985

Members Present:	A. W. Clausen, W. Baum, J-L. Dherse, H. Hittmair, D. Hopper, S. Husain, S. Kapur, A. Karaosmanoglu, D. Knox, A. Krueger, O. Teruyuki, M. Paijmans, J. Parmar, M. Qureshi, G. Rotberg, Wm. Ryrie, I. Shihata, T. Thahane, F. Vogl, J. Wood.
Members Absent:	G. Gabriel, K. Jaycox, E. Stern, W. Thalwitz, W. Wapenhans.

1. Sub-Saharan Africa Facility

Mr. Qureshi briefed the Council on the outcome of the donors meeting in Paris. He indicated that the Bank's objectives had been achieved and even succeeded in every respect. About $1.1 billion had been raised with nearly $700 million in direct contributions and the remainder in associated funds. France and Italy topped the list of direct contributors while Germany and Japan contributed most of the associated financing. In addition, the U.K. had indicated an amount of $80 million would be associated with the fund but the issue of whether this amount would be untied or not remained to be resolved. Furthermore, Canada and several Arab countries had indicated their willingness to make direct contributions but they were unable during the conference to commit to a firm figure.

The Council welcomed the news about the successful conclusion of the donors meeting. It was noted that the Bank would have substantial control over the associated funds. Procurement would be untied and there would be agreement on a list of countries in which the funds would be utilized. An issue that remained to be addressed was the insistence of some of the participating countries that the money associated with the facility be distributed as grants instead of as IDA-like credits. Furthermore, questions remained to be resolved about who would be eligible for procurement.

2. IFC Reorganization

Mr. Ryrie briefed the Council on the reorganization of IFC. The new structure included a Vice President for Corporate Affairs and Development, a Vice President for Operations, and a Vice President for Finance and Portfolio Management. The structure would address a current weakness in the control and supervision of IFC's investment portfolio and the Vice President for Corporate Affairs and Development would give added emphasis to the role of publicity. Mr. Ryrie said that he would work closely with the three vice presidents with the ultimate objective of delegating considerable managerial responsibility down to the directors' level and below. The current Vice Presidents for Legal and Engineering would be retained in advisory slots and their level would depend on the current job grading exercise. The regional vice presidencies under the old structure would cease to exist.

3. The Lending Program

Mr. Husain said that the upcoming meeting on the prospects for IBRD lending was one of the most important discussion in the Bank's history. Issues such as the performance link, portfolio management, creditworthiness and the willingness of countries to borrow from the Bank had never been discussed with the Board before. The performance link, for instance, was the biggest single cause for the current decline in lending. Programs in several of the larger countries such as Nigeria, Egypt, the Ivory Coast, and Argentina had dropped largely because the Bank was not satisfied with the macro economic management in these countries. Mr. Husain said that this was a controversial issue because many of the Bank's Executive Directors argued that the Bank must separate sectoral and project issues from macro-creditworthiness issues. The case made in the Board paper was that project and sector issues were inexorably linked with macro-creditworthiness.

Another issue was the credit exposure limits and whether the Bank should maintain these limits or whether it should adopt a more flexible stance. Still another was whether the Bank's pipeline was being properly managed or whether project processing was as efficient as it could be. Mr. Husain noted that in the last four years the time to process a project had increased by one month. The quality of the pipeline also varied considerably across different Regions. In this context Mr. Husain said one idea for the FY86 program was to identify projects that could be accelerated. Eligibile projects could include those under the supervision of managers with good track records, repeat projects, and projects that were simple in design. The green cover review could be eliminated for these projects and all clearances could be based on the decision memorandum. The staff review would then take place at the yellow cover stage. It was also noted that one factor causing processing delays was the increased reliance on establishing preconditions for Board presentation. This trend lengthened the preparation time and contributed to delays in bringing projects to the Board.

Other discussion focused on the link between performance and creditworthiness. Over the years, experience had taught the Bank that isolated projects would not work unless the sectoral and general policy framework was right. However, this emphasis required that the Bank address the broader sectoral and policy issues which resulted in the long lead time to process country programs. There was also a question of whether the Bank had gone too far in emphasizing this link. It was suggested that there were perhaps instances where good projects were not performing optimally but would perform reasonably enough in existing policy environment to justify proceeding. In essence no one disputed that a good policy environment was conducive to project success but the real question was whether the Bank was sensitive enough to the problems and cost of introducing policy change.

There was also concern that the emphasis on the policy link involved considerable risk. The potential gains through restructuring sectors or introducing policy change were big, but the risk of failure was high. In fact, some of the programs financed by the Bank were virtually all or nothing propositions. In emphasizing these programs it was cautioned that the Bank needed to balance the risk they involved with a more bread and butter type of projects with high returns but without sectorwide implications. Another concern was raised about the gap between the resource needs of developing countries and the Bank's move to increased performance links. It was questioned whether a decision by the Bank not to lend because of policy differences would really help the development process. It was agreed that this was indeed a difficult issue but there was strong evidence to suggest that an appropriate policy environment was a major determinant of economic growth and efficiency. Furthermore, Bank lending created debt at real interest rates. Thus, it did countries no favor by lending without paying attention to the framework that would allow the project or the country to generate the growth necessary to pay the debt off.

In other discussion it was observed that the portfolio limitation on the four largest borrowers should not be given excessive weight. It was felt that the Bank could develop different criteria depending on how much diversity management felt was necessary. But at the same time there was a feeling that the Bank should remain adamant the 10% limit for single borrower although it was recognized that some flexibility was needed on the margin to reward good performance. Finally, there was concern that lending targets not be rejected out of hand. In face of the decline in lending the Bank's image would suffer at the time when the commercial bank lending was also declining and when developing countries had crucial needs to address. In short, the falling lending levels contributed to the Bank's problem and it was urged the Bank management do everything possible to adjust to the new situation and to improve the marketability of the Bank's product.

On marketability it was noted that in the earlier economic environment many Bank borrowers would protest Bank conditionality but would ultimately agree to the terms of a project. However, recently some borrowers's attitudes had hardened and they were more adamant in not accepting Bank conditions. Part of the problem was a cut back in the investment program. There was also a chance in the relationship between the core and implementing agencies in the borrowing countries. Many of the implementing agencies felt the Bank and the core agencies overemphasized sector and economy-wide issues to the detriment of specific project investments. As a result some implementing agencies did not like to bring their projects to the Bank for financing.

4. The Future Role of the Bank: Status Report on the Discussion with Board

Mr. Wood updated the progress on the Future Role of the Bank disscussions. He said the Board had recently met in session to discuss the paper on lending instruments. The paper had concluded that the Bank's had an appropriate mix of instruments, including three types of sectoral investments: SALs, technical assistance, and sectoral loans. He said the discussion showed general support for the direction taken by the Bank in developing its lending instruments. It revealed, however, that concern remained about the Bank's position on its portfolio limits. He said the Executive Directors were also continuing to focus on the country approach and to express concerns about what many felt was too much emphasis on policy conditionality in projects. He said the next discussion in the series would be on Bank/Fund collaboration.

5. Update on the Development Committee

Mrs. Krueger told the Council that preparation for the Development Committee meeting were proceeding on two fronts. The first was the format and she said that deliberations on the U.S. proposal to keep it totally informal had revealed that there was little support for this idea. Thus, a compromise had been adopted that would include both formal and informal session of the Development Committee. She said the topics on the agenda would include the economic outlook, trade, financial flows, and debt. Seven background papers and one overview paper were being prepared on these topics.

6. Monthly Financial Report for December

Mr. Hittmair said that net income had reached a record high of $588 million for the first half year, 12% greater than for the same period last year. Based on these figures management had recommended to the Board that the front end fee be reduced to zero. The report also noted that disbursements would not reach the figure anticipated earlier. Thus if the Bank were to continue borrowing in the upper range of its borrowing program it could end up with a liquidity ratio about 45%. On IDA disbursements though the figure for disbursements at this time was the same as last year the Bank had a program that was $400 million higher so phere was a problem of shortfall against expectations.

7. MIGA: Status Report

Mr. Shihata updated the Council on progress with the MIGA proposal. He said that consultations with Part II countries were now underway and that the meeting had just been completed in Bangkok with nine countries attending. Results of this meeting showed general support for the proposal with China showing kneen interest. Mr. Shihata said further contacts were being planned with Latin American and African countries and with the OECD countries. He hoped to received comments from all these countries by February 20th so that a revised convention and commentary could be prepared and circulated to the Board for informal exchange of views. He said that a possible format for winning approval of convention could be secured from the Board meeting as Committee of the Whole. If the Board were to agree with this proposal Mr. Shihata foresaw one week negotiating conference with the Executive Directors to be held outside of Washington.

8. Role of the Board

Mr. Thahane said that Mr. Wicks had asked that there be a discussion of the role of the Board during the October future role of the Bank meeting. As a follow-up he sent a memo to Mr. Clausen suggesting means to free up time for the Board to focus more on policy issues. Among his suggestions was a review of the work program similar to the review carried out by IMF and the change of procedures for handling documentation. Mr. Thahane said the Managing Committee had reviewed the memo and had asked that a task force of Bank staff be set up to develop a list of suggestions that could be made by management to Board members dealing with this issue. It was noted that management saw this as an excellent opportunity to streamline some of the Board procedures and it hoped that the exercise could be completed quickly.

VRSouthworth VRS

Senior Management Council

CONFIDENTIAL
May 15, 1985

Summary of Discussion at Wye Plantation Retreat

November 15-17, 1984

Members Present: A. W. Clausen, W. Baum, J.L. Dherse, G. Gabriel, H. Hittmair, D. Hopper, S. Husain, K. Jaycox, S. Kapur, A. Karaosmanoglu, D. Knox, A. Krueger, T. Ohuchi, M. Paijmans, J. Parmar, M. Qureshi, E. Rotberg, Wm. Ryrie, I. Shihata, E. Stern, T. Thahane, W. Thalwitz, F. Vogl, W. Wapenhans, J. Wood.

Also Present: R. Southworth.

The Economic Environment
Presentation: Anne Krueger

Ms. Krueger said a major economic uncertainty was the direction of commodity prices, particularly the price of oil. At question was whether the OPEC cartel could hold together in face of excess oil supplies. If the cartel were to break up oil prices would likely fall to the range of $10 to $18 a barrel which would have enormous macro ecomomic consequences, particularly for the heavily indebted oil exporters. Prices for other commodities moved up in 1982. But since that time they declined again reflecting weakness in the recovery and uncertainty about the future.

Ms. Krueger said another concern was the future direction of the U.S. economy. The current combination of fiscal policy, monetary policy, current account deficits and exchange rates was unsustainable. In one scenario, the necessary adjustments would take place gradually. They would be triggered by agreement on a $45 to $50 billion deficit reduction plan and an easing in the monetary policy accompanied by gradual depreciation of the dollar and a slow decline in the interest rates. Such a scenario would lead to a stable inflation and growth in the 3.5 to 4% range but would require considerable luck and a strong political consensus to tackle the budget deficit.

Ms. Krueger indicated that the alternative was much more bleak. A political impasse on the deficit reduction plan could lead to a steep slide in the U.S. dollar which would force the Fed to raise interest rates. The impact of this scenario on developing countries depended on its timing. If the current situation could be sustained over the next eight to nine months the developing countries possibly could withstand the effects of a rapid dollar depreciation and a run up in interest rates.

The Borrowing Program
Presentation: Gene Rotberg

Mr. Rotberg said that lending projections for the next five year would require $70 billion in borrowing which was nearly equal to all borrowings to date. Successful implementation of such a lending program given the Bank's current cash position implied a negative cash flow of $65 billion or about $13 billion a year. Before the end of the decade undisbursed loans would total about $75 billion and maturing debt would be about $50 billion both of which would have to be covered by borrowings in the late 80s and early 90s. Borrowings at this level would require early planning and a careful assessment of the risks.

One risk is that access to markets would be restricted for political or economic reasons. This is not a new problem but could become more troublesome as the program grows. A related risk is market saturation as the Bank becomes an ever larger presence in the various financial markets. Another risk is the changes in the structure of financial markets and in the way people and institutions saved. Finally, there is a risk that the markets perceptions about the institution might change.

Mr. Rotberg said a plausible upper limit on fixed term borrowings was $6 to $7 billion annually with another $2 to $3 billion coming from central bank facility. Thus, any borrowing above $8 to $10 billion would have to be from short-term variable rate instruments. But if the current limits on these instruments were not relaxed the Bank would not be able to borrow at levels made possible by a GCI. Thus, Mr. Rotberg said securing a GCI without first addressing this issue would be dangerous because it gave the Bank powers to make commitments without the ability to borrow to meet these commitments.

In the ensuing discussion it was noted that Mr. Rotberg's concern was essentially a question of sequencing. The GCI only gave the Bank the flexibility to expand lending. It would not make commitments it could not keep without first addressing the limits on short-term and variable rate instruments. Furthermore, it was noted that Mr. Rotberg's scenario was based on rather conservative assumptions about the future of fixed-rate markets. A more optimistic set of assumptions could be equally well defended since the growth rate in the various fix rate markets required to meet the Bank's needs were were not all that large.

Planning, Budgeting and The Future Role of the Bank
Presentation: Joe Wood

Mr. Wood began by discussing the development mandate. There was still broad agreement on the general issues but there were differing views about specific approaches to development. One success for the Bank had been the broad external consensus on the Bank's approach to Sub-Saharan Africa. However, despite this consensus many in the Bank were concerned about the approach. They had doubts about the resolve of governments to make economic adjustments necessary to bring about the resumption of growth. Also questioned was the Bank's knowledge about the African economies, the validity of its policy prescriptions, and its ability to play the coordinating role it envisioned.

In Latin America there was even less of a consensus on what the Bank's role should be. Some progress had recently been made but much more work was needed before a mandate was developed. Among the remaining concerns was the fear that the Bank's programs in the heavily indebted countries would undermine the Fund's efforts. Another was that lending to the heavily indebted countries could undermine the Bank's financial soundness. Finally, as with Sub-Saharan Africa there were questions about the Bank's understanding of the problem facing Latin America and its ability to develop appropriate responses.

Mr. Wood turned next to the discussions on the future role of the Bank. He said there was a convergence of views on mix of instruments in the Bank's portfolio. Unfortunately, no such convergence existed on the degree of policy conditionality that should be attached to Bank lending. On the Bank's country economic and sector work, progress was being made in providing the empirical underpinnings for the Bank's shift to a more intense policy role. Furthermore, the Board had been informed about management's determination to focus on a country management approach. They had also been alerted that this focus would result in increased year-to-year fluctuation in lending levels. Finally, the shift in direction would have considerable implications for the Bank's human resource needs.

The Council discussed the future relevance of the Bank. The Bank's role in middle-income countries was evolving and maturing. As countries grew there was a natural progression where reliance on Bank lending was no longer as important. It would play a crucial part in helping countries adjust in times of crisis through financial support and policy dialogue. But its importance would receed in more prosperous times when commercial flow became more readily available. Unfortunately, this process was often stimulated, not so much by the availability of commercial credit, but because securing financing from the Bank often involved long delays. As a result a danger existed that the Bank would end up lending only to low income countries and it was suggested that ways be explored to speed up the project cycle. Furthermore, it was argued that the Bank could play a more prominent role in helping stimulate resource flows from other sources through its presence in restructuring efforts.

The outcome of the future role of the Bank in respect to the GCI was also discussed. It was emphasized that the announcement in the Board about the change in schedule for discussions of GCI did not signal a change in the Bank's stance on the need for General Capital Increase. It was a change in timing and Mr. Qureshi said that the additional time would be used to clarify the Bank's mandate vis-a-vis its future role, to complete the Future Role of the Bank exercise, and to build support for a GCI.

On IDA, it was noted that supplementary funding for IDA-7 was not likely given the current aid environment. There would also be increasing pressure to reduce IDA programs in India, China, and Pakistan. It was argued that the Bank should begin to explore possible transitional provisions for these countries to go into effect during and after IDA-8. One possibility was differential IDA terms even though earlier efforts to introduce differential treatment of IDA countries had been explicitly rejected by the IDA Deputies.

Sub-Saharan Africa
Presentation: Kim Jaycox

Mr. Jaycox said that Africa faced a bleak economic picture. Per capita GNP was declining due to low economic growth and rapid population increases. Agriculture production was also falling with imports now providing 20% of the overall African food supply. Furthermore, the terms of trade continued to shift against African goods and there was an unacceptable compression of imports that affected African productive capabilities. Resource transfers were also declining and debt problems were reaching crushing proportions in some countries due to the unproductive use of capital flows.

Against this bleak backdrop African governments were beginning to realize that change was needed and an adjustment process was getting underway. This change in attitude gave the Bank a major opportunity to begin actions that would lead to policy reforms and restore growth. But Mr. Jaycox warned that tough decisions would be required on where to concentrate the Bank's efforts. Furthermore, on policy change it was necessary not only to give sound advise but to help implement it. Mr. Jaycox cautioned, however, that the Bank did not have either the financial or staff resources to provide such implementation support. Turning to the poverty focus Mr. Jaycox questioned whether more emphasis should be on adjustment and reignited growth or on income redistribution. In this respect he said that many poverty oriented components in African projects were failures.

Heavily Indebted Countries of Latin America
Presentation: David Knox

Mr. Knox said that before the problems of 1982, Latin America had gone through an extended period of growth and optimism. But during this time the seeds of the current problems were being sown. External debt rapidly accelerated and Latin American economic thinking held that the problems facing the Continent were structural in nature. Thus, it was assumed that monetary policy did not matter with the natural result that the inflation became rampant. The Latin American countries also had clung stubbornly to import substitution strategies and to the belief that the state could manage just about every aspect of the economy. These economic attitudes led to weaknessess and rigidities in the economy making it impossible to adjust to the downturn. The result was a substantial compression of imports and a decrease in GNP per capita.

Mr. Knox said that GDP growth would be 3% for 1985 and was projected to reach 5% to 6% at the end of the decade which would only be sufficient to put the countries back where they were at the beginning of the decade. And over the same period debt would rise from $225 billion to $385 billion.

Furthermore, commercial banks wanted to get out of the situation where they were forced to restructure and would unlikely return to volunteer lending. As a result direct investment would have to play an increased role. Unfortunately, the policy framework was generally not conducive to such investments. However, a change in attitude was possible and Mr. Knox saw a role for the Bank and IFC to facilitate this shift. Another aspect where the Bank could play a role would be in efforts to stop the present capital flight.

Turning to the Bank's own resource flows Mr. Knox said that commitments to Latin America were running about \$3 billion in FY84 due to quick disbursing loans under the special action program. Current projections show commitments on the level of \$5 to \$6 billion by FY90 with disbursements set at \$3.5 billion in FY85 and FY86 and dropping to a level of \$3 billion in FY87 and beyond. Constraints to increase lending included the already high exposure in Brazil and creditworthiness problems in a number of other countries. Furthermore, public sector investment programs were being cut back.

The Bank would be focusing on maintenance and restructuring rather than new investments. On the policy side the emphasis would be on medium-term adjustment programs, the analyses of investment programs and on efforts to address the unemployment. On debt restructuring Mr. Knox said that commercial banks would like some help from the Bank. Possibilities included help in medium-term adjustment programs as well as assistance in the analysis of investment programs. A series of internal discussions were now underway on how the Bank could play a more active role. The Region was also working with Colombia on a program that once developed could be taken to the commercial banks.

The ensuing discussion focused on the implications of Latin America and Sub-Saharan Africa for Bank/Fund collaboration. The Council recognized that the Fund had a dominant role in stabilization efforts and in getting the commercial bank resources associated with it. However, countries like Brazil would soon be ending their relationship with the Fund and had no intention of renegotiating agreements. This offered the Bank a chance for an enhanced role. It was also observed that there was a demand for medium-term reassurance and the Bank could play an important role in this area. For instance, the policy dialogue on agricultural pricing, public sector investment programs, and other policy issues could clearly be handled by the Bank in the medium-term.

Another possible role for the Bank was monitoring investment programs. Such monitoring efforts could increase the comfort level of commercial banks and lead to increased resource flows. It would also increase the leverage of the Bank in the policy dialogue and would be effective use of Bank resources. But the monitoring effort could lead to a conflict of interest. If monitoring detected a deteriorating economic situation there was a question of how that information would be treated. If it were disclosed it could lead to charges that the Bank's monitoring efforts had caused the commercial banks to pull out. Such a perception might encourage borrowers to ignore the Bank's preferred creditor status. On the other hand, efforts to avoid this situation would create a credibility and integrity problem.

In other discussion there was concern that the Bank's consideration of its future role seemed to be too heavily influenced by the immediate events of today. For instance, there was a heavy focus on Africa. But the efforts in Sub-Saharan Africa really did not represent an extension of Bank's mandate--it was just a subset of low income countries. The issue for these countries was not so much how the Bank should respond in the future but more correctly what it had done wrong in the past.

Furthermore, in Sub-Saharan Africa it was not entirely clear that the Bank was capable of delivering what it said it could leading to risks that policy interventions would be ill timed and poorly considered. The Bank had a mix record of project implementation in projects directed at low income groups partly because the design was over intellectualized without enough thought being given to how the projects were being implemented. Finally, it was observed that management needed to remember that it was a long-term development institution. While there might be a possible role for the Bank in medium-term adjustment efforts there were definite downside risks, particularly with respect to monitoring efforts. Overall as a development institution the Bank's major role would and should remain as a supplier of long-term investment funds.

IFC
Presentation: William Ryrie

Sir William said that IFC faced both a great opportunity and a difficult challenge. The opportunity existed in the drastic changes in attitudes in both Part I and Part II countries about the importance of the private sector. The challenge was that the changed attitudes lead to high expectations about IFC's role in stimulating private sector activities. The five-year program associated with the recent capital increase called for a program of investments of $7 billion over the next five years. But the mandate of the Corporation narrowed the pool of projects that could be financed to those deemed profitable but unattractive to private investors. The challenge was to find such projects, particularly in view of the fact that for the last four years in the dollar volume of projects had not increased. A major promotional effort was needed to meet this challenge. Areas of emphasis would be in energy, capital markets and in restructuring existing firms. The regional focus would be on Africa. Another part of the challenge was to develop more systematic strategies for assisting the private sector. Finally, the Corporation needed to improve its efficiency and to protect and improve its bottom line.

In its discussion, the Council focused on coordination between the Bank and IFC. It was observed that coordination was hampered by insufficient resources. Bank and Corporation staff did not have the time or the incentives to exchange information on potential investment opportunities or country strategies. Furthermore, misconceptions on both sides contributed to shortcomings in coordination.

While efforts were underway to develop guidelines and procedures to improve coordination, it was recognized that the problem was deep seated. A basic conflict existed that would always make relations difficult. The conflict arose from the different mandates of the institutions and would likely be heightened by the Bank increased emphasis on policy oriented operations. Thus, while there was a lot of day-to-day interaction among staffs of the two institutions the Council recognized that developing a workable mechanism to improve institutional coordination would be difficult. One possibility would be to select a group of countries where overlapping areas of responsibility could be identified and staff from both institutions could work out approaches to a common strategy. The Council recognized that the practical results of such an effort would likely never meet expectations. But it agreed that the emphasis on the role of the private sector in development made it important that such efforts be undertaken.

Progress on MIGA
Presentation: Ibrahim Shihata

Mr. Shihata briefed the Council on progress with the MIGA proposal. The Board had discussed the revised proposal in July. The agency was envisioned as a multilateral agency with the objective of stimulating investment flows. To meet this objective it would not only offer insurance but would engage in promotion activities and information collection. Voting patterns in the revised proposal had been altered to help gain support of the developing countries for the idea. Linkages with the Bank were that the President would serve as the Chairman of the Board for the agency but that there would be a separate staff and operating structures. The proposal envisioned the possibility of setting up the agency with as few as 15 members.

Mr. Shihata said the discussions with the Board had showed some progress in garnering support for the agency. Furthermore, at the Annual Meetings many countries expressed their support for the idea. Following the Annual Meetings a draft convention had been written and formed the basis for ongoing consultations with OECD and Part II countries. These discussions would focus on narrowing the differences with the hope that the convention could be ratified by the Board, thus avoiding the need for a negotiating conference.

Human Resources
Presentation: Martijn Paijmans

Mr. Paijmans shared with the Council his concerns about whether managers had the will and capabilities to guide the institution to help improve productivity, to stimulate and motivate staff, and to manage change. He said that the Bank had very good operating principles stated in its guidelines. He also said that the Bank was implementing the tools necessary to make the guidelines a reality. The improved PPR process, the attitude survey, and managers' training were examples of the efforts underway to make the guidelines a reality. However, he cautioned that progress was not very rapid and that in the future the Bank would have to be far more creative in its approach to managing its staff. The situation was made difficult by the fact that the staff was becoming more aggressive and expected more in the area of career development.

In short, there appeared to be large differences in the stated principles and day-to-day realities. This disparity was highlighted by the attitude survey which revealed that almost 25% of all work units were unpleasant places to work, where staff members perceived themselves to be low in productivity, under a great deal of stress and poorly managed. There was also indications that upward communications were poor, that priority setting was not well done, and that administrative procedures were cumbersome and bureaucratic. One result was that stress was at extremely high levels. Mr. Paijmans argued that strong leadership was needed from the Council members to address this issue.

VRSouthworth VRS

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

May 9, 1985

To: Members of the Senior Management Council

I will be in New York this afternoon and tomorrow, May 10. During my absence, Ibrahim Shihata will be acting in my place.

AWClausen

RECORD
Senior Management Council

April 26, 1985

SENIOR MANAGEMENT COUNCIL

Agenda for Friday, May 3, 1985 Meeting at **10:00 a.m.**

1. Development Committee Follow-up.

   -- Trade and Debt: Anne Krueger

   -- Role of the Bank/Resource Implications: Joe Wood

   -- MIGA: Ibrahim Shihata.

2. The Bank's Role in Medium-Term Adjustment--Examples from Colombia and Chile.
   (Oral Presentation), David Knox.

3. Monthly Financial Report for March 1985, Hans Hittmair.

Lunch (E-Dining No. 1)

RECORD
Senior Management Council

LIST OF MEMBERS SENIOR MANAGEMENT COUNCIL (SMC)
INCLUDING MEMBERS OF THE MANAGING COMMITTEE

	Alejo, F. Javier (IFC)	60896	I-12-170	CCAD	
	Zaida Palacios	60896			
	Baum, Warren C.	48001	K-1006	VPT	
	Moreen Tolerton	48002			
	Botafogo G., Jose	**72466**	**E-823**	**EXR**	*
	Susan Frampton	72467			
	CLAUSEN, A.W. (Tom)	**72001**	**E-1227**	**EXC**	*
	Southworth, Roy	**73585**			
	Helen Higgins	72002			
	Myra Holsinger	72003			
	Sonia Benavides	73586			
	Dherse, Jean-Loup	72747	C-502	EIS	
	Connie Fernandini	72748			
	Gabriel, K. Georg (IFC)	60383	I-12-169	CFP	
	Olive Chin	60384			
	Hittmair, Hans	61051	I-4-100	CTR	
	Margaret Bowell	61051			
	Hopper, W. David	33000	H-5-177	ASN	
	Virginia Menmuir-Smith	33005			
	Husain, S. Shahid	72283	E-1023	OPS	
	Brenda Enuton	72284			
	Kapur, Shiv S.	33035	H-7-021	DGO	
	Rosa Maria Duncan	33036			
	Karaosmanoglu, Attila	74503	A-613	AEN	
	Sununta Prasarnphanich	74503			
	Knox, A. David	75901	A-907	LAC	
	Margot Vobe	75902			
	Jaycox, Edward V.K. (Kim)	74285	E-1210	EAN	
	Nolita Pontanilla	74286			
*	**Krueger, (Mrs) Anne**	**69001**	**I-8-100**	**ERS**	
	Catherine Oram	69002			
	Ohuchi, Teruyuki	78801	F-1220	COF	
	Jessie Harvie	78802			
*	**Paijmans, Martijn J.W.M.**	**76428**	**A-1236**	**PA**	
	Gillian Odam	76429			
	Parmar, Judhvir (Jud) (IFC)	60385	I-12-106	CIO	
	Betty Smith	60386			
*	**Qureshi, Moeen A.**	**73665**	**E-1241**	**SVPFI**	
	Gillian Butler	73665			
	Rotberg, Eugene H. (Gene)	72213	E-427	TRE	
	Lynne Motley	72214			
*	**Ryrie, Sir William (Bill)**	**60381**	**H-12-100**	**CEX**	
	Mercedita Sebastian	60381			
*	**Shihata, Ibrahim F.I.**	**74945**	**E-723**	**LEG**	
	Liberty Bohol	74946			
*	**Stern, Ernest (Ernie)**	**72004**	**E-1227**	**SVPOP**	
	Diane Weatherford	72811			
*	**Thahane, Timothy T. (Tim)**	**72185**	**D-1130**	**SEC**	
	Heather Marshall	72185			
	Thalwitz, Wilfried P.	72063	A-313	WAN	
	Patricia Gallagher	72064			
	Wapenhans, Willi A.	32676	H-12-071	EMN	
	Nina Smith	32676			
	Wood, Joseph D. (Joe)	72784	D-730	FPB	
	Evelyn de Castro	72784			

NOTES: 1. Please send all documents for distribution to the MC and SMC to Roy Southworth's office for distribution.

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SMC reference numbering is not required.

* **Also members of the Managing Committee.**

Office of the President **April 1, 1985**

R E C O R D
Senior Management Council

March 22, 1985

SENIOR MANAGEMENT COUNCIL

Agenda for Friday, March 29, 1985 Meeting at **10:00 a.m.**

1. Oral Presentation on the Book by Warren Baum and Stokes Tolbert: Investing in Development - Lessons of World Bank Experience. (Oral Presentation), Warren Baum, Stokes Tolbert.

2. Monthly Financial Report - February, Hans Hittmair.
   2.1 Report, February 1985.

3. Recent Currency and Market Developments.
   (Oral Presentation), Gene Rotberg.

4. Service Standards and Controls Program, Bill Cosgrove.
   4.1 Paper (Paijmans), March 19, 1985: Service Standards and Controls Program - Administrative Services Department.

5. Basic Personnel Data FY84, Tony Williams, Hank Groen.
   5.1 Book (Paijmans), March 7, 1985: Basic Personnel Data Book FY84.

Lunch

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

March 6, 1985

To: Members of the Senior Management Council

I will be traveling to San Francisco from March 7 to 8. During my absence, Ernest Stern will be acting in my place.

Tom Clausen

RECORD
Senior Management Council

LIST OF MEMBERS SENIOR MANAGEMENT COUNCIL (SMC)
INCLUDING MEMBERS OF THE MANAGING COMMITTEE

	Name		Ext.	Room	Unit
	Alejo, F. Javier	(IFC)	60896	I-12-170	CCAD
	Baum, Warren C.		48001	K-1006	VPT
	Moreen Tolerton		48002		
*	**CLAUSEN, A.W. (Tom)**		**72001**	**E-1227**	**EXC**
	Southworth, Roy		**73585**		
	Helen Higgins		72002		
	Myra Holsinger		72003		
	Sonia Benavides		73586		
	Dherse, Jean-Loup		72747	C-502	EIS
	Connie Fernandini		72748		
	Gabriel, K. Georg	(IFC)	60383	I-12-169	CFP
	Olive Chin		60384		
	Hittmair, Hans		61051	I-4-100	CTR
	Margaret Bowell		61051		
	Hopper, W. David		33000	H-5-177	ASN
	Virginia Menmuir-Smith		33005		
	Husain, S. Shahid		72283	E-1023	OPS
	Brenda Enuton		72284		
	Jaycox, Edward V.K. (Kim)		74285	B-1210	EAN
	Nolita Pontanilla		74286		
	Kapur, Shiv S.		33035	H-7-021	DGO
	Rosa Maria Duncan		33036		
	Karaosmanoglu, Attila		74503	A-613	AEN
	Sununta Prasarnphanich		74503		
	Knox, A. David		75901	A-907	LAC
	Margot Vobe		75902		
*	**Krueger, (Mrs) Anne**		**69001**	**I-8-100**	**ERS**
	Catherine Oram		69002		
	Ohuchi, Teruyuki		78801	F-1220	COF
	Jessie Harvie		78802		
*	**Paijmans, Martijn J.W.M.**		**76428**	**A-1236**	**PA**
	Gillian Odam		76429		
	Parmar, Judhvir (Jud)	(IFC)	60385	I-12-106	CIO
	Betty Smith		60386		
*	**Qureshi, Moeen A.**		**73665**	**E-1241**	**SVPFI**
	Gillian Butler		73665		
	Rotberg, Eugene H. (Gene)		72213	E-427	TRE
	Lynne Motley		72214		
*	**Ryrie, Sir William (Bill)**		**60381**	**H-12-100**	**CEX**
	Mercedita Sebastian		60381		
*	**Shihata, Ibrahim F.I.**		**74945**	**E-723**	**LEG**
	Liberty Bohol		74946		
*	**Stern, Ernest (Ernie)**		**72004**	**E-1227**	**SVPOP**
	Diane Weatherford		72811		
*	**Thahane, Timothy T. (Tim)**		**72185**	**D-1130**	**SEC**
	Heather Marshall		72185		
	Thalwitz, Wilfried P.		72063	A-313	WAN
	Patricia Gallagher		72064		
	Vogl, Frank (Acting)		72466	E-823	EXR
	Susan Frampton		72467		
	Wapenhans, Willi A.		32676	H-12-071	EMN
	Nina Smith		32676		
	Wood, Joseph D. (Joe)		72784	D-730	FPB
	Evelyn de Castro		72784		

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SMC reference numbering is not required.

* **Also members of the Managing Committee.**

Office of the President **March 1, 1985**

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

A. W. CLAUSEN
President

RECORD
Senior Management Council

February 22, 1985

To: Members of the Senior Management Council

I will be traveling to London from February 25 to 28. During my absence, Ernest Stern will be acting in my place.

Tom Clausen

R E C O R D
Senior Management Council

January 25, 1985

SENIOR MANAGEMENT COUNCIL

Agenda for Friday, February 1, 1985 Meeting at **10:00 a.m.**

1. The Lending Program, Shahid Husain.
   1.1 January 8, 1985, Secretary's Document R-85-4, Prospects for IBRD Lending.

2. The Future Role of the Bank: Status Report on the Discussion with Board, Joe Wood.
   (Oral Report).

3. Role of the Board, Tim Thahane.
   (Oral Report).

4. MIGA: Status Report, Ibrahim Shihata.
   (Oral Report).

5. The December Monthly Financial Report, Hans Hittmair.
   5.1 Report, December 1984.

6. Preparations for Development Committee: Status Report, Anne Krueger.
   (Oral Report).

Lunch

RECORD
Senior Management Council

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

A. W. CLAUSEN
President

January 14, 1985

To: Members of the Senior Management Council

I will be travelling to London from January 15 to 16. During my absence, Moeen Qureshi will be acting in my place.

AWClausen