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THE WORLD BANK
Washington, D.C.


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PUBLIC DISCLOSURE AUTHORIZED

M- QURESHI'S
PRESIDENTIAL CHRON

January 4 - February 26, 1982



 **Archives**
A1994-104 Other #: 4 211061B
Moeen Qureshi Files - Presidential Chronological Correspondence - January 4 to February 26, 1982

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February 26, 1982

Dear Don:

Thank you for your letter of February 12, 1982.

I am glad to know that the United States is beginning the process of subscribing to the Bank's General Capital Increase.

I appreciate the United States' budgetary concerns, which dictate the phasing of the US subscription and the release of their paid-in capital. I therefore welcome your remark that you will be looking for an opportunity to bring forward the schedule, should the situation permit. Such a change would indeed be helpful to the Bank.

With best wishes,

Sincerely,



A. W. Clausen

The Honorable
Donald T. Regan
Secretary of the Treasury
Treasury Department
Washington, D.C. 20220

cc: Office of US Executive Director

Messrs. Qureshi
Thahane
Golsong
Hattori
Wood

KI:ba

THE SECRETARY OF THE TREASURY
WASHINGTON

February 12, 1982

Dear Tom:

In response to your letter of January 8, 1982, I am writing to inform you of the intentions of the United States regarding the phasing of our subscriptions to the General Capital Increase (GCI) of the IBRD, and the release of our paid-in capital.

Our current plan is to subscribe to our total allocation of 72,760 shares under Board of Governors' Resolution No. 346 in six equal annual installments. I am sending to Mr. Thahane our notification of subscription with regard to the first installment. We will, of course, make payment of three-quarters percent of each installment of our subscription in cash. It is our present intention to release the local currency (six and three-quarters percent) portion of our total subscription over the four-year period FY 1986-1989.

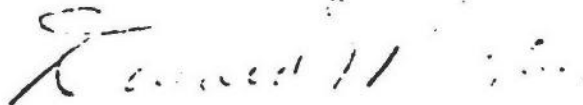
We also intend to subscribe to the 250 shares available to the United States under Board of Governors' Resolution No. 347. We have already received congressional authorization for this subscription and will be requesting program limitations from the Congress for the full value of these shares in FY 1983.

I realize that the Bank would prefer a more rapid phasing of the U.S. subscription and release of our paid-in capital. We share your concerns over the Bank's medium-term income prospects and appreciate the steps you have been taking to improve its income outlook. Nevertheless, our current budgetary difficulties dictate that we reduce near-term outlays to the maximum extent possible. We have made every effort to do so in a way that minimizes the impact on the Bank.

Let me assure you that we are not limiting the draw-downs of our paid-in capital indefinitely. Should there be a change in our budgetary situation, we will certainly reconsider the proposed schedule.

With best wishes.

Sincerely,



Donald T. Regan

The Honorable
A. W. Clausen
President
International Bank for
Reconstruction and Development
Washington, D.C. 20433

February 26, 1982

Dear Dr. Ciampi:

Thank you for your letter of February 2, 1982 concerning Italy's subscription to the General Capital Increase of the Bank. We are very grateful for your prompt action in fully subscribing to your shares. I do hope that you will find it possible to release the paid-in portion of your subscription for use in the Bank's operations in the near future. This step, as I mentioned in my previous letter, is of great importance in strengthening the financial position of the Bank and enabling it to more effectively meet the difficult challenges that lie ahead.

Sincerely,



(Signed) A. W. Clausen

Dr. Carlo Ciampi
Governor
Bank of Italy
Via Nazionale 91
I-00184 Rome
Italy

cc: Mr. Giorgio Raggzi
Executive Director

cc: Messrs. Qureshi
Thahane
Golsong
Wood

Rome, 2 February 1982

Dear Mr. Clausen,

I thank you for your letter of January 8, 1982 concerning subscriptions to the General Capital Increase. I fully agree with you on the desirability of strengthening the financial situation of the World Bank by a prompt implementation of the General Capital Increase.

I am pleased, therefore, to inform you that on December 4, 1981 the Italian Parliament approved the law authorizing the participation to the G.C.I. Given the structure of our Parliamentary procedures, this prompt approval reflects the importance attached by Italy to the World Bank and its activities. The subscription has been made in one single installment, and the 0.75 per cent of quota payable in US dollars has been paid in.

As you know, in the past Italy has released the local currency portion of its capital subscriptions for lending by the Bank. At this time, the difficult situation of our public finances and balance of payments has induced us to avail ourselves of the option under Art. V Sect. 12. However, we plan to review this matter in the course of this year, having regard also to the question of maintenance of value obligations and the various solutions that may be found.

Please accept my best regards,

Sincerely yours



Mr. A.W. CLAUSEN
President of
THE WORLD BANK
Washington, D.C. 20433
U.S.A.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

February 24, 1982

Mr. Clausen,

Attached are selective items on the Bank's operations and financial position which I plan to use on a continuing basis for briefly reviewing our financial performance with the Senior Management Council. My preference would be to do this on a quarterly rather than monthly basis, since most of the data and the financial ratios do not materially change on a month-to-month basis.



Moeen A. Qureshi

Table 1
Summary Balance Sheet
(US\$ billion)

	<u>December 31, 1981</u>			<u>June 30, 1981</u>		<u>June 30, 1982</u>	
	<u>Actual</u>	<u>Budget Forecast</u>	<u>Difference</u>	<u>Actual</u>	<u>Difference</u>	<u>Current Forecast</u>	<u>Budget Forecast</u>
<u>Assets</u>	(1)	(2)	(1-2)	(3)	(1-3)		
Cash & Investments	9.1	11.9	-2.7	8.4	0.7	9.8	10.3
Loans Outstanding	29.4	30.0	-0.6	26.0	3.4	31.7	32.2
Total:	38.6	41.9	-3.3	34.4	4.2	41.5	42.6
<u>Liabilities</u>							
Borrowings	32.1	34.4	-2.3	27.9	4.2	34.5	34.7
Paid in Capital & Reserves	7.6	8.0	-0.4	7.1	0.5	9.3	8.9
Total:	39.8	42.4	-2.7	35.0	4.7	43.8	43.6
<u>Other Assets (+) and Liabilities (-), Net</u>	1.2	0.5	0.7	0.7	0.5	2.3	1.0
<u>Memo Item</u>							
Undisbursed Loans	28.6	30.5	-1.9	28.1	0.5	31.7	31.6

Note: Numbers may not add due to rounding

February 23, 1982

Table 2

Summary Sources and Applications of Fund
(US\$ million)

<u>Sources</u>	July 1 - December 31, 1981			July 1 - Dec. 31, 1980		FY82	
	<u>Actual</u>	<u>Budget Forecast</u>	<u>Difference</u>	<u>Actual</u>	<u>Difference</u>	<u>Current Forecast</u>	<u>Budget Forecast</u>
	(1)	(2)	(1-2)	(3)	(1-3)		
Net Income	321	298	+23	304	17	575 ^{1/}	614
Borrowings	3795	5167	-1372	2494	1301	7948	7100
Loan Repayments & Portfolio Sales	809	893	-84	731	78	1818	1818
Total:	4925	6358	-1301	3529	1396	10341	9532
<u>Applications</u>							
Loan Disbursements	2900	3029	-129	2482	418	6215	6240
Debt Retirement	1254	1302	-48	2018	-764	2878	2916
Total:	4154	4331	-177	4500	-346	9093	9156
<u>Other Sources (+) & Applications (-), Net</u>	-59	22	-79	-172	+113	282	92
<u>Changes in Liquidity</u>	712	2049	-1337	-1143	1855	1530	469

1/ Excluding \$21 million in grants

February 23, 1982

Table 3

Summary Income Statement
(US\$ million)

	<u>July 1 - December 31, 1981</u>			<u>July 1 - Dec. 31, 1980</u>		<u>FY82</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Actual</u>	<u>Difference</u>	<u>Current</u>	<u>Budget</u>
	(1)	<u>Forecast</u> (2)	(1-2)	(3)	(1-3)	<u>Forecast</u>	<u>Forecast</u>
a. Investment Income	457	536	-79	403	54	1000	1088
b. Loan Income	1134	1198	-64	1092	42	2406	2518
c. Administrative Expenses	137	134	3	111	26	296	283
d. Interest on Borrowing	1136	1294	-158	1074	62	2502	2692
e. Others	- 4	8	- 12	6	-10	33	17
<u>Net Income</u> ^{1/} (a+b-c-d-e)	321	298	23	304	17	575	614

^{1/} For FY82 net income excludes grants and contributions to special programs.

Table 4
Summary Financial Indicators
(%)

	<u>July 1 - December 31, 1981</u>		<u>FY81</u>	<u>FY82</u>	
	<u>Actual</u>	<u>Budget Forecast</u>	<u>Actual</u>	<u>Current Forecast</u>	<u>Budget Forecast</u>
Interest Coverage Ratio ^{1/}	1.28	1.23	1.29	1.23	1.23
Reserve Ratio ^{2/} (end period)	12.7	13.0	13.1	12.6	13.1
Liquidity Ratio ^{3/} (end period)	36.2	46.0	38.4	39.5	40.0
Borrowing Costs (double weighted)	11.48	-	9.04	11.12	10.95
Lending Rate	10.80	-	9.35	11.30	11.45
Spread ^{4/}	-0.68	-	0.29	0.18	0.50

^{1/} Ratio of net income plus interest payments to interest payments.

^{2/} Ratio of reserves to loans outstanding.

^{3/} Ratio of liquid holdings (including delayed deliveries) to borrowings in the next three years.

^{4/} Spread between the average lending rate and double weighted cost of borrowing.

February 24, 1982

Table 5

World Bank Operations
(FY82)

		<u>Commitments</u>	<u>No. of Operations</u>				
		<u>(\$million)</u>	<u>Actual</u>	<u>Revised</u>	<u>%</u>	<u>FY82</u>	<u>%</u>
		<u>Actual/Revised</u>	<u>Estimates a/</u>	<u>Estimates a/</u>	<u>%</u>	<u>Budget</u>	<u>%</u>
						<u>Memo</u>	
First Quarter	IBRD	1514.0	18				
	IDA	676.0	6				
	Total	2190.0	24	10		36	13
Second Quarter	IBRD	1900.3	24				
	IDA	419.2	21				
	Total	2319.5	45	18		59	22
First Half	IBRD	3414.3	42				
	IDA	1095.2	27				
	Total	4509.5	69	28		95	35
Third Quarter	IBRD	2654.0	44				
	IDA	491.4	25				
	Total	3145.4	69	28		66	25
Fourth Quarter	IBRD	4601.6	67				
	IDA	1019.5	42				
	Total	5621.1	109	44		107	40
Second Half	IBRD	7255.6	111				
	IDA	1510.9	67				
	Total	8765.5	178	72		173	65
Total	IBRD	10669.9	153				
	IDA	2606.1	94				
	TOTAL	13276.0	247	100		268	100

a/ No. of operations and amounts for the third and fourth quarters from Regional Monthly Status Reports as of 1/31/82.

February 24, 1982

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen *A*
(Through Mr. Qureshi)
FROM: Eugene H. Rotberg
SUBJECT: Proposed Borrowing Operation

DATE: February 23, 1982

*OK
2-24-82*

There is attached for your approval the final Board paper for a public issue in the Euro-yen market. We would plan to circulate this document on Wednesday, February 24, for consideration by the Board on March 2. The document has been cleared with the Legal Department.

In today's market, the terms and conditions would be for a life of 10 years straight at an interest rate of 8-3/8%, payable annually, and an issue price between 99.50 and par. Assuming an issue price of 100% the bonds would yield 8.21% and the cost would be about 8.50%, after taking into account an underwriting commission of 1-3/4%, fiscal agency fees, and all other expenses. The final terms will be determined in the morning of Tuesday, March 2. The breakeven point of the cost for a dollar borrowing of the same maturity (15.30%) would be around 84%.

Attachment

Mr. A.W. Clausen
(Through Mr. Qureshi)
Eugene H. Rotberg

February 23, 1982

Proposed Borrowing Operation

There is attached for your approval the final Board paper for a public issue in the Euro-yen market. We would plan to circulate this document on Wednesday, February 24, for consideration by the Board on March 2. The document has been cleared with the Legal Department.

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Attachment

Cleared with and cc: Mr. Grossman, LEG

cc: Messrs. Clausen (2)
Qureshi (2)
Rotberg
Hittmair
Uhrig
Scott

LHalfmann/gm

FOD File: #53 Yen

For consideration on
March 2, 1982

R82-

FROM: The President

February 24, 1982

PROPOSED BORROWING IN JAPANESE YEN

1. The Executive Directors at their meeting of February 16, 1982 considered a proposal that the Bank borrow ¥20,000,000,000 (US\$ 85,470,085 equivalent*) through the issuance of 10-year bonds in the Euro-yen capital market (R82-31). At that meeting, the Board agreed in principle to proceed with this borrowing subject to later approval of the definitive terms.

There is attached a draft Resolution (Attachment I) authorizing the issuance and sale by the Bank of ¥20,000,000,000 principal amount of bonds in the Euro-yen market, which will be considered by the Executive Directors at their meeting on Tuesday, March 2, 1982, at which time the definitive terms for this issue would be proposed to the Executive Directors.

2. The principal terms of the proposed issue would be as follows:

- | | |
|---|--|
| (a) Principal Amount: | ¥20,000,000,000. |
| (b) Term: | 10 years, non-callable. |
| (c) Interest Rate, Price,
Cost to the Bank and
Breakeven Point: | To be discussed at the meeting
of the Executive Directors.
Interest would be payable
annually on March 10. Under-
writing and Management commissions
would total 1.75%. |

Distribution:

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate as of
February 23, 1982 of US\$ 1 = ¥234.

- (d) Underwriting: The Bank would enter into a Subscription Agreement with Daiwa Securities Co. Ltd., S.G. Warburg & Co. Ltd., Nomura International, Limited, Yamaichi International (Europe) Limited, The Nikko Securities Co., (Europe) Ltd., Bank of Tokyo International Limited, IBJ International Limited, LTCB International Limited and Nippon Credit International (HK) Ltd., as Managers, and a Fiscal and Paying Agency Agreement with The Industrial Bank of Japan, Ltd., as Fiscal Agent and Principal Paying Agent, and others, as Additional Paying Agents and Replacement Agent. The Subscription and Fiscal and Paying Agency Agreements would be substantially similar to those used for the Bank's first two Euro-yen transactions.
- (e) Offering and Settlement: Commencing March 3, the bonds would be offered to the public outside Japan and the United States by the Managers and an international syndicate of investment and commercial banks and securities firms in Europe and Singapore. The proceeds of the issue would be paid to the Bank on March 12, 1982.

3. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including the amount of the proposed Euro-yen issue, would be \$5,653.5 million (See Attachment II).

4. Recent market yields of selected World Bank bond issues are given in Attachment III.

A.W. Clausen

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-__

Authorizing the Issuance and Sale of ¥20,000,000,000
Principal Amount of ___ % Yen Bonds of 1982, due March 10, 1992

WHEREAS International Bank for Reconstruction and Development (herein-
after called the Bank) has determined, subject to any governmental approvals
required under the Articles of Agreement, to borrow Japanese Yen in markets
outside Japan, and for that purpose to issue and sell an issue of bonds of
the Bank in the aggregate principal amount of ¥20,000,000,000, to be known
as the ___ % Yen Bonds of 1982, due March 10, 1992, of the Bank.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its bonds to be known as the
___ % Yen Bonds of 1982, due March 10, 1992, of the Bank (hereinafter
called the Bonds); to be limited to the aggregate principal amount of
¥20,000,000,000 (except for Bonds issued in lieu of or in exchange for
stolen, lost, destroyed, or mutilated Bonds); to bear interest at the rate
of ___ % per annum from March 10, 1982 payable annually on March 10 of
each year, the first payment to be made on March 10, 1983; and to mature
on March 10, 1992.

2. The Bonds shall be bearer Bonds dated March 10, 1982 with annual
interest coupons, and shall be otherwise in such form and in such denomi-
nations as shall be approved by any of the persons specified in paragraph 4
of this Resolution.

3. The Bonds shall be signed in the name and on behalf of the Bank with the facsimile signatures of the President and the Vice President and Treasurer of the Bank, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The coupons shall bear the facsimile signature of the Vice President and Treasurer of the Bank.

4. The President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, the Director, European Office and the Director, Tokyo Office are fully authorized, jointly and severally, in the name and on behalf of the Bank, to sell for Japanese Yen at any time or any part of the Bonds at the price of ___% of par less a commission of 1.75% of par and upon such other terms and conditions as shall be approved by any of the persons hereinabove specified, to deliver the Bonds and to receive or arrange for the payment therefor.

5. Pending the preparation and delivery of the definitive Bonds, one or more temporary bonds in the aggregate principal amount of the Bonds to be issued may be executed and delivered to the purchasers. Such temporary bond or bonds shall be in such form as shall be approved by, and shall be signed manually in the name and on behalf of the Bank by, any of the persons specified in paragraph 4 of this Resolution.

6. Any of the persons specified in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to execute and deliver any and all such other documents, to enter into such other agreements and execute, publish and deliver such notices, reports and documents, and to do any and all such other acts and things as any of the persons specified in paragraph 4 of this Resolution shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-%	Cost to IBRD-%	Recent Market Yield-%	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.82
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.42
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.50
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.36
Euro-Kroner	10/20/81	5.0	5.0	NKR	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Ireland (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.36
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.79
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.70
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250.0	14.63	14.83	15.21
United States	12/1/81	7.0	7.0			250.0	15.00	15.18	15.41
United States	12/1/81	10.0	10.0			100.0	15.18	15.33	15.46
Netherlands (Loan)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	300	167.9	7.36	7.73	N.A.
Germany (Private)	1/19/82	5.0	5.0	DM	250	109.6	11.10	11.10	N.A.
Netherlands	1/19/82	10.0	8.0	f	250	100.0	11.57	11.97	11.31
Switzerland	1/26/82	10.0	10.0	SwF	100	53.9	7.12	7.60	7.41
Saudi Arabia (Private)	2/2/82	6.0	6.0	SwF	100	53.8	7.62	7.63	N.A.
Germany (Proposed Loan)	2/9/82	10.0	9.5	DM	100	42.7	10.05	10.05	N.A.
			<u>7.2</u>			<u>4,968.0</u>		<u>10.94</u>	
Euro-dollar/swap		6.0	6.0			250.0	-	-	
Euro-yen (Proposed Public Issue)		10.0	10.0	¥	20,000	85.5	-	-	
Central Banks (Private)		2.0	2.0			350.0	-	-	
			<u>6.8</u>			<u>5,653.5</u>			

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) <u>(in \$ billions)</u>	<u>Returns/Costs</u> ^{1/} (in %)
Cash and Investments	9.8	11.2
Receivable from disbursed loans	31.7	8.3 ^{2/}
Other Assets	<u>1.6</u>	<u>-</u>
Total Assets	<u>43.1</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.2	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>43.1</u>	<u>6.5</u>

^{1/} Current Yields/Costs are:		
	Investments	12.85
	Borrowings Outstanding	8.30
	Borrowings to date - FY82	10.94

^{2/} Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.78
7%	Canadian Dollar Bonds of 1968, due 2/15/93	15.72
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.60
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.82
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.42
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.30
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.23
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.61
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.36
16-3/8%	United States Dollar Bonds of 1981, due 11/1/86	15.36
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	15.79
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.21
15%	United States Dollar Notes of 1981, due 12/15/88	15.41
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.46
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.40
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.27
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.47

Office of the President

February 21, 1982

Dear Don,

The International Bank for Reconstruction and Development requests authority to borrow an aggregate principal amount not to exceed \$400,000,000 in markets in or outside the United States of America through an issue or issue of notes or bonds. The terms of these borrowings are not known at this time. We will consult with the Treasury Department as to the timing of the offering of any securities to be publicly issued in or outside the markets of the United States. For your information, we intend to convert all or any part of the proceeds of these borrowings into Swiss francs simultaneously with arranging forward exchange contracts to recover the dollars converted and the interest payments attributable to them at the time they are required to service these borrowings.

The Government of the United States of America is hereby requested in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve borrowing by the Bank in markets in or outside the United States of America of such amounts as may be raised not exceeding \$400,000,000. The Government of the United States of America is further requested to agree, pursuant to the same provisions of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Warm regards.

Sincerely,



A. W. Clausen

The Honorable
Donald T. Regan
Secretary of the Treasury
Treasury Department
Washington, D.C. 20220

cc: Office of the Executive Director for the United States
Mr. Robert S. Watson, U.S. Treasury
Mr. Frank Maresca, U.S. Treasury
Cleared with and cc: Mr. A. Vorkink, Leg. Dept.
For Mr. Clausen's Office (2)
Mr. Moeen A. Qureshi, Senior Vice President, Finance ✓
Mr. Eugene H. Rotberg, Vice President and Treasurer

JBRadifera/mh
FOD/US\$ Bonds #

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen
(Through Mr. Moeen A. Qureshi)
FROM: Eugene H. Rotberg
SUBJECT: Proposed Borrowing in U.S. dollars - Swap

DATE February 22, 1982

There is attached for your approval a Board paper covering (a) a proposed borrowing in the principal amount of up to \$400 million, of which up to \$250 million equivalent would be converted into Swiss francs, and (b) the arrangement by which the Swiss francs resulting from the conversion would subsequently be applied towards the repurchase of dollars to serving the borrowing. The paper has been cleared with the Legal Department. We would plan to distribute this paper today for consideration by the Board on Tuesday, February 23, 1982.

The borrowing would be done either in the U.S. domestic market or in the Euro-dollar markets. The draft Resolutions for the U.S. domestic borrowing provides for two maturities, one for 5 years and the other for 7 years to reflect the maturity structure in this market. The draft Resolution for the Euro-dollar borrowing provides for a maturity of 6 years. Conditions in today's market would indicate that the likely cost for a dollar borrowing in the maturity range of 5 to 7 years both in the U.S. domestic and Euro-markets would be around 15.50%. This cost, of course, is quite irrelevant to the Bank for that part of the dollar borrowing to be converted into Swiss francs since it will be borne solely by the swap partner. It would be however, attractive for the remaining portion of the dollar borrowing which we intend to keep in this currency. Our decision as to whether we should go to the U.S. domestic market or to the Euro-dollar markets would depend on the rate development and cost advantage to the Bank in the next few days. In the current market the cost of Swiss francs would be approximately 8.10%.

For consideration on
February 23, 1982

R82-

FROM: The President

February 22, 1982

PROPOSED BORROWINGS IN UNITED STATES DOLLARS

1. During the latter part of last week, interest rates in the U.S. domestic capital market and the Euro-dollar markets improved substantially. As a result, these markets may become attractive to the Bank. However, as in the past, such attractive borrowing opportunities may be short-lived. Accordingly, it is appropriate that the Bank be in a position to avail itself of the opportunity to enter these markets on very short notice. Parallel to the improvement in these markets, we have recently received and are considering a number of offers to engage in Swiss franc/dollar swaps. Therefore, in order for the Bank to pursue the most attractive borrowing transactions in a timely fashion, there are attached three draft Resolutions authorizing the issuance and sale by the Bank of dollar borrowings. The first two of these draft Resolutions, Attachments I and II, authorize a dollar borrowing in the U.S. domestic markets. In the alternative, the third, Attachment III, authorizes a dollar borrowing in the Euro-dollar markets. In addition, both these Resolutions further authorize the Bank to exchange all or any part of the proceeds of any borrowing for Swiss francs and to enter into a forward exchange agreement or agreements to purchase United States dollars with Swiss francs.

2. The principal terms of the proposed borrowings would be as follows:

- (a) Principal amount: The aggregate principal amount of the borrowings would be up to US\$400 million of which up to US\$250 million equivalent would be employed in Swiss francs swap transactions and the remaining proceeds would be retained by the Bank in U.S. dollars.

Distribution:

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

- (b) Terms: The borrowings would be repayable in maturities of 5 and 7 years in the case of U.S. domestic borrowings or 6 years, in the case of a Euro-dollar borrowing.
- (c) Other terms: The borrowings would be represented by notes. The Bank would enter into borrowing or underwriting agreements and make arrangements for the servicing of the borrowings.
- (d) Interest rate, price and cost to the Bank: To be negotiated in light of market conditions at the time of the borrowings, subject to a cost limitation to be fixed by the Executive Directors. The Bank would pay commissions and paying agency fees for the service of the borrowings, as appropriate, and miscellaneous issue costs.
- (e) Conversion of proceeds and forward exchange transactions: The Bank would convert up to US\$250 million of the borrowings into Swiss francs at the exchange rates to be determined at the time of the borrowings. The Bank would enter into Forward Exchange Agreements with prime corporate borrowers or banks to recover the dollar amounts required for interest payments on, and the repayment of principal of, the borrowings against payment by the Bank of predetermined amounts of Swiss francs. The identity of the swap partners would be approved by the Executive Directors. As a result of the foregoing, the Bank would obtain certain amounts in Swiss francs for the duration of the borrowings for use in its operations. Any fees payable by the Bank with regard to the forward transactions such as a forward contract agent's fee, would be incorporated and considered as part of the total cost of the transaction. The Bank would hold and use any portion of the proceeds of the borrowings which are not converted into other currencies as U.S. dollar borrowings. The Bank would not be exposed to any exchange risk on these transactions.

(f) Effective cost to the Bank and revaluation breakeven point:

The effective cost to the Bank for the swap transactions described would be comparable to the Bank's cost of borrowing Swiss francs in the same maturities in the markets of Switzerland, and would be discussed at the Board meeting. The costs would in each instance be compared with current market rates and the breakeven point would also be discussed.

3. The proposed borrowings would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including (a) the proposed U.S. dollar borrowings and (b) the amount of the proposed Euroyen issue, would be \$5,803.0 million (see Attachment IV).

4. Recent market yields of selected World Bank issues are given in Attachment V.

A.W. Clausen

RESOLUTION NO. 82-

Authorizing Five Year Notes of 1982, due _____, 1987, and
Seven Year Notes of 1982, due _____, 1989, up to an
aggregate principal amount of \$400,000,000
(all in United States currency) and the Sale Thereof

RESOLVED:

1. The International Bank for Reconstruction and Development hereby creates two issues of its notes (collectively called the "Notes") as follows:

- (a) An issue of its notes to be known as the Five Year Notes of 1982, due _____, 1987, of the Bank (the "Five Year Notes"); to be limited to the aggregate principal amount of up to \$400,000,000 (except for Five Year Notes issued in lieu of or in exchange for lost, destroyed, or mutilated Five Year Notes); to mature _____, 1987; and to provide for the payment of interest at such rate as any Specially Authorized Officer shall determine, payable semi-annually on _____ and _____ of each year, the first payment to be made on _____, 1982;
 - (b) An issue of its notes to be known as the Seven Year Notes of 1982, due _____, 1989, of the Bank (the "Seven Year Notes"); to be limited to the aggregate principal amount of up to \$400,000,000 (except for Seven Year Notes issued in lieu of or in exchange for lost, destroyed, or mutilated Seven Year Notes); to mature _____, 1989; and to provide for the payment of interest at such rate as any Specially Authorized Officer shall determine, payable semi-annually on _____ and _____ of each year, the first payment to be made on _____, 1982.
2. (a) The Five Year Notes shall be bearer notes dated _____, 1982, with interest coupons attached and fully registered notes without coupons, in each case in such form as shall be approved by any Specially Authorized Officer;

- (b) The Seven Year Notes shall be bearer notes dated _____, 1982, with interest coupons attached and fully registered notes without coupons in such form as shall be approved by any Specially Authorized Officer;
- (c) Registered Five Year Notes and Seven Year Notes issued prior to the first interest payment date shall be dated _____, 1982, and those issued on the first interest payment date and thereafter shall be dated in such manner as any Authorized Officer shall determine.

3. The Notes shall be signed in the name of the Bank by A.W. Clausen, President, and countersigned by Eugene H. Rotberg, Vice President and Treasurer, and a facsimile of the Bank's official seal shall be printed or engraved thereon and attested with the signature of T.T. Thahane, Vice President and Secretary. The coupons to be attached to bearer Five Year Notes and Seven Year Notes shall be signed by Eugene H. Rotberg, Vice President and Treasurer. Any such signature may be manual or facsimile. The Notes shall be authenticated by the manual signature of any authorized signatory of Federal Reserve Bank of New York, Fiscal Agent, or of any successor Fiscal Agent. If any such signatory whose manual or facsimile signature appears on any Note shall have ceased, prior to the time of such Note's issuance, to hold the office in which capacity he shall have signed or to be such an authorized signatory, such Note shall nevertheless be valid.

4. The Bank shall sell the entire principal amounts of the Five Year Notes and of the Seven Year Notes, or such parts thereof as any Authorized Officer of the Bank shall deem advisable, at such price or prices as any Specially Authorized Officer shall determine and upon other terms and conditions (including provision for delayed delivery) in accordance with an underwriting agreement in such form as shall be approved by any Authorized Officer; provided, however, that the total principal amount of Notes so sold shall not exceed \$400,000,000.

5. Any Authorized Officer may, in the name and on behalf of the Bank, execute and deliver or publish any agreements (which may include, without limitation, provisions for compensating, exculpating and indemnifying parties thereto), prospectuses (and amendments thereto) or other documents and do all such acts as such Authorized Officer shall consider necessary or appropriate in order to carry out, or accomplish the purposes of, this Resolution and the instruments, agreements, prospectuses and other documents authorized hereby and the transactions contemplated thereby. The execution of any agreement or other document by any Authorized Officer (including execution by way of facsimile signature to the extent permitted by paragraph 3 hereof) shall be conclusive evidence of the approval of the contents thereof by such officer and, in cases in which the contents thereof require the approval of a Specially Authorized Officer, by a Specially Authorized Officer whether or not executed by a Specially Authorized Officer.

Such agreements and other documents may provide for, but their scope shall not be limited to, appointment of a fiscal agent for the Notes, authentication of the Notes by a fiscal agent, delivery of the Notes, provision for delayed delivery of Notes, receiving or arranging for the receipt or payment of the Notes, issuing prospectuses and amendments thereto, registering or qualifying the Notes and the mandatory redemption of the Notes. Any Authorized Officer may also, in the name and on behalf of the Bank, apply for the listing of the Notes on such stock exchanges or other similar organizations as he shall deem necessary or advisable, and for that purpose may execute and file or cause to be filed such applications and other documents, and such amendments thereto, as he shall deem necessary or advisable in order to comply with the regulations of any such stock exchange or organization and to effect the listing of such Notes thereon; and such Authorized Officer is authorized to appear on behalf of the Bank before any department or governing body of any such stock exchange or organization.

6. Any Authorized Officer is fully authorized to exchange all or any part of the proceeds of the Notes for Swiss francs, and, in the name and on behalf of the Bank, to enter into a forward exchange agreement or agreements to purchase United States dollars with Swiss francs.

7. As used herein:

- (a) "Specially Authorized Officer" means the President, Senior Vice President, Finance, the Senior Vice President, Operations, the Vice President and Treasurer and the Deputy Treasurer and Director, Treasury Operations; and
- (b) "Authorized Officer" means any Specially Authorized Officer and the Vice President and General Counsel, the Associate General Counsel, the Director, Financial Operations Department and any person designated in writing by any Specially Authorized Officer as an Authorized Officer pursuant to this Resolution.

RESOLUTION NO. 82-

Setting Net Cost Limitation in Respect of
Five Year Notes of 1982, due _____, 1987, and Seven
Year Notes of 1982, due _____, 1989.

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has today authorized the issuance and sale of notes of the Bank to be known as the Five Year Notes of 1982, due _____, 1987, Seven Year Notes of 1982, due _____, 1989, in the aggregate principal amount of \$400,000,000 in United States currency (hereinafter collectively called the Notes).

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The price of prices and the interest rates of the Notes shall be set, after deduction of aggregate estimated issue expenses of \$____,000, to be allocated to the issues of the Notes proportionally by principal amount, at such levels as will result in a net cost to the Bank of each issue of the Notes not exceeding (a) _____% per annum for the Five Year Notes, and (b) _____% per annum for the Seven Year Notes, as determined by the Senior Vice President, Finance or the Vice President and Treasurer or the Deputy Treasurer and Director, Treasury Operations from bond value tables on the basis of such interest rates, semi-annual payment of interest and the average life of the Notes.

2. For the purpose of this Resolution, such net costs shall be rounded to the nearest hundredth per cent and shall be calculated on the assumption that all the Notes are sold to the Bank's underwriters.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-

Authorizing the Issuance and Sale of up to \$400,000,000
Principal Amount of Six Year U.S. Dollar Notes of 1982, due _____, 1988

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined, subject to any governmental approvals required under the Articles of Agreement, to borrow United States dollars in markets outside the United States, and for that purpose to issue and sell an issue of notes of the Bank in the aggregate principal amount of up to \$400,000,000, to be known as the Six Year U.S. Dollar Notes of 1982, due _____, 1988, of the Bank.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its notes to be known as the Six Year U.S. Dollar Notes of 1982, due _____, 1988, of the Bank (hereinafter called the Notes); to be limited to the aggregate principal amount of \$400,000,000 (except for Notes issued in lieu of or in exchange for lost, destroyed or mutilated Notes); to mature _____, 1988, and to bear interest at a rate to be determined from _____ 1982, payable annually on _____ of each year, the first payment to be made on _____, 1982.

2. The Notes shall be bearer Notes dated _____, 1982, with annual interest coupons, and shall be otherwise in such form and in such denominations as shall be approved by any of the persons specified in paragraph 4 of this Resolution.

3. The Notes shall be signed in the name and on behalf of the Bank with the facsimile signature of the President and the Vice President and Treasurer of the Bank, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The coupons shall bear the facsimile signature of the Vice President and Treasurer of the Bank.

4. The President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Vice President and General Counsel, the Associate General Counsel, the Director, Financial Operations Department, and the Director, European Office of the Bank are fully authorized, jointly and severally, in the name and on behalf of the Bank, to sell for United States dollars at any time all or any part of Notes at such price as they or any of them shall determine, [less such fees and commissions] and upon such other terms and conditions, including the interest rate thereof, as shall be approved by any such person, to deliver Notes and to receive or arrange for the payment therefor.

5. Pending the preparation and delivery of the definitive Notes, one or more temporary notes in the aggregate principal amount of the Notes to be issued may be executed and delivered to the purchasers. Such temporary notes shall be in such form as shall be approved by any of the persons specified in paragraph 4 of this Resolution and shall be signed manually in the name and on behalf of the Bank by any such person.

6. Any of the persons specified in paragraph 4 are fully authorized, jointly or severally, to exchange all or any part of the proceeds of the Notes for Swiss Francs, and, in the name and on behalf of the Bank, to enter into a forward exchange agreement or agreements to purchase United States dollars with Swiss Francs.

7. Any of the persons specified in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to execute and deliver any and all such other documents, to enter into such other agreements and execute, publish and deliver such notices, reports and documents, and to do any and all such other acts and things as any of the persons specified in paragraph 4 of this Resolution shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-%	Cost to IBRD-%	Recent Market Yield-%	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.82
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.42
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.50
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.36
Euro-Kroner	10/20/81	5.0	5.0	NKr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.36
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.79
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.70
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250.0	14.63	14.83	15.21
United States	12/1/81	7.0	7.0			250.0	15.00	15.18	15.41
United States	12/1/81	10.0	10.0			100.0	15.18	15.33	15.46
Netherlands (Loan)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	300	167.9	7.36	7.73	N.A.
Germany (Private)	1/19/82	5.0	5.0	DM	250	109.6	11.10	11.10	N.A.
Netherlands	1/19/82	10.0	8.0	f	250	100.0	11.57	11.97	11.31
Switzerland	1/26/82	10.0	10.0	SwF	100	53.9	7.12	7.60	7.41
Saudi Arabia (Private)	2/2/82	6.0	6.0	SwF	100	53.8	7.62	7.63	N.A.
Germany (Proposed Loan)	2/9/82	10.0	9.5	DM	100	42.7	10.05	10.05	N.A.
			<u>7.2</u>			<u>4,968.0</u>		<u>10.94</u>	
Euro-yen (Proposed Public Issue)		7.0	7.0	¥	20,000	85.0	-	-	
Central Banks (Private)		2.0	2.0			350.0	-	-	
United States, or Euro-dollar (Proposed Public and Swap Transaction)						<u>400.0</u>	-	-	
						<u>5,803.0</u>			

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs ^{1/} (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

<u>1/</u> Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	10.94

2/ Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.78
7%	Canadian Dollar Bonds of 1968, due 2/15/93	15.72
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.60
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.82
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.42
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.30
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.23
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.61
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.36
16-3/8%	United States Dollar Bonds of 1981, due 11/1/86	15.36
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	15.79
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.21
15%	United States Dollar Notes of 1981, due 12/15/88	15.41
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.46
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.40
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.27
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.47

February 19, 1982

Mr. Clausen,

Attached for your signature are the letters that Mr. Razafindrabe will carry when he meets with President Houphouet-Boigny of the Ivory Coast, President Diouf of Senegal, and former President Senghor.



Moeen A. Qureshi



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

A. W. CLAUSEN
President

February 17, 1982

His Excellency
Mr. Felix Houphouet-Boigny
President of the Republic of the Ivory Coast
Abidjan, Ivory Coast

Dear Mr. President:

RE: International Development Association (IDA)

On January 26, 1982 a report on the Status of IDA6 (the Sixth Replenishment) was discussed by the Association's Board of Executive Directors. The report stated that as a result of reduced contributions to IDA from the levels originally envisaged, management, with great regret, would be compelled to reduce the level of IDA assistance that could be extended to the poorest countries in our fiscal year 1982 by \$1.5 billion from a programmed level of \$4.1 billion to \$2.6 billion.

The reason for this reduction is very simply the delays in the legislative process in the United States. I might add, however, that the U.S. administration has labored hard to meet U.S. commitments to IDA. Other donors to IDA have decided to adhere to the IDA6 Agreement and from 1982 onward have linked their contributions to IDA on a pro rata basis with those of the U.S. Again I should say that these donors have already gone beyond what was necessary for them to do in meeting their obligations. For various reasons, however, they feel they cannot go further at this time.

Under these circumstances, IDA's ability to continue assisting the poorest developing countries by committing concessional resources at levels which had been originally programmed, has already been severely restricted and will be even more restricted in the immediate future. Even under the best of circumstances, IDA would face a critical problem later this year. If the U.S. legislative process were delayed further, IDA's predicament would become extremely serious and would bring into question its very role and raison d'etre.

At the Board Meeting I referred to above, several Executive Directors from the developing countries felt that the views of their constituencies needed to be expressed at the highest levels of government. Mr. Armand Razafindrabe, a member of our Board of Executive Directors who represents your country in IDA and the World Bank has, in connection with this initiative, undertaken to discuss with the Governor of IDA for the Ivory Coast and yourself possible ways in which the attention of major

donors might be drawn to this urgent and difficult issue. I strongly support any efforts which are aimed at focussing attention in the donor countries on the seriousness of IDA's predicament and steps that might be taken to alleviate it. We, on our part, will do all we can to ensure that IDA can continue to be of assistance to our poorest member countries.

It is difficult to overemphasize the importance of IDA to the poorest countries. It remains the single most important channel for the transfer of concessional resources and the only instrument available to the World Bank Group to provide meaningful levels of assistance to its neediest constituents. I can only hope, therefore, that our own efforts to safeguard its interest will be reinforced by those of our developing country members.

Sincerely,

A handwritten signature consisting of a stylized, angular shape with a horizontal line extending to the right, resembling a capital letter 'A' or a similar symbol.

A. W. Clausen

Copy to His Excellency
Mr. Abdoulaye Kone
Ministre de l'Economie, des Finances et du Plan

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry:gmb

A. W. CLAUSEN
President

le 17 février 1982

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

Monsieur le Président:

Objet: Association internationale de développement (IDA)

Le 26 janvier 1982, le Conseil des Administrateurs de l'Association a examiné un rapport sur l'état de la Sixième reconstitution des ressources de l'IDA, dans lequel il était déclaré que, les contributions à l'IDA devant être inférieures à celles qui avaient été envisagées au départ, la direction, à son grand regret, serait obligée, pendant l'exercice 82, d'amputer de 1,5 milliard de dollars le montant initialement prévu de l'aide de l'IDA aux pays les plus pauvres et de le ramener de 4,1 milliards de dollars à 2,6 milliards de dollars.

Cette diminution est due tout simplement aux retards législatifs qui se sont produits aux Etats-Unis. Je veux toutefois ajouter que le Gouvernement a fait tout ce qu'il pouvait pour respecter les engagements des Etats-Unis vis-à-vis de l'Association. D'autres donateurs ont décidé d'adhérer à l'Accord sur la Sixième reconstitution et, à partir de 1982, leurs contributions seront proportionnelles à celles des Etats-Unis. Là encore, je dois dire que ces pays ont fait plus que ne leur imposaient leurs obligations. Toutefois, ils estiment, pour diverses raisons, ne pas pouvoir aller plus loin cette fois.

Dans ces circonstances, la possibilité pour l'IDA de continuer à aider les pays en développement les plus pauvres en s'engageant à leur octroyer à des conditions libérales les ressources initialement prévues a déjà été considérablement réduite et le sera encore plus dans un très proche avenir. Même dans le meilleur des cas, l'IDA va se trouver devant un problème critique avant la fin de l'exercice. Si de nouveaux retards législatifs devaient se produire aux Etats-Unis, la situation de l'IDA deviendrait extrêmement grave et le rôle même de l'Association et sa raison d'être seraient remis en question.

Au cours de la réunion du Conseil que j'ai mentionnée plus haut, plusieurs Administrateurs pour les pays en développement ont été d'avis que les vues de leurs mandants devaient être exprimées au

niveau le plus élevé. Monsieur Armand Razafindrabe, membre de notre Conseil des Administrateurs qui représente votre pays à l'IDA et à la Banque mondiale, a, de ce fait, entrepris d'étudier avec le Gouverneur de l'IDA pour la Côte d'Ivoire et vous-même la manière dont il serait possible d'appeler l'attention de donateurs importants sur ce problème urgent et difficile. Je ne saurais qu'acquiescer sans réserve à tout ce qui pourra être fait pour rappeler aux pays donateurs la gravité de la situation dans laquelle se trouve l'IDA et aux mesures qui pourraient être prises pour y remédier. De notre côté, nous n'épargnerons aucun effort pour que l'IDA puisse continuer à aider les plus pauvres de nos pays membres.

Il serait difficile d'exagérer l'importance de l'IDA pour les pays les plus pauvres. L'Association demeure le principal instrument du transfert de ressources à des conditions libérales et le seul dont la Banque dispose pour aider de façon appréciable les plus démunis de ses pays membres. J'espère donc que les pays en développement membres de notre institution joindront leurs efforts aux nôtres pour sauvegarder les intérêts de l'Association.

Veuillez agréer, Monsieur le Président, les assurances de ma très haute considération.



A. W. Clausen
Président

Copie à Son Excellence
Monsieur Abdoulaye Kone
Ministre de l'Economie, des Finances et du Plan

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry:rh

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

A. W. CLAUSEN
President

February 17, 1982

His Excellency
Mr. Abdou Diouf
President of Senegal
Dakar, Senegal

Dear Mr. President:

RE: International Development Association (IDA)

On January 26, 1982 a report on the Status of IDA6 (the Sixth Replenishment) was discussed by the Association's Board of Executive Directors. The report stated that as a result of reduced contributions to IDA from the levels originally envisaged, management, with great regret, would be compelled to reduce the level of IDA assistance that could be extended to the poorest countries in our fiscal year 1982 by \$1.5 billion from a programmed level of \$4.1 billion to \$2.6 billion.

The reason for this reduction is very simply the delays in the legislative process in the United States. I might add, however, that the U.S. administration has labored hard to meet U.S. commitments to IDA. Other donors to IDA have decided to adhere to the IDA6 Agreement and from 1982 onward have linked their contributions to IDA on a pro rata basis with those of the U.S. Again I should say that these donors have already gone beyond what was necessary for them to do in meeting their obligations. For various reasons, however, they feel they cannot go further at this time.

Under these circumstances, IDA's ability to continue assisting the poorest developing countries by committing concessional resources at levels which had been originally programmed, has already been severely restricted and will be even more restricted in the immediate future. Even under the best of circumstances, IDA would face a critical problem later this year. If the U.S. legislative process were delayed further, IDA's predicament would become extremely serious and would bring into question its very role and raison d'etre.

At the Board Meeting I referred to above, several Executive Directors from the developing countries felt that the views of their constituencies needed to be expressed at the highest levels of government. Mr. Armand Razafindrabe, a member of our Board of Executive Directors who represents your country in IDA and the World Bank has, in connection with this initiative, undertaken to discuss with the Governor of IDA for Senegal and yourself possible ways in which the attention of major donors might be

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Sincerely,

A handwritten signature consisting of a stylized, angular shape with a horizontal line extending to the right.

A. W. Clausen

Copy to His Excellency
Mr. Mamoudou Toure
Ministre du Plan et de la Coopération

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry:gmb

A. W. CLAUSEN
President

le 17 février 1982

Son Excellence
Monsieur Abdou Diouf
Président du Sénégal
Dakar, Sénégal

Monsieur le Président:

Objet: Association internationale de développement (IDA)

Le 26 janvier 1982, le Conseil des Administrateurs de l'Association a examiné un rapport sur l'état de la Sixième reconstitution des ressources de l'IDA, dans lequel il était déclaré que, les contributions à l'IDA devant être inférieures à celles qui avaient été envisagées au départ, la direction, à son grand regret, serait obligée, pendant l'exercice 82, d'amputer de 1,5 milliard de dollars le montant initialement prévu de l'aide de l'IDA aux pays les plus pauvres et de le ramener de 4,1 milliards de dollars à 2,6 milliards de dollars.

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Dans ces circonstances, la possibilité pour l'IDA de continuer à aider les pays en développement les plus pauvres en s'engageant à leur octroyer à des conditions libérales les ressources initialement prévues a déjà été considérablement réduite et le sera encore plus dans un très proche avenir. Même dans le meilleur des cas, l'IDA va se trouver devant un problème critique avant la fin de l'exercice. Si de nouveaux retards législatifs devaient se produire aux Etats-Unis, la situation de l'IDA deviendrait extrêmement grave et le rôle même de l'Association et sa raison d'être seraient remis en question.

Au cours de la réunion du Conseil que j'ai mentionnée plus haut, plusieurs Administrateurs pour les pays en développement ont été d'avis que les vues de leurs mandants devaient être exprimées

au niveau le plus élevé. Monsieur Armand Razafindrabe, membre de notre Conseil des Administrateurs qui représente votre pays à l'IDA et à la Banque mondiale, a, de ce fait, entrepris d'étudier avec le Gouverneur de l'IDA pour le Sénégal et vous-même la manière dont il serait possible d'appeler l'attention de donateurs importants sur ce problème urgent et difficile. Je ne saurais qu'acquiescer sans réserve à tout ce qui pourra être fait pour rappeler aux pays donateurs la gravité de la situation dans laquelle se trouve l'IDA et aux mesures qui pourraient être prises pour y remédier. De notre côté, nous n'épargnerons aucun effort pour que l'IDA puisse continuer à aider les plus pauvres de nos pays membres.

Il serait difficile d'exagérer l'importance de l'IDA pour les pays les plus pauvres. L'Association demeure le principal instrument du transfert de ressources à des conditions libérales et le seul dont la Banque dispose pour aider de façon appréciable les plus démunis de ses pays membres. J'espère donc que les pays en développement membres de notre institution joindront leurs efforts aux nôtres pour sauvegarder les intérêts de l'Association.

Veuillez agréer, Monsieur le Président, les assurances de ma très haute considération.



A. W. Clausen
Président

Copie à Son Excellence
Monsieur Mamoudou Toure
Ministre du Plan et de la Coopération

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry:rh

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

A. W. CLAUSEN
President

February 19, 1982

His Excellency
Mr. Leopold Seder Senghor
Dakar, Senegal

Dear Mr. President:

Re: International Development Association (IDA)

I am writing to you on a subject which I know has been of great interest and concern to you for many years, namely the prospects for economic and social advancement of the poorest developing countries in Africa. In a recent report to the Board of Executive Directors of IDA on the status of the Sixth Replenishment which is presently the principal source of funding for the poorest member countries of the World Bank Group, it was pointed out that as a result of reduced contributions to IDA from the levels originally envisaged, the management of IDA, with great regret, would be compelled to reduce the level of IDA assistance that could be extended to the poorest countries in our FY82 by \$1.5 billion from a program level of \$4.1 billion to \$2.6 billion.

The reason for this reduction is very simply the delays in the legislative process in the United States. I might add, however, that the U.S. administration has labored hard to meet U.S. commitments to IDA. Other donors to IDA had decided to adhere to the IDA6 Agreement and from 1982 onward have linked their contributions to IDA on a pro rata basis with those of the U.S. Again I should say that these donors have already done beyond what was necessary for them to do in meeting their obligation. For various reasons, however, they feel they cannot go further at this time.

Under these circumstances, IDA's ability to continue assisting the poorest developing countries by committing concessional resources at levels which had been originally programmed, has already been severely restricted and will be even more restricted in the immediate future. Even under the best of circumstances, IDA would face a critical problem later this year. If the U.S. legislative process were delayed further, IDA's predicament would become extremely serious and would bring into question its very role and *raison d'etre*.

At the Board Meeting I referred to above, several Executive Directors from the developing countries felt that the views of their constituencies needed to be expressed at the highest levels of government. Mr. Armand Razafindrabe, a member of our Board of Executive Directors who represents your country in IDA and the World Bank has, in connection with this initiative, undertaken to discuss with the Governor of IDA for Senegal

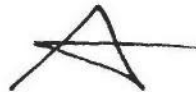
H.E. Mr. Leopold S. Senghor

February 19, 1982

and yourself possible ways in which the attention of major donors might be drawn to this urgent and difficult issue. I strongly support any efforts which are aimed at focussing attention in the donor countries on the seriousness of IDA's predicament and steps that might be taken to alleviate it. We, on our part, will do all we can to ensure that IDA can continue to be of assistance to our poorest member countries.

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Sincerely,

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A. W. Clausen

Copy to His Excellency
Mr. Mamoudou Toure
Ministre du Plan et de la Coopération

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry/Cardalan:lw

A. W. CLAUSEN
President

le 19 février 1982

Son Excellence
Monsieur le Président
Léopold Sédor Senghor
Dakar, Sénégal

Monsieur le Président:

Objet: Association internationale de développement (IDA)

Je vous écris à propos d'une question qui vous intéresse et vous préoccupe depuis bien des années: les perspectives de progrès économique et social des pays en développement les plus pauvres.

Dans un rapport récent établi à l'intention du Conseil des Administrateurs au sujet de la Sixième reconstitution des ressources de l'IDA, qui est actuellement la principale source de financement pour les pays les plus pauvres du Groupe de la Banque mondiale, il a été souligné qu'à son grand regret, la Direction serait obligée, pendant l'exercice 82, d'amputer de 1,5 milliard de dollars le montant initialement prévu de l'aide de l'IDA aux pays les plus pauvres et de le ramener de 4,1 milliards de dollars à 2,6 milliards de dollars.

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Dans ces circonstances, la possibilité pour l'IDA de continuer à aider les pays en développement les plus pauvres en s'engageant à leur octroyer à des conditions libérales les ressources initialement prévues a déjà été considérablement réduite et le sera encore plus dans un très proche avenir. Même dans le meilleur des cas, l'IDA va se trouver devant un problème critique avant la fin de l'exercice. Si de nouveaux retards législatifs devaient se produire aux Etats-Unis, la situation de l'IDA deviendrait extrêmement grave et le rôle même de l'Association et sa raison d'être seraient remis en question.

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Il serait difficile d'exagérer l'importance de l'IDA pour les pays les plus pauvres. L'Association demeure le principal instrument du transfert de ressources à des conditions libérales et le seul dont la Banque dispose pour aider de façon appréciable les plus démunis de ses pays membres. J'espère donc que les pays en développement membres de notre institution joindront leurs efforts aux nôtres pour sauvegarder les intérêts de l'Association.

Veilles agréer, Monsieur le Président, les assurances de ma très haute considération.



A. W. Clausen
Président

Copie à Son Excellence
Monsieur Mamoudou Toure
Ministre du Plan et de la Coopération

cc: Mr. Razafindrabe

cc: Mr. Qureshi

PMistry/Cardalan:lw

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen
(Through Mr. Moeen A. Qureshi)

FROM: Eugene H. Rotberg *ER*

SUBJECT: Proposed Borrowing in US Dollars - Swap into Swiss Francs

DATE February 18, 1982

There is attached for your approval a Board notification covering (a) a proposed draw down in a principal amount of about \$100 million remaining on Tap on the Bank's 16-1/2% US Dollar Notes of 1981, due 1986, the proceeds of which would be converted into Swiss francs for use in the Bank's operations, and (b) the arrangements by which the Swiss francs resulting from the conversion would subsequently be applied towards the repurchase of dollars to service the borrowing. The paper has been cleared with the Legal Department. We would plan to distribute this paper today for consideration by the Board on a "no-objection" basis by the close of business on February 19.

The partner to the swap transaction would be Morgan Guaranty (Morgan) for about SwF 200 million. Morgan is acting for its own account in Swiss francs.

Conditions in today's market indicate that the yield on the tap in respect of the 16-1/2% issue would be approximately 15.25% - 15.50% on a semi-annual equivalent basis. These terms will remain subject to change until our underwriters would offer us the definitive issue price tomorrow.

Taking into account the conversion of the proceeds of the dollar borrowing into about SwF 200 million and the terms of forward exchange agreements into which the Bank would enter simultaneously with the signing of the underwriting agreement in order to insure that such SwF can be applied by the Bank towards the servicing of the borrowing at no exchange risk to the Bank, the effective cost to the Bank of the borrowing would be about 8% in Swiss francs.

R82-

FROM: The President

February 18, 1982

NOTIFICATION TO THE EXECUTIVE DIRECTORS
CONCERNING PROPOSED EURODOLLAR/SWISS FRANC TRANSACTION

Resolution No. 81-45, approved by the Executive Directors on September 18, 1981, authorized the Bank to borrow up to \$750,000,000 in such transactions and in such markets as were to be determined. The Bank has already borrowed \$230,000,000 under this resolution. At the time that the resolution was approved, it was agreed that the Executive Directors would be notified of proposed transactions under the resolution and would be given 24 hours to consider such transactions (XM 81-33).

The Bank would now like to proceed with a borrowing under this resolution of \$100,000,000 in the Eurodollar market to be coordinated with a US\$/SwF forward exchange contract for the equivalent of \$100,000,000 with Morgan Guaranty Trust Company of New York. The borrowing would be done by issuing a second tranche of the Bank's 16-1/2% U.S. Dollar Notes of 1981, due September 30, 1986, the initial tranche of which was offered on September 23, 1981. Indications as of February 18 are that the issue would be priced to offer a yield to investors of about 15.25% on a semi-annual equivalent basis. Including all other costs and expenses this would result in a total cost of about 15.80%. This cost would be taken on by Morgan Guaranty Trust Company of New York through the forward exchange contract which would be arranged to provide a cost to the Bank of about the cost of borrowing Swiss francs with a maturity of 4-1/2 - 5 years, presently estimated to be 8 to 8.10%.

In the absence of objection (to be communicated to the Vice President and Secretary or the Deputy Secretary by the close of business on February 19, 1982) the Bank will proceed with these transactions on the basis indicated above.

A.W. Clausen

Distribution

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

February 17, 1982

Mr. Clausen

E-1228

x

Moeen A. Qureshi

E-1227 736⁶⁶⁵

15 Février 1982

Mr. A. W. Clausen
Président
International Development Association
Washington, D.C.


Dear Mr. Clausen :

I refer to Resolution No. 117 of the Board of Governors of the Association authorizing the Sixth Replenishment of the Association's resources and to the Chairman's Summary Note of the IDA Deputies' meeting in Washington, D.C. on September 27-29, 1981.

Paragraph 11 (a) and (b) of the Resolution referred to above set forth certain limitations on the use by the Association of the subscriptions and contributions authorized thereunder for purposes of credit commitments. The Government of France has already waived these limitations in respect of the portion of its subscription and contribution to the Sixth Replenishment which was made available as an advance contribution.

In addition, the Government of France hereby notifies the Association that it waives these limitations in respect of the remainder of its subscription and contribution to the Sixth Replenishment to the extent proportionate to additional subscription and contribution payments by the United States which was adopted at the Deputies' meeting referred to above. Accordingly, the portion of the remainder of our subscription and contribution so released from time to time for commitment on credits by the Association shall be the amount representing the same percentage of our total subscription and contribution as the percentage of its total subscription and contribution paid by the United States after September 29, 1981. That is, for the time being, 577,454 million francs as indicated in the Association's telex dated 8 february, 1982.

Pour le Ministère et par autorisation :
Le DIRECTEUR du TRÉSOR,
Pour le Directeur
Le Sous-Directeur,



Signé : Philippe JURGENSEN

MINISTÈRE DE L'ÉCONOMIE
ET DES FINANCES

DIRECTION DU TRÉSOR

Service des Affaires Internationales
Sous-Direction des Affaires Multilatérales
Bureau E.4.

RÉPUBLIQUE FRANÇAISE

PARIS, LE 15 FEV. 82 - 004738

N° _____

Cher Monsieur le Président,

J'ai bien reçu votre lettre et votre telex sur la mise en oeuvre de la deuxième annuité de la sixième reconstitution de l'A.I.D..

Vous vous référez évidemment pour ce faire à l'accord conclu à Washington en septembre 1981 entre les pays donateurs ; l'esprit de cet accord consiste, comme vous le rappelez, à appliquer une règle de proportionnalité entre les contributions de ces pays, dont la France, et celle des Etats-Unis pour les deuxième et troisième annuités de cette reconstitution.

La mise en oeuvre de cet accord était subordonnée au versement par les Etats-Unis de leur seconde annuité, ainsi qu'il est clairement précisé dans le compte-rendu de la réunion de Washington que vous avez établi. C'est pourquoi il m'a paru préférable d'attendre pour vous répondre que le gouvernement des Etats-Unis ait procédé à la notification de sa contribution. C'est ce qu'il a fait le 19 Janvier dernier, et je m'en réjouis vivement.

En application de l'accord de Washington, nous procédons donc dès maintenant à l'engagement de notre deuxième tranche, pour un montant réduit proportionnellement à l'abattement opéré par les Etats-Unis sur l'annuité correspondante⁽¹⁾

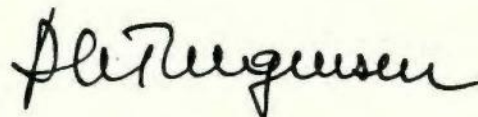
Vous trouverez donc ci-jointe une lettre de notification d'autorisation d'engagement pour un montant correspondant à la part de la France dans la deuxième annuité calculée au prorata de la contribution américaine réelle, c'est à dire 21,6 % de notre contribution totale ou 577,4 millions de Francs. Bien entendu, nous restons prêts à engager à tout moment une somme complémentaire jusqu'à 33 1/3 % de notre contribution totale dès que le gouvernement des Etats-Unis aura pu prendre les mesures nécessaires pour porter ses engagements au niveau prévu.

MR. MOEEN A. QURESHI
Chairman, IDA6 Deputies
The World Bank
1818 H Street, N.W.
WASHINGTON D.C. 20433

Permettez-moi de saisir cette occasion pour vous redire tout le soutien que nous portons à l'Association. Nous ne ménagerons jamais nos efforts pour lui permettre de continuer son action dans les circonstances difficiles qu'elle traverse actuellement.

Croyez, Cher Monsieur le Présient, à l'assurance de mes sentiments de haute et amicale considération.

Pour le Ministre et par autorisation :
Le DIRECTEUR du TRÉSOR,
Pour le Directeur
Le Sous-Directeur,



Signé : Philippe JURGENSEN

February 12, 1982

Dear Mr. Minister:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of ¥20,000,000,000 in markets outside Japan through an issue of 7 to 10-year bonds in Japanese yen. The interest rate and the price of the bonds have not yet been determined.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the proposed borrowing by the Bank in markets outside Japan of such amounts as may be raised by the issuance of not exceeding ¥20,000,000,000 aggregate principal amount of bonds. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,



(Signed) A. W. Clausen

His Excellency
Michio Watanabe
Minister of Finance
Ministry of Finance
Tokyo, Japan

cc: Mr. Seiji Morioka, Executive Director

to be cleared with and cc: Mr. Heininger, Legal
cc: Mr. Clausen (2)
Mr. Qureshi (2) ✓
Mr. Rotberg
Mr. Hittmair
Mr. Uhrig
Mr. Scott

*Letter legalized - copy
to be sent*

OFFICE MEMORANDUM

TO: Mr. A. W. Clausen
(Through Mr. Moeen A. Qureshi)
FROM: Eugene H. Rotberg *ER*
SUBJECT: Proposed Borrowing Operation in Japan

DATE: February 12, 1982

There is enclosed for your signature a letter to the Minister of Finance for Japan requesting the Japanese Government's approval for the proposed Euro-yen borrowing.

Enclosure

C
O
P
Y

February 12, 1982

Dear Mr. Minister:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of ¥20,000,000,000 in markets outside Japan through an issue of 7 to 10-year bonds in Japanese yen. The interest rate and the price of the bonds have not yet been determined.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the proposed borrowing by the Bank in markets outside Japan of such amounts as may be raised by the issuance of not exceeding ¥20,000,000,000 aggregate principal amount of bonds. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any other member of the Bank without restriction.

Warm regards,

Sincerely,

A.W. Clausen

His Excellency
Michio Watanabe
Minister of Finance
Ministry of Finance
Tokyo, Japan

cc: Mr. Seiji Morioka, Executive Director

to be cleared with and cc: Mr. Heininger, Legal

cc: Mr. Clausen (2)
Mr. Qureshi (2)
Mr. Rotberg
Mr. Hittmair
Mr. Uhrig
Mr. Scott

RK/gm

5/22
2/17

Office of the President

February 11, 1962

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount, not exceeding \$350,000,000 in markets outside the United States of America through an issue of Two Year Bonds of the Bank. The Bonds are to be dated March 15, 1962 and to mature March 15, 1964. The interest rate of the bonds has not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the borrowing by the Bank in markets outside the United States of America of such amounts as may be raised by the issue of not exceeding \$350,000,000 aggregate principal amount of bonds. The Government of the United States of America is further requested to agree, pursuant to the same provisions of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any member of the Bank without restriction.

Warm regards.

Sincerely,


A.W. Clausen

The Honorable
Donald T. Regan
Secretary of the Treasury
Washington, D.C. 20520
cc: Office of the Executive Director for the United States
Mr. Robert S. Watson, U.S. Treasury
Mr. Frank Marocco, Main Treasury

Cleared with and cc: Mr. A. Jehani, Legal Dept.
For Mr. Clausen's Office (2)
Mr. Moeen A. Qureshi, Senior Vice President, Finance ✓
Mr. Eugene H. Rotberg, Vice President and Treasurer

JThestrup:br:gm

OFFICE MEMORANDUM

Letter came back with
rotberg - for clause -
sent to Rotberg directly
re requested for soft

DATE: February 12, 1982

TO: Mr. A. W. Clausen
(Through Mr. Moeen A. Qureshi)
FROM: Eugene H. Rotberg *ER*
SUBJECT: Proposed Central Bank Offering in US Dollars

There is attached for your signature a letter to the Secretary of the Treasury for the United States requesting the approval of the United States for a US Dollar borrowing in an amount not to exceed \$350 million.

On March 15, 1982 a similar issue in the principal amount of \$336,150,000 will mature; therefore, this issue is a refinancing operation of 2-year bonds held by central banks and other governmental institutions and international organizations. Essentially, this issue and the others in the series seek to tap the foreign exchange reserves of our member Central Banks. Presently, there are four such bond issues outstanding for an aggregate amount of \$1,221,400,000 at interest rates ranging from 12.65% to 15.75%. For details of the four bond issues presently outstanding you may wish to refer to the attached Report.

The first of these issues was offered in 1956 in the amount of \$75 million. The issues have gradually been increased over time to the present amount of \$350 million per issue; they are offered twice a year. Because of the rollover nature of this type of financing, it has become a source of permanent funds to the Bank.

The forthcoming issue will be priced on February 23, 1982, the day on which the subscription period closes, at a spread of 25 basis points over the bid yield of the 15% U.S. Treasury Note which matures January 31, 1984.

Attachments

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
PURCHASERS OF LAST FOUR TWO-YEAR ISSUES OFFERED BY IBRD
(Expressed in millions of United States dollars)

	12.65% of 1980 due March 15, 1982	10.17% of 1980 due Sept. 15, 1982	14% of 1981 due March 15, 1983	15.75% of 1981 due Sept. 15, 1983	Total
Afghanistan	\$ 1.300	\$ -	\$ 3.000	\$ 2.000	\$ 6.300
Algeria	3.000	-	3.000	2.000	8.000
Argentina	14.000	17.300	9.500	18.000	58.800
Australia	2.000	2.000	2.300	5.400	11.700
Austria	1.000	1.000	1.000	3.000	6.000
Bahrain	2.000	-	5.000	-	7.000
Bangladesh	-	-	1.300	-	1.300
Barbados	-	.500	.500	-	1.000
Belgium	10.000	20.000	20.000	10.000	60.000
Bolivia	.500	.500	-	-	1.000
Botswana	-	-	1.000	.500	1.500
Brazil	8.000	8.000	5.000	4.000	25.000
Burma	1.000	1.000	.500	1.000	3.500
Chile	-	-	4.600	-	4.600
China	-	-	4.000	5.000	9.000
Colombia	4.000	-	2.300	3.000	9.300
Congo, People's Republic of the	-	-	-	.200	.200
Cyprus	1.000	.500	1.000	.500	3.000
Denmark	2.700	2.000	1.300	2.000	8.000
Dominican Republic	-	.500	-	-	.500
Ecuador	3.500	3.500	3.000	5.000	15.000
Ethiopia	-	2.000	1.300	2.500	5.800
Fiji	.500	-	.500	.500	1.500
Finland	-	-	-	2.000	2.000
France	5.000	5.000	2.000	2.000	14.000
Gambia	-	-	-	.500	.500
Germany	18.800	17.300	-	13.900	50.000
Ghana	.700	-	.500	.500	1.700
Greece	1.000	1.000	-	2.000	4.000
Guatemala	.250	.500	.250	1.000	2.000
Haiti	1.000	-	-	-	1.000
Honduras	.500	.500	-	.250	1.250
Iceland	1.000	-	1.300	2.000	4.300
India	7.000	8.600	10.400	7.150	33.150
Indonesia	20.000	20.000	10.000	17.500	67.500

	12.65% of 1980 due <u>March 15, 1982</u>	10.17% of 1980 due <u>Sept. 15, 1982</u>	14% of 1981 due <u>March 15, 1983</u>	15.75% of 1981 due <u>Sept. 15, 1983</u>	<u>Total</u>
Ireland	\$ 12.000	\$ -	\$ -	\$ -	\$ 12.000
Italy	10.000	13.000	13.000	10.000	46.000
Japan	-	10.000	10.000	15.000	35.000
Jordan	1.300	2.000	1.300	3.000	7.600
Kenya	2.700	2.000	1.300	-	6.000
Korea	6.700	3.000	2.000	-	11.700
Kuwait	1.500	3.000	.600	3.000	8.100
Lao	.100	.100	-	-	.200
Lesotho	-	-	.200	-	.200
Libya	-	52.050	50.000	35.000	137.050
Malawi	1.300	-	-	1.500	2.800
Malaysia	5.000	3.000	2.000	3.000	13.000
Mexico	-	-	-	5.000	5.000
Morocco	-	.200	.200	.200	.600
Nepal	1.000	.800	1.300	1.900	5.000
Netherlands	4.000	10.000	10.000	10.000	34.000
New Zealand	1.300	-	1.900	-	3.200
Nigeria	50.000	25.000	20.000	8.800	103.800
Norway	10.000	10.000	10.000	10.000	40.000
Oman	-	1.000	-	-	1.000
Pakistan	1.300	-	-	-	1.300
Panama	.400	.400	.500	.500	1.800
Peru	-	4.000	.600	1.000	5.600
Philippines	4.000	5.000	5.000	4.200	18.200
Portugal	-	-	-	2.000	2.000
Qatar	1.000	-	.100	-	1.100
Saudi Arabia	20.000	-	26.000	26.000	72.000
Seychelles	-	-	.250	.250	.500
Sierra Leone	1.000	-	-	-	1.000
Solomon Islands	1.000	-	-	1.000	2.000
South Africa	1.000	1.000	1.000	1.000	4.000
Spain	2.000	11.300	6.500	2.000	21.800
Sudan	-	-	.100	-	.100
Swaziland	1.300	-	-	-	1.300
Sweden	-	-	1.000	-	1.000
Thailand	5.000	4.000	1.300	-	10.300
Trinidad & Tobago	1.000	1.000	1.300	3.800	7.100
Tunisia	-	2.000	3.000	2.000	7.000
Uganda	-	1.000	-	-	1.000
United Kingdom	2.500	4.000	-	-	6.500

	12.65% of 1980 due March 15, 1982	10.17% of 1980 due Sept. 15, 1982	14% of 1981 due March 15, 1983	15.75% of 1981 due Sept. 15, 1983	Total
Venezuela	\$ -	\$ 4.000	\$ 5.400	\$ 8.800	\$ 18.200
Viet Nam	3.500	3.000	2.900	5.000	14.400
Yemen Arab Republic	33.400	-	-	-	33.400
Yemen, People's Dem- ocratic Republic of	2.000	-	2.000	4.000	8.000
Yugoslavia	10.000	10.000	3.300	8.800	32.100
Zambia	1.000	1.000	.500	.500	3.000
Crown Agents for Oversea Governments and Administrations	-	.250	-	-	.250
Banque Centrale des Etats de l'Afrique de l'Ouest*	1.000	-	-	-	1.000
OPEC Special Fund	.500	-	.600	.500	1.600
UN Cap. DF	10.000	-	5.000	-	15.000
UNDP	15.000	-	10.000	-	25.000
Vatican	.300	.200	.200	.200	.900
Taiwan**	1.300	-	-	-	1.300
Totals	\$ 336.150	\$ 299.000	\$ 294.900	\$ 291.350	\$1,221.400

*Central Bank for: Benin, Ivory Coast, Niger, Senegal, Togo and Upper Volta.

**Represents bonds purchased at a time when the authorities on Taiwan represented China in the Bank.

Financial Operations Department
Revised October 8, 1981

Office of the President

February 12, 1982

Dear Mr. Secretary:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount, not exceeding \$350,000,000 in markets outside the United States of America through an issue of Two Year Bonds of the Bank. The Bonds are to be dated March 15, 1982 and to mature March 15, 1984. The interest rate of the bonds has not yet been determined.

The Government of the United States of America is hereby requested, in accordance with Section 1(b) of Article IV of the Bank's Articles of Agreement, to approve the borrowing by the Bank in markets outside the United States of America of such amounts as may be raised by the issue of not exceeding \$350,000,000 aggregate principal amount of bonds. The Government of the United States of America is further requested to agree, pursuant to the same provisions of the Articles of Agreement, that the proceeds of such borrowing may be exchanged for the currency of any member of the Bank without restriction.

Warm regards.

Sincerely,

A.W. Clausen

The Honorable
Donald T. Ragan
Secretary of the Treasury
Washington, D.C. 20220

cc: Office of the Executive Director for the United States
Mr. Robert S. Watson, U.S. Treasury
Mr. Frank Marasca, Main Treasury

Cleared with and cc: Mr. A. Jehani, Legal Dept.
For Mr. Clausen's Office (2)
Mr. Moeen A. Qureshi, Senior Vice President, Finance
Mr. Eugene H. Rotberg, Vice President and Treasurer ✓

JThestrup:br:gm

OFFICIAL FILE COPY

Mr. A. W. Clausen
(through Messrs. Qureshi and Retberg *FR*)
Joseph P. Uhrig

February 10, 1982

Proposed Borrowing Operations

There are attached for your approval two Board papers cleared with the Legal Department which we would plan to circulate this Thursday, for consideration by the Board on February 16.

1. Two-Year Dollar Bonds with Central Banks

An outstanding issue of Two-Year Bonds in the principal amount of \$336.15 million will mature on March 15, 1982. We propose to offer a new issue in the principal amount of \$350 million which would serve to replace the maturing issue and to raise additional funds. The offering telexes would be sent out after the Board approves the issue on February 16.

All our previous similar issues were priced on the offering date, based on a narrow spread (for the last 4 issues on average 10 basis points) over 2 year Treasury issues.

Our last 4 similar issues, including the one now maturing, were not fully subscribed, for reasons relating to the spread, to the volatility of the market, and to the fact that our offering price often was below the reference Treasury issues at the end of the 7-day subscription period.

We are proposing a new pricing procedure for this new issue. The interest rate would be set on February 23, the day the subscription period closes rather than on February 16 the day of the offering. The interest rate would be determined at a spread of 25 basis points over the bid yield on February 23 of the 15% U.S. Treasury Note which matures January 31, 1984 as such bid yield is determined by the Federal Reserve Bank of New York at 4 PM on February 23. Our offering telexes would notify our member central banks of the indicative yield on the offering date of this Treasury issue.

If we were to set the interest rate today, it would be 15.43%. This would also be the cost to the Bank.

2. Public Issue in the Euro-yen Markets

This issue would be in a principal amount of ¥ 20 billion (equivalent to \$85 million). Daiwa Securities Co., Ltd., would be the lead manager for the issue. The Board would be asked only for preliminary approval of this transaction on February 16; definitive Board action would be proposed on March 2. In today's market, the life of the issue would be one of the following:

- (a) For 10 years straight, at an interest rate of 8.50%, payable annually, at par. This would result in a yield of 8.33% and a cost to the Bank of 8.64%. The breakeven point vis-a-vis a 10 year borrowing in dollars (16.50%) would be 100%.
- (b) For 7 years straight, at an interest rate of 8.25%, payable annually, at par. This would result in a yield of 8.09% and a cost to the Bank of 8.48%. The breakeven point vis-a-vis a 7 year borrowing in dollars (16.20%) would be 62%.

The foregoing terms are subject to further negotiation between now and the proposed offering during the week of March 3. The life of the issue would be determined in light of developing market conditions.

Attachments

cc: Mr. Qureshi
Mr. Rotberg
Mr. Halfmann
Mr. Thestrup
FOD Files US\$
FOD Files ¥

JThestrup/sa

OFFICE MEMORANDUM

3

TO: Mr. A.W. Clausen

DATE: February 3, 1982

FROM: Eugene H. Rotberg

SUBJECT:

Tom:

While I do not usually bring to your attention matters which relate to the job done by my own staff, on this occasion, I make an exception. As I may have mentioned in Tokyo, several of the staff under the direction of Hani Findakly, Chief of the Investment Division, have recently developed a new investment activity program which is likely to have a rather substantial effect on our net income.

Essentially, it involves the Bank lending the securities we hold in our portfolio for a fee or spread, collateralized by cash, to produce added investment income. The program has been in operation for about five weeks with a turnover of about \$1.0 billion per day. Two-thirds of the transactions to date have been with the Federal Reserve Bank of New York. The cash collateral has been re-invested with major banks. We have consulted, of course, with the Fed, the US Treasury and the US Director's office on the program.

The bottom line is that we earned \$1.1 million in the last five weeks, and we expect to earn \$10-15 million a year through these transactions--which involve essentially no credit risk to the Bank and which in no way interfere with the management of our portfolio.

It has given me great pleasure to see how an idea can be turned into an operational activity with considerable direct benefit to the Bank and to LDCs. My compliments go also to the Legal Department and to the Computing Activities Department for their considerable help.

cc: Mr. Qureshi

Handwritten notes:
2-8-82
MR Qureshi
I Agreed that
you should
to the Board
managing
committee)
or this
subject!
I advised the
Board of this
activity
to the

Action

832

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

February 8, 1982

Mr. Clausen,

This is purely a routine matter but since this requires Board action, it needs your approval before being issued.

Moen

Moen A. Qureshi

2-9-82
OK
A

RECEIVED
1982 FEB - 8 PM 3: 24
OFFICE OF THE PRESIDENT

OFFICE MEMORANDUM

TO: Mr. Moeen A. Qureshi, SVPMI ✓

DATE: February 5, 1982

FROM: Hans M. Rothenbuhler, LEG *HMR*

SUBJECT: IDA 6 - Adjustment of Voting Rights of Colombia, Luxembourg
and Saudi Arabia

*afford
one*

Attached please find, for your approval, a draft Board paper with attachments regarding the additional voting rights to be given to the countries referred to above on account of their additional contributions to IDA 6. The draft has been cleared by Messrs. Golsong and Mistry and the other departments concerned.

Attachments.

cc: Messrs. Scott (o/r)/Taylor
Mistry
Mrs. De Santis
Ms. H. Fleming
Mr. J. Duarte

*2-9-82
OK
SIGNED*

HMRothenbuhler:pa

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

February 8, 1982

Mr. Clausen,

This is purely a routine matter
but since this requires Board action, it
needs your approval before being issued.

Moeen

Moeen A. Qureshi

OFFICE MEMORANDUM

TO: Mr. Moeen A. Qureshi, SVPFI ✓

DATE: February 5, 1982

FROM: Hans M. Rothenbuhler, LEG *HMR*SUBJECT: IDA 6 - Adjustment of Voting Rights of Colombia, Luxembourg
and Saudi Arabia*Approved
Mistry*

Attached please find, for your approval, a draft Board paper with attachments regarding the additional voting rights to be given to the countries referred to above on account of their additional contributions to IDA 6. The draft has been cleared by Messrs. Golsong and Mistry and the other departments concerned.

Attachments.

cc: Messrs. Scott (o/r)/Taylor
Mistry
Mrs. De Santis
Ms. H. Fleming
Mr. J. Duarte

HMRothenbuhler:pa

FROM: The President

Sixth Replenishment: Adjustment of
Voting Rights of Colombia, Luxembourg and
Saudi Arabia

Introduction

1. The Sixth Replenishment of the Association's resources authorized by Resolution No. 117 of the Board of Governors adopted on March 26, 1980 (the Sixth Replenishment Resolution) included an unallocated amount of U.S. \$161.44 million. To date, three member countries have provided additional contributions totaling U.S. \$40.50 million equivalent to reduce this unallocated amount, leaving a balance of U.S. \$120.94 million yet to be covered. These countries and their respective additional contributions 1/are:

Saudi Arabia	- U.S. \$ 30 million
Colombia	- U.S. \$ 10 million
Luxembourg	- U.S. \$0.5 million

2. The Executive Directors have already authorized the Association to accept

1/ In U.S. dollars equivalent, at IMF representative exchange rates as of October 5, 1979 in the case of Luxembourg, and as of September 1, 1980 for Colombia. The additional contribution of Saudi Arabia is expressed, like its initial contribution to the Sixth Replenishment, in terms of U.S. dollars.

these additional contributions. ^{2/} They have been accepted, for the time being, as contributions not carrying voting rights, since the provision of additional voting rights to members requires, under the Articles of Agreement (Article VI, Section 2(c)(ii) and Section 3(a)), that the Board of Governors authorize additional subscriptions for such members. As was pointed out when the additional contributions of Colombia, Luxembourg and Saudi Arabia were presented for approval by the Executive Directors, a proposal providing for additional votes for these members in respect of their additional contributions was to be submitted when the voting rights adjustment reflecting the Sixth Replenishment would have become operative.^{3/}

Voting Power Adjustments on Account of Additional Contributions:
Past Practice and Arrangements for the Sixth Replenishment

3. Under the Fifth Replenishment, a voting rights adjustment in respect of additional contributions provided after the Replenishment had been authorized by the Board of Governors was made when the unallocated amount of that Replenishment had been covered. Pursuant to the preemptive rights provision of Article III, Section 1(c) of the Articles of Agreement, this adjustment required that the other members of the Association also be given an opportunity to make additional subscriptions so as to maintain their relative voting power. However, since the relative voting power changes resulting from the adjustment of the votes of the additional contributors under the Fifth Replenishment were insignificant, all of the other members waived their preemptive rights.^{4/}

^{2/} Resolutions No. IDA 81-3, No. IDA 81-5 and No. IDA 81-7.

^{3/} IDA/R81-80, dated May 20, 1981, para. 4; IDA/R81-95, dated June 22, 1981, para. 3; and IDA/R81-98, dated July 8, 1981, para. 3.

^{4/} See IDA/R78-104, dated August 15, 1978, and Resolution No. 109 of the Board of Governors of the Association, adopted on November 2, 1978.

4. In the case of the Sixth Replenishment, additional subscriptions to accord voting rights to members making additional contributions to cover the unallocated amount of the Replenishment can be authorized without giving rise to preemptive rights of other members under the provision of the Articles of Agreement referred to above. The voting power adjustment reflecting the Sixth Replenishment was computed as if this unallocated amount was covered by additional subscriptions and contributions of members for which votes would be accorded.^{5/} Hence, the additional voting rights to be accorded to members making such additional contributions will not further affect the relative voting power of other members.

5. As envisaged at the time when the additional contributions to the Sixth Replenishment of Colombia, Luxembourg and Saudi Arabia were approved by the Executive Directors, it is now proposed that additional votes be accorded to these members. The appropriate timing for adjusting the voting rights of any member making further additional contributions to the Sixth Replenishment would be reviewed as and when such additional contributions are received.

Computation of Additional Voting Rights, and other Terms and Conditions

6. The votes to be given to Colombia, Luxembourg and Saudi Arabia for their additional contributions have been computed on the same basis as the voting rights adjustment among Part I members and for contributions in "usable form" by Part II members under the Sixth Replenishment Resolution. This means that each additional contribution is to be divided into a subscription carrying voting rights and a contribution not carrying voting rights at the rate of U.S. \$25 and U.S. \$10,279.60, respectively, resulting in a total cost of

^{5/} See the "Note" to Table 2 attached to the Sixth Replenishment Resolution, p. 5 of said Table.

U.S. \$10,304.60 for each vote. The additional votes to be accorded on this basis to each of said members are set forth in the table included in Attachment II hereto.

7. The additional votes are to be accorded following the same rules and procedures as those governing the subscription votes provided for under the Sixth Replenishment Resolution. These provisions, which are set forth in Section G of the Resolution, specify that one third each of such subscription votes is to be given to members on September 23, 1981,^{6/} November 8, 1981 and November 8, 1982, respectively (on condition that a member has deposited a notification of participation in the Replenishment, and subject to adjustment in case the notification is in the form of a Qualified Instrument of Commitment or if a member is in arrears with the payment of its subscription and contribution). As the first two of these dates have passed, two-thirds of the additional votes to be given to Colombia, Luxembourg and Saudi Arabia will become available upon adoption by the Board of Governors of the resolution providing therefor, and the voting power of these three members will be adjusted accordingly as from such date. The remaining third of these votes will be given to them on November 8, 1982 (subject to the adjustment provisions of the Sixth Replenishment Resolution referred to above).

Recommendation

8. As noted above, a resolution of the Board of Governors authorizing additional subscriptions for the members which have provided additional contributions is required in order to accord them votes therefor. Accordingly, it is

^{6/} 30 days after the effective date of the Sixth Replenishment, i.e. the rescheduled due date of the first instalment to be paid by members on account of their Sixth Replenishment subscriptions and contributions.

recommended that:

- (a) the Executive Directors authorize the Vice President and Secretary to transmit to the Board of Governors for a vote without meeting the report and draft resolution attached hereto as Attachment I and Attachment II, under cover of the letter of transmittal to the Board of Governors attached as Attachment III;
- (b) the Vice President and Secretary canvass the votes cast and report thereon to the Executive Directors who will record the results; and
- (c) the Vice President and Secretary take such further action as he deems necessary or appropriate to carry out the purpose of this vote.

9. In the absence of objection, which should be communicated to the Vice President and Secretary or the Deputy Secretary by close of business on _____, 1982, the recommendation in paragraph 8 above will be deemed to have been approved, to be so recorded in the minutes of a subsequent meeting of the Executive Directors.

A. W. Clausen

INTERNATIONAL DEVELOPMENT ASSOCIATION

Report of the Executive Directors to the Board of Governors

SIXTH REPLENISHMENT: ADJUSTMENT OF
VOTING RIGHTS OF COLOMBIA, LUXEMBOURG AND
SAUDI ARABIA

1. The Report of the Executive Directors to the Board of Governors on "Additions to IDA Resources: Sixth Replenishment", dated January 15, 1980, envisaged contributions in a total amount equivalent to U.S. \$12 billion. This total included an unallocated amount of U.S. \$161.44 million. Accordingly, the Report and the Sixth Replenishment Resolution (Resolution No. 117 of the Board of Governors, adopted on March 26, 1980) provided for the possibility of additional voluntary contributions to cover this unallocated amount.

2. Since that time, the Executive Directors have adopted resolutions authorizing the acceptance by the Association of additional contributions to the Sixth Replenishment totaling U.S. \$40.5 million equivalent, reducing the unallocated amount remaining to be covered to U.S. \$120.94 million. These additional contributions have been provided by the following three member countries:

- (a) Saudi Arabia increased its contribution by U.S. \$30 million;
- (b) Colombia agreed to make a contribution in "usable form" equivalent to U.S. \$10 million (at the IMF representative exchange rate as of September 1, 1980); and
- (c) Luxembourg made an additional contribution equivalent to U.S. \$500,000 (at the IMF representative exchange rate as of October 5, 1979).

3. In order to treat these additional contributions in the same way as other resources made available to the Association under the Sixth Replenishment, additional voting rights are to be given to the members which have provided additional contributions. It is considered appropriate to proceed with such a voting power adjustment now that the Sixth Replenishment has become effective and the voting power adjustment on account thereof has become operative. The additional votes thus to be accorded in respect of the additional contributions are set forth in the table included in the attached draft Resolution. Such votes have been computed on the same basis as the voting rights adjustment among Part I members and for contributions in "usable form" by Part II members under the Sixth Replenishment Resolution, and they are to be accorded following the same rules and procedures as those governing the subscription votes provided for under said Resolution.

4. The voting power adjustment reflecting the Sixth Replenishment has been calculated as if the unallocated amount of such Replenishment was covered by additional subscriptions and contributions of members for which votes would be accorded. Therefore, all members have already been given the opportunity to subscribe an amount enabling each of them to maintain its relative voting power in respect of the voting rights to be accorded for the additional contributions.

5. Accordingly, the Executive Directors recommend that the Board of Governors adopt the draft Resolution attached as Annex A to this Report.

INTERNATIONAL DEVELOPMENT ASSOCIATION

(DRAFT)

Resolution No. _____

Sixth Replenishment: Adjustment of Voting
Rights of Colombia, Luxembourg and Saudi Arabia

1. WHEREAS

- (a) Colombia, Luxembourg and Saudi Arabia have made or agreed to make additional contributions to the Sixth Replenishment of the resources of the Association (hereinafter referred to as the Additional Contributions);
- (b) it is proposed that voting rights be accorded to such members in respect of the Additional Contributions on the basis hereinafter set forth; and
- (c) all members have already been given the opportunity, under the voting power adjustment reflecting the Sixth Replenishment authorized by Resolution No. 117 of the Board of Governors (hereinafter referred to as the Sixth Replenishment Resolution), to subscribe an amount enabling each of them to maintain its relative voting power in respect of the voting rights to be accorded for the Additional Contributions, as required under the provisions of Article III, Section 1(c) of the Articles of Agreement of the Association;

NOW, THEREFORE, THE BOARD OF GOVERNORS HEREBY RESOLVES THAT:

2. The Additional Contributions shall be divided into subscriptions carrying voting rights and contributions not carrying voting rights as specified in the table shown below.

3. Colombia, Luxembourg and Saudi Arabia shall, in respect of such subscriptions, have the voting rights specified in the table shown below, calculated on the basis of one vote per \$25 of each such subscription, and to be accorded as provided in Section G of the Sixth Replenishment Resolution. For this purpose, the additional subscription votes specified for each of said members in the table shown below shall be deemed to be, as from the date of adoption of the present Resolution, subscription votes provided for such member in Table 2 to the Sixth Replenishment Resolution, and the voting rights of said members shall be adjusted accordingly as from such date.

CALCULATION OF ADDITIONAL VOTING RIGHTS

Additions to Contributions and Subscriptions ^{1/}

<u>Member</u>	<u>Total Additional Resources</u>	<u>Contributions</u>	<u>Subscriptions</u>	<u>Additional Subscription Votes</u>
Colombia	10,000,000	9,975,750	24,250	970
Luxembourg	500,000	498,775	1,225	49
Saudi Arabia	30,000,000	29,927,225	72,775	2,911

1/ In U.S. dollars equivalent, at IMF representative exchange rates as of October 5, 1979 in the case of Luxembourg, and as of September 1, 1980 for Colombia. The Additional Contribution of Saudi Arabia is expressed in terms of U.S. dollars.

INTERNATIONAL DEVELOPMENT ASSOCIATION

(Letter of Transmittal)

(DRAFT)

AIRMAIL REGISTERED

/ date /

(TO ALL MEMBERS)

Sixth Replenishment: Adjustment of Voting Rights
of Colombia, Luxembourg and Saudi Arabia

Gentlemen:

1. I have been directed by the Executive Directors of the Association to send you the following:

Attachment I - Report, dated _____, of the Executive Directors to the Board of Governors regarding adjustment of voting rights in connection with additional contributions to the Sixth Replenishment by Colombia, Luxembourg and Saudi Arabia.

Attachment II- Draft Resolution authorizing the adjustment of voting rights for such members.

2. It will be appreciated if you will transmit the report and draft resolution to the Governor of the Association representing your country for a vote without meeting pursuant to Section 3 of the By-Laws of the Association. No particular form of vote is required as long as a clear indication, by cable or in other written form, is received by my office as to whether or not the Governor votes for the resolution.

3. The requirements for adoption of the resolution are as follows:

- For purposes of a quorum, replies must be received from a majority of Governors exercising not less than two-thirds of the total voting power; and
- In addition, the resolution must receive the approval of a majority of the votes cast.

4. To be valid, votes must be cast by Governors or Alternate Governors and must be received by my office by 6:00 p.m. Washington time on _____, 1982 or such later date as may be determined by the Executive Directors.

Votes not so received shall be void.

5. If at any date prior to the termination of the voting period Governors exercising the required voting majority shall have approved the resolution, it shall be deemed to have been adopted on that date, provided, however, that in such event Governors who have not yet done so may cast their vote on the resolution after that date and until the terminal date of voting.

6. Votes cast on the resolution shall be held by the Vice President and Secretary until counted. The Vice President and Secretary shall canvass the votes so cast and report thereon to the Executive Directors, who shall record the results. All members shall be informed of the results of the voting. The Vice President and Secretary shall take such further action as he shall deem necessary or appropriate in the circumstances.

Yours sincerely,

T.T. Thahane
Vice President and Secretary

OFFICE MEMORANDUM

TO: Mr. Moeen A. Qureshi
(Through Mr. Eugene H. Rotberg)

DATE: February 3, 1982

FROM: Joseph P. Uhrig

SUBJECT: Proposed Borrowing Operation

There is attached for your approval a Board paper for a proposed borrowing of DM 100 million (about \$42.7 million). The paper has been cleared with Legal Department. We would plan to distribute it tomorrow, February 4, for consideration by the Board on Tuesday, February 9.

The loan would be arranged by the Deutsche Girozentrale - Deutsche Kommunalbank who would lead a consortium of 7 regional savings banks in the Federal Republic of Germany. All participating banks would take an equal share of DM 12.5 million in the loan. The loan would bear interest at 10.25% per annum, payable annually; in today's market, the payout price would be 99-3/8, which would result in a yield of 10.10%. Since there would be no other costs involved the cost to the Bank would also be 10.10%. The final pricing would take place on Tuesday, February 9, immediately before the Board meeting. The revaluation breakeven point of the proposed borrowing vis-a-vis a dollar borrowing of the same maturity (16.15%) would be 66%.

JP

*Approved
M.H.1*

For consideration on
February 9, 1982

R82-

FROM: The President

February 4, 1982

PROPOSED PRIVATE BORROWING IN THE FEDERAL REPUBLIC OF GERMANY

1. The attached Draft Resolution (Attachment I) authorizing the Bank to borrow from a group of savings banks represented by the Deutsche Girozentrale - Deutsche Kommunalbank a principal amount of DM 100 million will be considered by the Executive Directors at a meeting on February 9, 1982.
2. The principal terms would be as follows:
 - (a) Principal amount: DM 100,000,000 (US\$ 42,662,116 equivalent*)
 - (b) Term: The loan would be repayable in 2 equal installments in 1991 and 1992. This results in an average life of 9.5 years.
 - (c) Interest rate, Price, Cost and Revaluation Breakeven Point: To be discussed at the meeting of the Executive Directors.
3. The Bank would enter into a loan agreement with the lenders, which would be substantially similar to the loan agreement concluded with a consortium of savings banks in August 1979.
4. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including the proposed loan from Deutsche Girozentrale - Deutsche Kommunalbank would be \$4,968.0 million (see Attachment II).

Distribution:

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate as
of February 3, 1982 of
US\$ = DM 2.3440

For consideration on
February 9, 1982

R82-

FROM: The President

February 4, 1982

PROPOSED PRIVATE BORROWING IN THE FEDERAL REPUBLIC OF GERMANY

1. The attached Draft Resolution (Attachment I) authorizing the Bank to borrow from a group of savings banks represented by the Deutsche Girozentrale - Deutsche Kommunalbank a principal amount of DM 100 million will be considered by the Executive Directors at a meeting on February 9, 1982.
2. The principal terms would be as follows:
 - (a) Principal amount: DM 100,000,000 (US\$ 42,662,116 equivalent*)
 - (b) Term: The loan would be repayable in 2 equal installments in 1991 and 1992. This results in an average life of 9.5 years.
 - (c) Interest rate, Price, Cost and Revaluation Breakeven Point: To be discussed at the meeting of the Executive Directors.
3. The Bank would enter into a loan agreement with the lenders, which would be substantially similar to the loan agreement concluded with a consortium of savings banks in August 1979.
4. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including the proposed loan from Deutsche Girozentrale - Deutsche Kommunalbank would be \$4,968.0 million (see Attachment II).

Distribution:

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate as
of February 3, 1982 of
US\$ = DM 2.3440

Recent market yields on World Bank issues are given in Attachment III.

A. W. Clausen
President

By: Moeen A. Qureshi

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-

Authorizing the Borrowing of an Amount of
One Hundred Million Deutsche Mark in the
Federal Republic of Germany

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in the Federal Republic of Germany from a consortium consisting of members of the German savings banks association an amount of one hundred million Deutsche mark (DM 100,000,000).

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

THAT the Bank borrow in the Federal Republic of Germany from the Deutsche Girozentrale-Deutsche Kommunalbank, acting on its own behalf and on behalf of a consortium composed of other members of the German savings banks association, an amount of one hundred million Deutsche mark (DM 100,000,000); to be paid to the Bank at ___% of the principal amount thereof on February __, 1982; such loan to mature in two equal annual installments of principal on February __ of the years 1991 and 1992; to bear interest at the rate of _____% per annum, payable on February __ of each year;

and to be on such other terms and conditions as shall be approved by the President, the Senior Vice President, Finance, or the Vice President and Treasurer of the Bank.

THAT the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, and the Director, European Office of the Bank, be and each of them is hereby authorized, in the name and on behalf of the Bank, to execute and to deliver any and all such documents, and to do any and all such acts and things as he shall deem necessary or advisable in order fully to carry into effect the purpose of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-%	Cost to IBRD-%	Recent Market Yield-%	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.85
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.53
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.20
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.36
Euro-Kroner	10/20/81	5.0	5.0	NKr	100	17.2	12.60	13.25	N.A.
an (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
many (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.66
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.12
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.65
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250.0	14.63	14.83	15.31
United States	12/1/81	7.0	7.0			250.0	15.00	15.18	15.41
United States	12/1/81	10.0	10.0			100.0	15.18	15.33	15.42
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Loan)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	300	167.9	7.36	7.73	N.A.
Germany (Private)	1/19/82	5.0	5.0	DM	250	109.6	11.10	11.10	N.A.
Netherlands	1/19/82	10.0	8.0	f	250	100.0	11.57	11.97	N.A.
Switzerland	1/26/82	10.0	10.0	SwF	100	53.9	7.12	7.60	N.A.
Saudi Arabia (Private)	2/2/82	6.0	6.0	SwF	100	53.8	7.62	7.63	N.A.
			<u>7.1</u>			<u>4,925.3</u>		<u>10.95</u>	
Germany (Proposed Loan)		10.0	<u>9.5</u>	DM	100	<u>42.7</u>			
			<u>7.2</u>			<u>4,968.0</u>			

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs ^{1/} (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

^{1/} Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	10.95

^{2/} Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.74
7%	Canadian Dollar Bonds of 1968, due 2/15/93	16.26
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.12
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.85
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.15
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.20
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.11
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.36
16-3/8%	United States Dollar Bonds of 1981, due 11/1/86	15.66
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	16.12
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.31
15%	United States Dollar Notes of 1981, due 12/15/88	15.41
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.42
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.61
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.37
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.67

ROUTING SLIP		DATE:
		January 28, 1982
NAME		ROOM NO.
Mr. Clausen (through Mr. Rotberg)		
cc. Members of the President's Council		
Mr. Qureshi		E-1241
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
Please find attached Table 1c. Monthly Financial Report as of Dec. 31, 1981.		
FROM:	ROOM NO.:	EXTENSION:
Masaya Hattori	I 4-100	61051

OFFICE MEMORANDUM

TO: Mr. A. W. Clausen
(Through Mr. Eugene H. Rotberg) *ER*

DATE: January 28, 1982

FROM: Masaya Hattori *MH*

SUBJECT: December Table 1c

The Bank's projected net income for the current fiscal year, based on the December 31 balances, was increased by \$16 million to \$575 million. A comparison of the new and previous projections and resultant changes are shown in the following table (in \$ millions):

	End of November Outlook	End of December Outlook	Changes Increase in Income (Decrease in Income)
Income from - Investments	979	1000	21
- Loans	2380	2406	26
Other Income	23	23	-
Less: Administrative Expenses	292	296	(4)
Interest on Borrowings	2473	2502	(29)
Financial Expenses	35	35	-
Operating Income before Grants	582	596	14
Contributions to special programs	23	21	2
Net Income	<u>559</u>	<u>575</u>	<u>16</u>
Net Exchange Gain(+) or Loss(-)	<u>+115</u>	<u>+ 56</u>	<u>-59</u>

The changes during the period are accounted as follows (in \$ millions):

	Increase (Decrease)
Exchange rate changes of non-dollar currencies:	
Income from Investments	2
Income from Loans	26
Interest on Borrowings	(28)
	-
Rephasing of Borrowings:	
Income from Investments	19
Interest on Borrowings	(18)
	1
Lower Cost of New Borrowings	17
Administrative Expenses	(2)
Total Change	<u>16</u>

The mid-year budget review provides for a decrease of \$8 million in total administrative expenses for FY82, from \$526 million to \$518 million. Of the new projected expenditures, \$317 million was allocated to IBRD (including \$21 million for contribution to Special Projects) and \$201 million to IDA. The previous allocations were \$315 million to IBRD (including \$23 million for contribution to Special Programs) and \$211 million to IDA.

Attachment

cc: Messrs: Qureshi (o/r) ✓
Gabriel
Wood
Gillette
Chang
Perch
Vollmer
Mistry

IMazzitti/hev

Mr. A.W. Clausen
(Through Mr. Rotberg)
Joseph P. Uhrig

January 28, 1981

Proposed Swiss Franc Borrowing from Saudi Arabia

The attached Board paper is for your approval, please. It has been cleared with the Legal Department. We would plan to distribute it tomorrow, Friday, for consideration by the Board on Tuesday, February 2.

The borrowing consists of a private placement of SwF 100 million with SAMA. It would be for 6 years. The bonds would bear interest at 7-1/2% per annum, payable annually. After a reallowance to SAMA of 1.25%, the yield to SAMA would be 7.62%. After taking into account paying agency commissions payable to the Swiss Bank Corporation in its capacity as paying agent for the bonds, as well as all other costs, the cost to the Bank would be 7.63%.

A Swiss franc private placement in the foregoing amount and for the same life in today's market would also carry a 7-1/2% coupon and be issued at par; this would cost the Bank 7.73%. A dollar borrowing today of the same maturity would cost the Bank about 15.25%; the revaluation breakeven point vis-a-vis such a dollar borrowing would thus be 49.9%.

The first maturity of all of the Bank's borrowings from SAMA became due on January 22, 1982, in the amount of SwF 100 million. Our new transaction with SAMA in the same amount was negotiated as a refinancing transaction, to replace the maturing issue, although the payout will take place only on March 1. Therefore, this new issue is an important precedent for things to come: currently outstanding direct private placements with SAMA coming due through December 31, 1984 aggregate \$1.2 billion equivalent.

Attachment

cc: Messrs. Qureshi ✓
Hittmair
Jabri

HMoya/JPUhrig:br

For consideration on
February 2, 1982

R82-

FROM: The President

January 29, 1982

PROPOSED BORROWING IN SAUDI ARABIA

1. The attached draft Resolution (Attachment I) authorizing the Bank to borrow from the Saudi Arabian Monetary Agency (SAMA) a principal amount of SwF 100,000,000 will be considered by the Executive Directors at their meeting on Tuesday, February 2, 1982.
2. The principal terms of the proposed borrowing would be as follows:
 - (a) Principal amount: SwF 100,000,000 (US\$53,757,660 equivalent*)
 - (b) Interest rate: 7-1/2% per annum, payable annually, with the first interest payment due March 1, 1983.
 - (c) Term: 6 years, repayable on March 1, 1988. Arrangements have been negotiated with SAMA so that, if a withholding tax should be imposed in respect of the bonds by the Swiss government, the Bank may pay interest on the bonds net of such tax, but would have an option to avoid increased interest payment obligations through redemption of bonds at par prior to maturity.

Distribution

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate as of
January 28, 1982 of US\$1 = SwF1.8602

- (d) Price and yield: The issue price would be par, less a reallowance to SAMA of 1.25%, resulting in a yield of 7.62%.
- (e) Other terms: The Swiss Bank Corporation would be appointed as the Bank's Fiscal Agent for this borrowing. The encashment costs would be 1/20% for the coupons and 1/40% for the bonds.
- (f) Cost to Bank: Including fiscal agency charges, the total cost to the Bank would be 7.63%.
- (g) Breakeven point: The revaluation breakeven point vis-a-vis a dollar borrowing of the same maturity in today's market would be 49.9%.

3. The Bank would enter into a Purchase Agreement with SAMA. The bonds would provide for the jurisdiction of the Swiss courts. As in the case of our previous borrowing transactions with SAMA, the Purchase Agreement would state the Bank's agreement that in enforcing its rights SAMA will not be considered, for the purposes of Article VII, Section 3 of the Bank's Articles, and the corresponding Article II of the 1951 Agreement between Switzerland and the Bank, as a person acting for or deriving a claim from a member of the Bank. Under the Articles and that Agreement, such a person may not bring actions against the Bank in national courts. The General Counsel has advised that the Bank has power to waive this provision.

4. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including the amount of the proposed borrowing from SAMA, would be \$4,925.3 million. (See Attachment II.)

Recent market yields on selected World Bank issues are given in Attachment III.

A. W. Clausen

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 81

Authorizing the Issuance and Sale of 7-1/2%
Swiss Franc Bonds of 1982, due March 1, 1988

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow from the Saudi Arabian Monetary Agency, and for that purpose to issue and sell an issue of bonds of the Bank in the aggregate principal amount of Swiss Francs 100,000,000, to be known as its 7-1/2% Swiss Franc Bonds of 1982, due March 1, 1988.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its bonds to be known as its 7-1/2% Swiss Franc Bonds of 1982, due March 1, 1988 (hereinafter called the Bonds); to be limited to the aggregate principal amount of Swiss Francs 100,000,000 (except for Bonds issued in lieu of or in exchange for lost, destroyed or mutilated Bonds); to mature on March 1, 1988; and to bear interest at the rate of 7-1/2% per annum, payable annually on March 1 of each year, the first payment to be made on March 1, 1983.
2. The Bonds shall be bearer Bonds dated March 1, 1982 with interest coupons, and shall be otherwise in such form as shall be approved by any of the persons specified in paragraph 4 of this Resolution.
3. The Bonds shall be signed in the name and on behalf of the Bank with the signature of its President or Senior Vice President, Finance and shall be countersigned by its Vice President and Treasurer or its Deputy Treasurer and Director, Treasury Operations, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The coupons shall bear the facsimile signature of the Vice President and Treasurer or the Deputy Treasurer and Director, Treasury Operations of the Bank.
4. Subject to any approval required from the Government of Switzerland, the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, the Director, European Office, are fully authorized, jointly and severally, in the name and on behalf of the Bank to determine arrangements whereby the Bank may pay the Saudi Arabian Monetary Agency interest on the Bonds net of any withholding tax which may be imposed by Switzerland, or the Bonds may be redeemed at par prior to maturity in case such withholding tax is imposed; to sell for Swiss Francs at any time,

- 2 -

all or any part of the Bonds to the Saudi Arabian Monetary Agency at a price of 98.75% of the principal amount thereof and upon such other terms and conditions to be contained in a Purchase Agreement and a Paying Agency Agreement as shall be approved by any such person or persons; to deliver the Bonds; and to receive or arrange for the payment therefor.

5. Pending the preparation and delivery of definitive Bonds, a global bearer bond in the aggregate principal amount of the Bonds to be issued shall be executed and delivered to the Saudi Arabian Monetary Agency. Such global bearer bond shall be in such form as shall be approved by any of the persons referred to in paragraph 4 of this Resolution and shall be signed manually in the name and on behalf of the Bank by any such person.

6. Any of the persons referred to in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to execute and deliver any and all such other documents, to enter into such other agreements and execute, publish and deliver such notices, reports and documents, and to do any and all such other acts and things as any of the persons referred to in paragraph 4 of this Resolution shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (millión)		Yield to Initial Purchaser-Z	Cost to IBRD-Z	Recent Market Yield-Z	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.83
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.53
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.34
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.18
Euro-Kroner	10/20/81	5.0	5.0	NKr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.55
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.95
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.72
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250.0	14.63	14.83	15.21
United States	12/1/81	7.0	7.0			250.0	15.00	15.18	15.45
United States	12/1/81	10.0	10.0			100.0	15.18	15.33	15.52
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.2	11.49	11.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	300	167.9	7.36	7.73	N.A.
Germany (Private)	1/19/82	5.0	5.0	DM	250	109.6	11.10	11.10	N.A.
Netherlands	1/19/82	10.0	8.0	f	250	100.0	11.57	11.97	N.A.
Switzerland	1/26/82	10.0	10.0	SwF	100	53.9	7.12	7.60	N.A.
			<u>7.1</u>			<u>4,871.5</u>		<u>10.98</u>	
Saudi Arabia (Proposed Private Placement)		6.0	<u>6.0</u>	SwF	100	<u>53.8</u>	7.62	<u>7.63</u>	
			<u>7.1</u>			<u>4,925.3</u>		<u>10.95</u>	

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) <u>(in \$ billions)</u>	<u>Returns/Costs</u> ^{1/} (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

^{1/} Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	10.98

^{2/} Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.78
7%	Canadian Dollar Bonds of 1968, due 2/15/93	16.25
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.58
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.83
7-1/4%	French Franc Bonds of 1972, due 6/15/87	—
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.40
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.35
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.33
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.18
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.55
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	15.55
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.21
15%	United States Dollar Notes of 1981, due 12/15/88	15.45
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.52
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.65
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.90
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	16.27

OFFICE MEMORANDUM

TO: Mr. A. W. Clausen

DATE: January 27, 1982

FROM: Moeen A. Qureshi ^(MAQ)

SUBJECT: Memorandum to the Board on Swiss Franc Issue

In our recent 7-1/2% Swiss Franc Notes of 1982 due 1988, we had obtained Board approval on an amount of not less than SwF 300,000,000 and not exceeding SwF 400,000,000 depending on prevailing market conditions. The amount finally issued was SwF 300,000,000 or about US\$112 million. The Board has been duly informed.

CARDALAN:gmb

January 22, 1982

Mr. Clausen,

Tom

Welcome back :

1. In your absence things have generally been quiet. The most important set of issues on which there has been considerable preparatory discussion among Directors concern the "Status of IDA 6" paper and the "Graduation" paper - both scheduled for January 26. Ernie has been doing the rounds of Directors on these issues. As regards the IDA paper, the only point which the Board has the right to "approve" is the expansion of the lending program by \$800 billion. Our discussions with Directors suggest that the G-6 will go along with our proposal. The U.S. will say it would have preferred a lower figure but will not oppose our proposal. All of the G-6 members are likely to reiterate that they view this as a one-shot affair.

On the Graduation issue, we shall hear a variety of views but there should be no real problem. The U.S. will seek more aggressive graduation and a clearer definition of the "pre-graduation" phase and the concept of "graduation". I expect them however to let us go along and see how we implement the policy.

2. An important document which has been tabled for the Monday Managing Committee meeting which needs your early attention is the Mid-Year Budget. Soon after review and approval by the Committee it will be circulated to the Board. A key point in the budget paper (paragraph 40, page 19) is that expenses for the year may be lower by about \$8 million. We can discuss this in more detail on Monday.

3. We expect to receive notification of the \$700 million U.S. appropriation for the second IDA installment by close of business today or at the latest Monday. This will automatically trigger release of the commitment authority by non-U.S. donors. Now is therefore the time to consider some new moves to pry loose more commitment authority from non-U.S. donors as well as begin laying the groundwork for IDA 7. I have circulated a brief strategy note for the Managing Committee meeting on Monday.

4. A seminar on Procurement was held today and aroused considerable interest and discussion. The E.D.'s have requested another seminar and a continuation of the discussion next week.

5. Mr. Rohrbacher and his associates have been working with different units in the Bank on a package of measures looking toward greater efficiency and productivity, and, after extensive discussions have prepared a proposal which we shall have a chance of discussing on Monday.

6. The issue of mentioning Taiwan in Bank documents has again raised its ugly head. You will see a letter from the Chinese E.D. who also raised this matter with me. You will see the letter in the agenda for the Monday meeting.

7. Your 1-day visit to New York has been confirmed for February 25. You will be making a speech at lunch to people from underwriting firms, investor institutions and the financial press. You will also be hosting a dinner for Chief Executive Officers of underwriting firms and investor institutions.

8. During your visit to California, as you had agreed, you will be hosting a small dinner for the State Pensions Funds. Hans Hittmair will be there to assist.

Moeen

Moeen A. Qureshi

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen

DATE: January 22, 1982

FROM: Moeen A. Qureshi

SUBJECT: Memorandum to the Board on Dutch Guilder Public Issue

There is enclosed a copy of a memorandum which I have approved for circulation to the Executive Directors. As a result of the Dutch Central Bank's announcement to decrease the official discount rate by 1/2%, additional improvements in the Dutch capital and money markets occurred. This enabled our underwriters to propose an issue price of par and a lower coupon rate of 11 3/4% instead of the 12% coupon approved by the Board on January 19. The reduction in the coupon rate results in a cost to the Bank of 11.83% or a savings of 14 basis points over the previous cost of 11.97%.

Enclosure:

SecM82-

FROM: Senior Vice President, Finance

January 22, 1982

BORROWING IN THE NETHERLANDS

1. On January 19, 1982, the Executive Directors approved this borrowing for an aggregate principal amount of f. 250 million (US\$ 100 million equivalent), a 12% coupon and an issue price of not less than 99.50%. On the next day the Bank signed the agreements with these terms in Amsterdam. Subsequently, as result of the Central Bank's announcement to decrease the official discount rate by 1/2%, additional improvements occurred in the market and the underwriters were able to propose a new coupon rate of 11-3/4% and an issue price of 100%, resulting in a new cost to the Bank of 11.83%. This, when compared to the cost of 11.97% indicated at the Board meeting, would result in a cost saving of 14 basis points.
2. On January 21, 1982, the Executive Directors were informed orally of these changes in coupon and issue price and they indicated their approval without a meeting. Accordingly, Resolution No. 82-5 as included in the minutes of the meeting of January 19, 1982 would be amended by replacing the interest rate of 12% with 11-3/4% in various places on page one.

Moeen A. Qureshi

Distribution:

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting.

OFFICE MEMORANDUM

TO: Mr. Moeen A. Qureshi
(Through Mr. Rotberg) *MR*
FROM: Joseph P. Uhrig
SUBJECT: Proposed Swiss Franc Offering

DATE: January 19, 1982

There is enclosed for your approval a Board Paper for a proposed public offering in Switzerland. This paper has been cleared with the Legal Department. We would plan to distribute it as soon as possible for consideration by the Board on Tuesday, January 26.

This public offering of bonds would be up to an aggregate principal amount of SwF 100 million (US\$ 53.9 million equivalent). It would be underwritten by our traditional Swiss syndicate with Swiss Bank Corporation as manager, and Union Bank of Switzerland and Credit Suisse as co-managers. The maturity and average life of the issue would be 10 years. In today's market the annual coupon would be about 7.25% and the issue price par. This would result in a yield of 7.12%. After taking into account (i) an underwriting commission of 2.25%, (ii) a management fee of 0.50% on the principal amount of the issue, (iii) bond and coupon encashment commissions of 1/4% and 1/2% respectively, and (iv) all other costs, the cost to the Bank would be 7.60%. The interest rate, issue price and total cost as indicated above, are subject to change in light of changing market conditions. The final offer will be forthcoming from the Swiss banks on Tuesday, January 26, prior to the Board meeting.

At the indicative cost shown above, the revaluation break-even point for this borrowing in relation to a cost of 16% for a dollar borrowing with a similar maturity in today's market, would be 112.1%.

Enclosure

For consideration of
January 26, 1982

RS1-

FROM: The President

January 20, 1982

PROPOSED PUBLIC ISSUE IN SWITZERLAND

1. The attached draft Resolution (Attachment I) authorizing the issuance and sale by the Bank of SwF 100,000,000 principal amount of Swiss Franc Bonds of 1982, due 1992 will be considered by the Executive Directors at their meeting on January 26, 1982.
2. The principal terms of the proposed issue would be as follows:
 - (a) Principal amount: SwF 100,000,000 (US\$ 53,873,505 equivalent*)
 - (b) Term: 10 years. The Bonds would be dated February 16, 1982 and would be repayable at par on February 16, 1992. The entire issue may be prepaid by the Bank at par on February 16, 1988 or on each coupon date thereafter.
 - (c) Interest rate, issue price, cost and revaluation break-even point: To be discussed at the meeting of the Executive Directors, after receipt of a proposal from the underwriters shortly before the meeting of January 26, 1982.

Distribution:

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President Programming and Budgeting

* Based on market rate
as of January 18, 1982
US\$1 = SwF 1.8562

For consideration on
January 26, 1982

R81-

FROM: The President

January 20, 1982

PROPOSED PUBLIC ISSUE IN SWITZERLAND

1. The attached draft Resolution (Attachment I) authorizing the issuance and sale by the Bank of SwF 100,000,000 principal amount of Swiss Franc Bonds of 1982, due 1992 will be considered by the Executive Directors at their meeting on January 26, 1982.
2. The principal terms of the proposed issue would be as follows:
 - (a) Principal amount: SwF 100,000,000 (US\$ 53,873,505 equivalent*)
 - (b) Term: 10 years. The Bonds would be dated February 16, 1982 and would be repayable at par on February 16, 1992. The entire issue may be prepaid by the Bank at par on February 16, 1988 or on each coupon date thereafter.
 - (c) Interest rate, issue price, cost and revaluation break-even point: To be discussed at the meeting of the Executive Directors, after receipt of a proposal from the underwriters shortly before the meeting of January 26, 1982.

Distribution:

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President Programming and Budgeting

* Based on market rate
as of January 18, 1982
US\$1 = SwF 1.8562

3. The proposed loan agreement for the public issue to be concluded with Swiss Bank Corporation, Union Bank of Switzerland and Credit Suisse, as underwriters, and the Conditions of Issue, the Form of Definitive Bearer Bonds, and the Form of Coupons would be substantially similar to the instruments concluded for previous public issues of Bank bonds in Switzerland.

4. The loan agreement would provide for the payment by the Bank of an underwriting commission of 2.25% and a management fee of 1/2% on the full amount of the issue. The loan agreement would also provide for the payment by the Bank of the minimum encashment commissions established by the Swiss Bankers Association which at the present time are 1/2% on the coupons encashed and 1/4% on the principal amount of the Bonds redeemed. The Bonds would not be secured by any lien, and a negative pledge clause would be included. The Swiss taxes payable by the Bank would amount to about 0.16% of the principal amount of the bonds. The proceeds of the proposed borrowing would be paid to the Bank on February 16, 1982.

5. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including the amount of the proposed public issue in Switzerland, would be \$4,927.5 million (see Attachment II).

Recent market yields on selected World Bank issues are given in Attachment III.

A.W. Clausen
President

By Moeen A. Qureshi

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(DRAFT)

RESOLUTION NO. 82-

Authorizing the Issuance and Sale of
% Swiss Franc Bonds of 1982, due 1992

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in the markets of Switzerland, and for that purpose to issue and sell an issue of bonds of the Bank in an aggregate principal amount of up to Swiss Francs 100,000,000 to be known as the Emprunt en Francs Suisses % 1982-1992 (% Swiss Franc Bonds of 1982, due 1992).

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its bonds to be known as its Emprunt en Francs Suisses % 1982-1992 (% Swiss Franc Bonds of 1982, due 1992), hereinafter called the Bonds; to be limited to the aggregate principal amount of Swiss Francs 100,000,000 (except for Bonds issued in lieu of or in exchange for lost, destroyed or mutilated Bonds); to mature on February 16, 1992; and to bear interest at the rate of % per annum, payable annually on February 16 of each year, the first payment to be made on February 16, 1983.

2. The Bonds shall be bearer bonds dated February 16, 1982 with interest coupons, and shall be otherwise in such form and in such denominations as shall be approved by any of the persons specified in paragraph 4 of this Resolution:

3. Bonds shall be signed in the name and on behalf of the Bank with the signature of its President or its Senior Vice President, Finance, and shall be countersigned by its Vice President and Treasurer or its Deputy Treasurer and Director, Treasury Operations, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The coupons shall bear the signature of the Vice President and Treasurer or the Deputy Treasurer and Director, Treasury Operations of the Bank. Any signature or countersignature provided for in this paragraph may be manual or facsimile.

4. Subject to any approval required from the Government of Switzerland, the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, and the Director, European Office, of the Bank are fully authorized, jointly and severally, in the name and on behalf of the Bank, (i) to sell for Swiss Francs at any time all or any part of the Bonds to the underwriters at a price of _____ % of par less a management fee of 1/2 of 1% and upon other terms and conditions to be contained in a Loan Agreement (Contrat d'Emprunt) to be approved by such person or persons, (ii) to deliver the Bonds and (iii) to receive or arrange for the payment therefor.

5. Any of the persons specified in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to enter into such other agreements and execute, publish and deliver such notices, reports and documents, and to do any and all such other acts and things as any of the persons specified in paragraph 4 of this Resolution deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-Z	Cost to IBRD-Z	Recent Market Yield-Z	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.89
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	-
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.34
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.12
Euro-Kroner	10/20/81	5.0	5.0	NKR	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.74
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	16.19
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.72
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250	14.63	14.83	15.51
United States	12/1/81	7.0	7.0			250	15.00	15.18	15.59
United States	12/1/81	10.0	10.0			100	15.18	15.33	15.78
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	400	223.9	7.36	7.73	N.A.
Germany (Private)	1/19/82	5.0	5.0	DM	250	109.6	11.10	11.10	N.A.
Netherlands	1/19/82	10.0	8.0	f	250	100.0	11.57	11.97	N.A.
			<u>7.1</u>			<u>4,873.6</u>		<u>11.00</u>	
Switzerland (Proposed Public Issue)		10.0	<u>10.0</u>	SwF	100	<u>53.9</u>	-	-	
			<u>7.1</u>			<u>4,927.5</u>			

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs ^{1/} (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

^{1/} Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	11.00

^{2/} Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.74
7%	Canadian Dollar Bonds of 1968, due 2/15/93	15.87
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	12.81
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.89
7-1/4%	French Franc Bonds of 1972, due 6/15/87	—
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	—
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.04
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.34
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.20
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.12
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.74
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	16.19
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.51
15%	United States Dollar Notes of 1981, due 12/15/88	15.59
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.78
8.35%	United States Dollar Bonds of 1977, due 8/1/02	16.00
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.20
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.50

OFFICE MEMORANDUM

TO: Mr. Moeen A. Qureshi

DATE: January 13, 1982

FROM: Joseph P. Uhrig *jp.u*

SUBJECT: Proposed Borrowings

There are attached two Board papers for two borrowings aggregating \$209 million equivalent. These papers have been cleared with the Legal Department. We would plan to distribute them to the Board of Executive Directors on Thursday for their consideration on Tuesday, January 19, 1982.

1. Rollover with the Deutsche Bundesbank

The Bundesbank holds DM 2.4 billion (about \$1 billion equivalent) of 5-year Notes which are rolled over periodically - about DM 250 million each on February 1 and August 1 of each year. Most of the original borrowings were made in 1958-61 and were then denominated partly in DM and partly in US dollars. By 1968 all of the dollar borrowings had been refinanced in DM but, in view of the Bundesbank's alternative investment opportunities, the pricing continued to be according to the original formula calling for an interest rate approximately at the mid-point between 5-year US Government bonds and 5-year German Government bonds. After the Bundesbank was approached about this matter in 1977, when US rates began to be consistently higher than DM rates, it agreed to a new pricing formula which gave 75% weight to the DM rate and 25% weight to the US rate, with effect from August 1, 1978 onward. The overall result of the application of these pricing formulae to the 35 rollovers with the Bundesbank, including the current rollover at the rate shown below, is that the average cost as incurred by the Bank is 7.67%, whereas it would have been 7.77% if only German rates had been used to price the transactions. Nevertheless, as US rates continue to be consistently higher than DM rates, it is intended to discuss this matter again with the Bundesbank, and we plan to do so at the end of January.

Through the borrowing covered in the attached Board paper, we would refinance a note held by the Bundesbank in the principal amount of DM 250 million (\$109.6 million equivalent) maturing on February 1, 1982. The new note would mature in 5 years, on February 1, 1987. On January 12, the rate for 5-year US dollar Government obligations was 14.56% and the rate for 5-year DM Government obligations was 9.95%. According to the current pricing formula, which gives 75% weight to the DM market rate and 25% to the US dollar market rate in the calculation of the interest rate, the interest rate as proposed by the Bundesbank for the current rollover would be 11.10% payable semi-annually. The cost to the Bank would also be 11.10%. The revaluation breakeven point of this borrowing vis-a-vis the cost today (16.00%) of a dollar borrowing of the same maturity would be 24%.

2/...

2. Proposed Public Issue of up to f. 250 million

The proposed public offering of bonds would be in a principal amount of not less than Guilders 200 million and not more than Guilders 250 million (up to \$100 million equivalent). The definitive amount of the issue would be available for the meeting of the Executive Directors. The issue would be underwritten by a syndicate managed by the Algemene Bank Nederland N.V. The final maturity would be 10 years. The bonds would be repayable in 5 equal installments in each of the years 1988 through 1992. This results in an average life of 8 years. In today's market, the interest rate would be 12%, payable annually, and the issue price would be par. This would result in a yield of 11.66%. After taking into account underwriting commissions of 1-3/8% and a brokerage commission of 5/8%, fiscal agency fees, and all other expenses, the cost to the Bank would be 12.07%. On this basis, the breakeven point with the cost of a dollar borrowing (16.15%) of the same maturity would be 33%.

On January 19 the Board would be asked to approve the definitive terms of the issue, except for the issue price. For the issue price, in accordance with previous practice for borrowings in The Netherlands, we would ask the Board on January 19 to approve a price of not less than 1% (19 basis points) below the issue price the market would require on January 19. Thus the Board would be asked to give management authority for determining a price for the issue which would result in a cost not in excess of 19 basis points above the cost of the issue presented to the Board on January 19. The definitive price of this issue may be offered us on January 20, but in any case not later than January 26.

Attachments

For consideration
on January 19, 1982

R82-

FROM: The President

January 14, 1982

PROPOSED BORROWING FROM THE DEUTSCHE BUNDESBANK

The Bank has outstanding with the Deutsche Bundesbank DM 250,000,000 principal amount of a 6.75% Note issued on February 1, 1977 which will mature on February 1, 1982.

The Bank has arranged with the Deutsche Bundesbank to replace the maturing Note by the issuance on February 1, 1982 of a new Note in the principal amount of DM 250,000,000 (US\$ 109,605,857 equivalent*). The new Note would mature in 5 years on February 1, 1987. The interest rate for the new Note would be 11.10% per annum payable semi-annually on August 1 and February 1. For the determination of the interest rate, the prevailing yields for 5-year German and US Government bonds were used and 75% weight was given to the yield on German Government bonds and 25% to the yield on US Government bonds. The cost to the Bank would also be 11.10%. The breakeven revaluation point vis-a-vis a dollar borrowing of the same maturity in today's market would be 24%.

A draft Resolution is attached hereto as Attachment I.

The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including (a) the amount of the proposed borrowing from the Deutsche Bundesbank and (b) the amount of the proposed public issue in the Netherlands, would be US\$ 4,873.6 million (See Attachment II).

Recent market yields on selected World Bank Bond issues are given in Attachment III.

A. W. Clausen

by Moeen A. Qureshi

Distribution:

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on market rate as of
Jan. 13, 1982 of US\$1 = DM 2.2809

Legal Department

January 12, 1982

Attachment I

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-

Authorization to Borrow DM 250,000,000

RESOLVED:

THAT the International Bank for Reconstruction and Development (hereinafter called the Bank) create and deliver to the Deutsche Bundesbank, against payment at par, a Note in the principal amount of DM 250,000,000, such Note to be dated February 1, 1982, to bear interest at the rate of 11.10% per annum payable on August 1, 1982 and semi-annually thereafter on February 1 and August 1 in each year, and to mature February 1, 1987.

THAT the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, and the Associate General Counsel of the Bank, be and each of them, is hereby authorized, in the name and on behalf of the Bank, to execute and to deliver any and all such documents, and to do any and all such acts and things as he shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-%	Cost to IBRD-%	Recent Market Yield-%	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.85
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.53
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.12
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.02
Euro-Kroner	10/20/81	5.0	5.0	NKkr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.74
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	16.19
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.65
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250	14.63	14.83	15.41
United States	12/1/81	7.0	7.0			250	15.00	15.18	15.67
United States	12/1/81	10.0	10.0			100	15.18	15.33	15.70
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	400	223.9	7.36	7.73	N.A.
			<u>7.1</u>			<u>4,664.0</u>		<u>10.98</u>	
Germany (Proposed Private Placement)		5.0	5.0	DM	250	109.6	11.10	11.10	
Netherlands (Proposed Public Issue)		10.0	<u>8.0</u>	f	250	<u>100.0</u>	--	--	
			<u>7.1</u>			<u>4,873.6</u>			

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	<u>Balances as of June 30, 1982 (unaudited) (in \$ billions)</u>	<u>Returns/Costs ^{1/} (in %)</u>
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	-
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	-
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

<u>1/</u>	Current Yields/Costs are:	
	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	10.98

2/ Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

ATTACHMENT IIIRecent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.20
7%	Canadian Dollar Bonds of 1968, due 2/15/93	16.26
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.12
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.85
7-1/4%	French Franc Bonds of 1972, due 6/15/87	14.85
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.19
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.12
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.02
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.02
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.74
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	16.19
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.41
15%	United States Dollar Notes of 1981, due 12/15/88	15.67
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.70
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.90
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.10
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.24

For consideration on
January 19, 1982

R82-

FROM: The President

January 14, 1982

PROPOSED PUBLIC ISSUE IN THE NETHERLANDS

1. The attached Draft Resolution (Attachment I) authorizing the issuance and sale by the Bank of not exceeding f. 250,000,000 principal amount of Dutch Guilder Bonds of 1982, due 1988/1992 (the Bonds) will be considered by the Executive Directors at their meeting on January 19, 1982.
2. The principal terms of the proposed issue would be as follows:
 - (a) Principal Amount: Not to exceed f. 250,000,000 (US\$ 100,020,004 equivalent*) and to be determined in the light of market conditions not later than January 19.
 - (b) Term: The Bonds would be repayable in 5 equal annual installments on March 1 of each of the years 1988 through 1992. This would result in an average life of 8 years.
 - (c) Interest Rate, Issue Price, Cost and Revaluation Break-even Point: To be discussed at the meeting of the Executive Directors. Shortly before the meeting, Algemene Bank Nederland N.V., the manager of the underwriting syndicate, will propose the interest rate for the Bonds and a minimum price at which the Bonds could be offered to the public; such interest rate and minimum price to be included in the Purchase Agreement scheduled to be signed on January 20, 1982.

Distribution:

Executive Directors and Alternates
Senior Vice President, Finance
Senior Vice President, Operations
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

* Based on market rate as of
January 13, 1982 of
US\$1 = f. 2.4995

This minimum price would represent a margin from the issue price the market would require on January 19 in the event that less favorable market conditions prevailed at the time of the definitive pricing. The definitive pricing would take place not later than January 26, 1982. The Offering and Subscription of the Bonds would be on January 29, 1982.

3. The proposed Purchase Agreement (the Agreement) for the public issue to be concluded with the Algemene Bank Nederland N.V., as manager of the underwriting syndicate, would be substantially similar to the purchase agreements concluded for previous public issues of Bank Bonds in The Netherlands. The Agreement would provide for the payment by the Bank of an underwriting commission and management fee of 1-3/8% and the customary brokerage commission of 5/8% on the principal amount of the Bonds.

4. The issue would be represented by bearer bonds which would be in two forms: K-type Bonds with interest coupons attached (K-Bonds) and CF-type Bonds with an interest coupon sheet attached (CF-Bonds). "CF-Bonds" may at any time be exchanged free of charge for ordinary bonds, and vice versa. The Bank would pay an encashment commission of f. 0.30 per coupon due for payment on the K-Bonds (no such commission is payable on the interest on CF-type bonds), as well as a redemption commission of f. 1.50 per K- and CF-type bonds submitted for redemption. For the administration of the "CF-Bonds" a small fee would be charged to the Bank.

5. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including (a) the amount of the proposed issue in The Netherlands and (b) the amount of the proposed borrowing from the Deutsche Bundesbank would be US\$ 4,873.6 million (see Attachment II).

Recent market yields on selected World Bank bond issues are given in Attachment III.

A. W. Clausen
President

By Moeen A. Qureshi

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(Draft)

RESOLUTION NO. 82-

Authorizing the Issuance and Sale of pct. Dutch
Guilder Bonds of 1982, due 1988/1992

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in the markets of the Netherlands, and for that purpose to issue and sell an issue of Bonds of the Bank in an aggregate principal amount not to exceed f. 250,000,000 (two hundred fifty million Dutch Guilders) to be known as its " pct. Nederlandse Guldenslening 1982 per 1988/1992" (pct. Dutch Guilder Bonds of 1982, due 1988/1992);

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its Bonds to be known as its " pct. Nederlandse Guldenslening 1982 per 1988/1992" (pct. Dutch Guilder Bonds of 1982, due 1988/1992), hereinafter called the Bonds; to be limited to an aggregate principal amount not to exceed Dutch Guilders 250,000,000 (except for Bonds issued in lieu of or in exchange for lost, destroyed or mutilated Bonds); to be dated March 1, 1982, and to mature March 1, 1992; to bear interest at the rate of per cent (pct.) per annum, payable annually; and to be repaid at par in five equal or approximately equal annual installments on March 1 of each of the years 1988 through 1992.

2. The definitive Bonds shall be bearer Bonds dated March 1, 1982, with annual interest coupons or an interest coupon sheet attached, and shall be otherwise in such form and in such denominations and shall be issued on such terms and conditions as shall be approved by any of the persons specified in paragraph 4 of this Resolution.

3. Bonds shall be signed in the name and on behalf of the Bank with the signature of its President or its Senior Vice President, Finance, and shall be countersigned by its Vice President and Treasurer or its Deputy Treasurer and Director, Treasury Operations, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The respective coupons or coupon sheets to be attached to the Bonds shall bear the signature of the Vice President and Treasurer or Deputy Treasurer and Director, Treasury Operations, of the Bank. Any signature or countersignature provided for in this paragraph may be manual or facsimile.

4. Subject to any approval required from the Government of the Netherlands, the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Vice President and General Counsel, the Associate General Counsel, the Director, Financial Operations Department and the Director, European Office, of the Bank, are fully authorized, jointly and severally in the name and on behalf of the Bank, to sell for Dutch Guilders at any time all or any of the Bonds at a price not less than ___% of the principal amount thereof and upon such other terms and conditions as shall be approved by any such person or persons, to deliver the Bonds, and to receive or arrange for the payment therefor.

5. Pending the preparation and delivery of the definitive bonds, a Temporary Certificate in the aggregate principal amount of the bonds to be issued may be executed and delivered to the purchasers. Such Temporary Certificate shall be in such form as shall be approved by, and shall be signed manually in the name and on behalf of the Bank by, any of the persons specified in paragraph 4 of this Resolution.

6. Any of the persons specified in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to execute and deliver any and all such other documents, to enter into such other agreements and execute, publish and deliver such notices, reports and documents, and to do any and all such other acts and things as such person or persons shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-%	Cost to IBRD-%	Recent Market Yield-%	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.85
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.53
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.12
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.02
Euro-Kroner	10/20/81	5.0	5.0	NKr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.74
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	16.19
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	9.65
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250	14.63	14.83	15.41
United States	12/1/81	7.0	7.0			250	15.00	15.18	15.67
United States	12/1/81	10.0	10.0			100	15.18	15.33	15.70
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
Japan (Loan)	1/12/82	7.0	7.0	¥	15,000	68.7	8.60	8.70	N.A.
Japan (Loan)	1/12/82	10.0	9.0	¥	20,000	91.7	8.70	8.78	N.A.
Japan (Loan)	1/12/82	15.0	12.5	¥	25,000	114.6	8.90	8.97	N.A.
Switzerland (Private)	1/12/82	6.0	6.0	SwF	400	223.9	7.36	7.73	N.A.
			<u>7.1</u>			<u>4,664.0</u>		<u>10.98</u>	
Germany (Proposed Private Placement)		5.0	5.0	DM	250	109.6	11.10	11.10	
Netherlands (Proposed Public Issue)		10.0	8.0	f	250	100.0			
			<u>7.1</u>			<u>4,873.6</u>			

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs ^{1/} (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 ^{2/}
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

^{1/} Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	10.98

^{2/} Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

Recent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield (in %)</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.20
7%	Canadian Dollar Bonds of 1968, due 2/15/93	16.26
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.12
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.85
7-1/4%	French Franc Bonds of 1972, due 6/15/87	14.85
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.19
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.12
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.02
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.02
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.74
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	16.19
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	15.41
15%	United States Dollar Notes of 1981, due 12/15/88	15.67
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.70
8.35%	United States Dollar Bonds of 1977, due 8/1/02	15.90
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	15.10
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.24

BRIEF

FOR A TRIP TO JAPAN

January 11-15, 1982

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Key Points

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Zenko SUZUKI, Prime Minister

Michio WATANABE, Minister of Finance

Kiichi WATANABE, Vice-Minister of Finance
for International Affairs

Haruo MAYEKAWA, Governor, the Bank of Japan

Yoshio SAKURAUCHI, Minister of Foreign Affairs

Toshio KOMOTO, Minister of State and Director-General
of the Economic Planning Agency

Annexes

A. Capital Increase

B. IBRD Borrowing

C. IDA6

D. Loan Portfolio Sale

E. Cofinancing

F. Japanese Staff in the World Bank Group

G. Official Development Assistance

H. Japan and the Consultative Group on International
Agricultural Research (CGIAR)

KEY POINTS

GCI Subscription

1. We have heard informally from the Tokyo Office that Japan may be persuaded to subscribe fully to the shares allocated to it, but that it is doubtful whether Japan will release the local currency for Bank lending at the time of subscription.

2. Please urge that Japan subscribe fully, and in any case front-load to the maximum extent and release the local currency for Bank lending at the time of subscription. You might refer to the Board discussion of January 5, where major shareholders were urged to both accelerate their subscription and release their local currencies at the same time. You might note that, according to past precedents as well as our understanding of the Bank policy, a delay in release of local currency is justified only in case of severe balance of payments difficulties.

Selective Capital Increase

3. Japan has let us know, through informal discussions at various levels, that they feel that the present level of its share of the Bank's capital does not adequately reflect the support Japan has been extending to the World Bank Group. Consequently, Japan wants a further selective capital increase. It has stated that a selective increase is a prerequisite for maintaining its future IDA replenishments at the current level.

4. We do not know precisely the amount of increase the Japanese would like. They have not indicated the amount, and we have not pursued this, recognizing that the issue is not yet ready for resolution on our side.

- 2 -

5. It would be important to know what the Japanese have in mind, because three large shareholders --Japan, France, and Germany-- are very closely grouped within approximately 70-140 shares of each other. Furthermore, if the UK share is adjusted downward, this will bring the UK share close to the German share. Under these circumstances, the issue is likely to be one of changing the ranking between four major shareholders rather than giving a substantial increase in Japan's share.

6. This makes it all the more important that the Japanese' own desire should be clearly known on this issue and that they should know this is essentially a political matter and, obviously, continuing liberal access of the Bank to Japanese capital market and a leading role in IDA7 are prerequisite even in mooting the issue of changing the relationship among major shareholders.

IBRD Borrowing

7. You wrote to Mr. Watanabe, suggesting FY82 yen borrowing of up to Y400 billion. The Japanese responded that this amount was too large but that they would let us borrow Y290-320 billion.

8. Mr. Qureshi's visit to Japan has clarified that the authorities were prepared to allow the Bank to borrow substantially more than in the previous year, but they were reluctant to set a definitive figure. They wished to await your arrival before indicating a figure. The current FY82 borrowing program (December 21, 1981) includes Y360 billion (about US\$1.7 billion, 20% of the total program) (Annex B).

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9. While expressing the Bank's appreciation for the increased flexibility the authorities have shown, please emphasize the importance of their permitting us to reach this target during this year. With the proposed increase in the lending program of the Bank, in FY82, additional loans of US\$800 million are proposed, leading to a further increase in our borrowing program.

10. In the field of borrowing, there are still two areas where the Japanese are reluctant to let us proceed. First, we wish to have a part of our placements with the SAMA denominated in yen. The Japanese authorities are reluctant to allow this. Second, the authorities are also very reluctant to allow us to borrow yen outside Japan, swap yen, or undertake any other actions that may stimulate the internationalization of the yen or compete with Japanese budgetary borrowing abroad.

11. Of these various initiatives, our future borrowing with the SAMA is the most important. We would hope that you can emphasize the importance we assign to this matter and assure the Japanese that we will not undertake borrowing in a way that would adversely affect Japanese Government's borrowing from the SAMA.

IDA6

12. You may recall that Japan's advance contribution was 36%. Japan has given its formal waiver for the second installment. Under the terms of this waiver, the first installment has been adjusted to 33%.

13. We did not make an issue of the adjustment because we appreciate the support Japan has been extending to IDA. Nevertheless, you should reinforce the point that Japan has to take a leadership role in IDA6 and IDA7 in order to elicit positive responses from other donors.

IDA7

14. We have informed the Japanese authorities that we are in the process of redesigning IDA product, and we have explored with them the possibility of raising IDA resources in the form of concessionary borrowing from donor governments. Japanese authorities have not been enthusiastic about lending to IDA, but your raising of this issue will be very helpful.

15. Japan's support for an early consideration of IDA7 will be also helpful. Its current position is that, in view of IDA6 stretching out over four years, initiatives with respect to IDA7 should not be taken for quite some time.

IBRD Loan Portfolio Sale to Japanese Institutions

16. Japanese insurance companies appear to be interested in purchasing a part of IBRD loans disbursed in yen. Two of them, Nippon and Dai-ichi, have communicated their interest to the Bank, but they are still studying the matter (Annex D). The Bank welcomes the interest of Japanese institutions in its loan portfolio, but wishes to ensure that the sale be considered outside the annual ceiling on IBRD yen borrowing.

Cofinancing

17. Office of the Senior Vice President, Operations, will brief you on Bank/IDA cofinancing separately. No Japanese institution has participated in IFC projects after FY79.

Japanese Staff

18. Japan commented many times that the Japanese were under-represented in the Bank's staff, particularly at senior levels. The Bank has made substantial efforts to rectify this, and despite three departures, the number of Japanese staff in J-Q levels increased from 37 (1.3%) on June 30, 1981 to 40 (1.4%) on November 30, 1981. We will continue these efforts. But there is another issue, i.e., recruiting very senior Japanese individuals, possibly at the Vice President level. The Bank would welcome specific suggestions of potential candidates for senior positions.

Consultative Group on International Agriculture Research (CGIAR)

19. Japan has shown increasing support to the CGIAR and is now a leading donor. In November 1980, Japan hosted a symposium on the CGIAR, which Mr. Baum and Mr. Lejeune attended. Mr. Knapp's visit to Tokyo in July 1981 also enhanced the interest of Finance and Foreign Ministry officials in the CGIAR. Mr. Akimoto, Director, Multilateral Cooperation Division, Ministry of Foreign Affairs, attended the last CGIAR annual meeting; in the past junior official attended.

20. The CGIAR is seriously short of funds. Japan can help it not only with continued financial contributions but also by persuading the Asian Development Bank to increase its participation in the CGIAR and by supporting the efforts of the CGIAR to have increased contributions from the IFAD. You might point out these points while welcoming the increased interest of Japan in the CGIAR.

Biographical Information

SUZUKI, Zenko
Prime Minister

Career

Since July 1980, the Prime Minister

1976-77 Minister of Agriculture, Forestry and Fishery

1968 Chairman, Executive Council of the Liberal Democratic
Party--re-appointed 9 times since

1965-66 Minister of Health and Welfare .

1964-65 Chief Cabinet Secretary

1960-61 Minister of Posts and Telecommunications

1958-59 Chairman, Local Administration Committee, House
of Representatives

1952-53 Parliamentary Vice-Minister, Ministry of Home Affairs

April 1947 Elected to the House of Representatives-re-elected 13
consecutive times since

Personal

Born, January 11, 1911, Iwate Prefecture, Japan.

Graduated from the Imperial Fisheries Institute (renamed, Tokyo
University of Fisheries), March 1935.

Married. Has three daughters and one son.

Biographical Information

WATANABE, Michio
Finance Minister

Career

- Since July 1980, Minister of Finance--reappointed, November 1981
- 1978-79 Minister of Agriculture, Forestry and Fishery
- 1976-77 Minister of Health and Welfare
- 1976 Chairman, Committee on Cabinet, House of Representatives
- 1973-74, 1970-71 Parliamentary Vice Minister, Ministry of Agriculture,
Forestry and Fishery
- 1963 Elected to the House of Representatives (the Liberal
Democratic Party)--re-elected six times since
- 1955 Elected to the Tochigi Prefectural Assembly

Personal

Born, July 28, 1923.

Graduated from Tokyo University of Commerce (renamed, Hitotsubashi
University), 1944.

Married. Has two sons and one daughter.

Hobbies: Judo and calligraphy.

December 1981

Biographical Information

WATANABE, Ki-ichi
Vice Minister of Finance for International Affairs

Career

Since June 1981, Vice Minister of Finance for International Affairs

1979-1981 Director-General, National Loan Bureau, MOF

1978-1979 Member, the Bank of Japan Policy Board

1977-1978 Deputy Director-General, Bank Bureau, MOF

1975-1977 Deputy Director-General, International Finance Bureau, MOF

- In charge of Japanese overseas investment
- Had contact with the World Bank Group
- Served as the Deputy for Japan during IDA5 Negotiations
- Served as a member of the Japanese delegation at CIEC meeting

1971-1975 Director, Tax Bureau, MOF

1968-1971 Assigned to the Embassy in the United States, first as the
First Secretary, later as the Counsellor

April 1950 Joined the Ministry of Finance

Personal

Born, November 3, 1925, Yamanashi, Japan.

Passed the National Bar Examination, December 1949.

Graduated from the University of Tokyo, Bachelor of Law, March 1950.

Married.

Hobby: Golf.

December 1981

Biographical Information

MAYEKAWA, Haruo
Governor, the Bank of Japan

Career

Since December 1979, the Governor of the Bank of Japan

1974-79 Deputy Governor, BOJ

1970-74 Deputy President, the Export-Import Bank of Japan

1963-70 Executive Director, BOJ

1960-63 Director, Foreign Department, BOJ

1958-60 BOJ Representative in New York

1955-58 Deputy Director, Foreign Department, BOJ

1954-55 Manager, BOJ Takamatsu Branch

1949-54 Director, Secretariat of the BOJ Policy Board

1941-43 BOJ Representative in Rome and Berlin

1935 Joined the Bank of Japan

Personal

Born, 1911

Graduated from the University of Tokyo, Bachelor of Law, 1935.

December, 1981

Biographical Information

SAKURAUCHI, Yoshio
Minister of Foreign Affairs

Career

- Since November 1981, Minister of Foreign Affairs
- 1979-81 Secretary-General, Liberal Democratic Party
- 1977-78 Minister of Construction, concurrently Director-General,
National Land Agency
- 1976 Chairman, Policy Affairs Research Council, Liberal
Democratic Party
- 1972-73 Minister of Agriculture, Forestry and Fishery
- 1972 Chairman, Policy Affairs Research Council, Liberal
Democratic Party
- 1971-72 Chairman, Foreign Affairs Committee, House of
Representatives
- 1968-70 Chairman, Research Commission on the Education System,
Liberal Democratic Party
- 1967-68 Chairman, Research Commission on the Tax System, Liberal
Democratic Party
- 1964-66 Minister of International Trade and Industry
- 1961-63 Chairman, Education Affairs Committee, House of Representatives

- continued -

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- 1958-59 Chairman, Foreign Affairs Committee, House of
Representatives
- 1954-55 Parliamentary Vice Minister, Ministry of Justice
- 1952 Elected to the House of Representatives from Shimane
Prefecture--re-elected 11 consecutive times since
- 1950 Elected to the House of Councillors
- 1947 Elected to the House of Representatives from Tokyo

Personal

Born, May 8, 1912, Tokyo, Japan.

Graduated from Keio University, Bachelor of Economics,
March 1935.

January 1982

Biographical Information

KOMOTO, Toshio
Minister of State
and
Director-General of the Economic Planning Agency

Career

Since July 1980, Minister of State and Director-General of the Economic Planning Agency--reappointed, November 30, 1981

- Advocate of policy measures for economic recovery including low interest rates

1978-79 Chairman, the Policy Affairs Research Council, Liberal Democratic Party

1977-78 Minister of International Trade and Industry

1976-77 Chairman, the Policy Affairs Research Council, Liberal Democratic Party

1974-76 Minister of International Trade and Industry

1968-70 Minister of Posts and Telecommunications

1964-66 Chairman, the Cabinet Committee, House of Representatives

1961-62 Chairman, the Judicial Affairs Committee, House of Representatives

1958-59 Parliamentary Deputy Director-General, Economic Planning Agency

1949 Elected to the House of Representatives--re-elected 12 consecutive times since

- 2 -

Personal

Born, June 22, 1911, Hyogo Prefecture, Japan.

Graduated from the Nihon University, Bachelor of Law, March 1936.

Married. Has three sons and one daughter.

A great-nephew, Masayuki Ishihara, is a Bank Staff member since 1979.

Currently in the Controller's Office.

Hobbies: Golf and go. Watches sumo wrestling.

January 1982

ANNEX A: Capital Increase

GCI Subscription

1.01 The GCI resolutions provide the following increases for Japan:

	<u>Resolution No. 346</u>		<u>Resolution No. 347</u>	
	<u>Current</u>		<u>Current</u>	
	<u>US\$m</u>	<u>Shares</u>	<u>US\$m</u>	<u>Shares</u>
Paid-in				
3/4% Portion	14.9	123	-	-
6-3/4% Portion	<u>133.7</u>	<u>1,108</u>	<u>-</u>	<u>-</u>
Sub-total	148.6	1,231	-	-
Callable	<u>1,831.9</u>	<u>15,186</u>	<u>30.2</u>	<u>250</u>
 Total	 <u>1,980.5</u>	 <u>16,417</u>	 <u>30.2</u>	 <u>250</u>

1.02 Japan has not subscribed yet, and we expect its subscription to begin after the current Japanese fiscal year, which ends on March 31, 1982. There are indications that Japan will subscribe fully to the allocated shares but in front-loaded installments over FY82-FY86, with 40% in FY82 and the rest in four equal installments. Japan has inquired recently whether Japan could maintain its ranking by subscribing to 40% in FY82. We have replied that the 40% subscription will restore Japan to the fifth rank by end-FY82, although India has bypassed Japan and China may do so by subscribing before Japan.

1.03 Japan's subscription in five installments noted in the previous paragraph will produce the following payment stream to the Bank:

	Current US\$m		
	3/4%	6-3/4%	Total
	<u>Portion</u>	<u>Portion</u>	
FY82	5.9	53.5	59.4
FY83	2.2	20.0	22.2
FY84	2.2	20.0	22.2
FY85	2.2	20.0	22.2
FY86	2.2	20.0	22.2

1.04 Japan has released the local currency portions of all past subscriptions. However, for the GCI Japan may be contemplating to limit or qualify the release of the local currency (6-3/4%) portion for lending. Japan has inquired about the procedure for such actions, and the Bank has replied that: there are no set procedure; a member has the right to limit or qualify the release with no advance notice; and there is no minimum amount to be released at the time of subscription.

Selective Capital Increase

1.05 Japan continues to express its interest in a further selective increase in its shares of the IBRD capital, indicating that a selective increase will be a prerequisite for Japan to maintain its share of IDA contribution at 14.65%, which is Japan's share in IDA6. But the Bank cannot meet the request immediately.

1.06 . The last selective increase in Japan's subscription to the Bank's capital was approved in March 1979, after lengthy discussions. This increase originated during the IDA6 negotiations, in which Japan agreed to increase its contribution from 10.3% in IDA5 to 14.65% in IDA6 and bring its cumulative IDA share to 11.3%, the same as Germany's cumulative share. Management's suggestion to raise Japan's voting power in the Bank to a position just below Germany's was opposed by France, which would have lost the fourth ranking to Japan. The issue was resolved by a decision to grant a parallel selective increase to France and let it maintain the ranking. The controversy over this increase has resulted in the Board's request for a paper to establish criteria for selective increases.

1.07 One of such criteria is the "Special Support to the World Bank Group," on which four members (Korea, Kuwait, Saudi Arabia and the UAE) are requesting special increases. Japan may be able to claim a selective increase on this basis if it demonstrates its special support by permitting the Bank to borrow more liberally in the Japanese market and by increasing the IDA share further. However, it is generally difficult to have approved a selective increase not preceded by an IMF quota increase.

1.08 Moreover, additional authorized capital will have to be created to meet requests for selective increases, for there are no longer sufficient unallocated shares, as shown on the following page.

Available Shares and Claims on Them

1. Total Authorized Capital After the GCI and China Increase		716,500
2. Total Allocated		699,471
a. Subscribed by Dec. 21, 1981	333,969	
b. Allocated but not Subscribed	365,502	
3. Available for Allocation (1-2)		<u>17,029</u>
4. Notified Demand		
a. Pre-emptive Right Exercised in China Increase	788	
b. Increases under the Brazil-Yugoslavia Precedent	12,059-14,786	
c. Increases under the Special Support Criteria <u>a/</u>	11,397-19,676	
d. Reserve for Countries Applying for Membership <u>b/</u>	7,791	
e. Total Notified Demand <u>c/</u>		<u>32,035-43,041</u>
5. Shortfall of Available Shares (4.e-3)		<u>15,006-26,012</u>

a/ Korea, Kuwait, Saudi Arabia and the UAE.

b/ A conservative estimate.

c/ No account is taken of the requests of Japan and other possible claimants.

ANNEX B: IBRD Borrowing

2.01 The IBRD has borrowed in Japanese yen every year since FY70, primarily in Japan but more recently also outside Japan. Yen borrowing in FY81 totalled Y234 billion (US\$1,091 million, 21.5% of the total FY81 borrowing). By end-FY81, outstanding borrowings in yen reached Y1,062 billion (about US\$4.7 billion), which accounted for about 17% of the total outstanding borrowings of the IBRD. In FY82, the volume of yen borrowing will be one of the critical factors in the successful completion of the Bank's borrowing program of US\$8.2 billion.

2.02 The authorities have supported IBRD borrowing in Japan, giving it a preferential treatment particularly in the Samurai bond market. However, in the spring of 1981 they have cautioned the IBRD not to expect large increases in borrowing in Japan. The Japanese representative at the Development Committee meeting in Gabon indicated that Japan's approval of an expanded IBRD lending program would be contingent not only on the General Capital Increase being subscribed, but also on the IBRD's ability to fund the program without relying excessively on the Japanese capital market.

2.03 For FY82, the authorities initially indicated an annual ceiling of about Y290-320 billion on the Bank's total yen borrowing, against Y400 billion proposed by the Bank, citing as reasons for limiting the Bank's borrowing: (a) unfavorable outlook for Japan's balance of payments; (b) large budgetary borrowing requirements; and (c) competing requests from nonresidents for access to the Japanese capital market. However, the

authorities' position has become more flexible in recent months, as the outlook for Japan's balance of payments has improved much and Japanese interest rates have begun to fall.

2.04 The Bank has borrowed Y155 billion (US\$674 million) since August, which accounts for 16.2% of the Bank's total borrowing in the first half of FY82 (Table below). The present borrowing program (December 21, 1981) envisages yen borrowing of Y205 billion (US\$996 million) --Y160 billion in Japan and Y45 billion outside Japan-- in the second half, and

IBRD Yen Borrowing
(Billions of Yen)

	FY81 Actual	FY82	
		Total Program a/	Signed By End-Dec. 81
<u>Borrowing in Japan</u>			
Market Borrowing			
Bond Public Offerings	60	90	b/ 60
Loans	80	165	65
Sub-total	<u>140</u>	<u>255</u>	<u>125</u>
Placements with the Bank of Japan	64	60	30
Total in Japan	<u>204</u>	<u>315</u>	<u>155</u>
<u>Borrowing outside Japan</u>			
Euroyen Bond	20	20	-
Private Placements	10 c/	25	d/ -
Total outside Japan	<u>30</u>	<u>45</u>	<u>-</u>
<u>Total Yen Borrowing</u>	<u>234</u>	<u>360</u>	<u>155</u>
US\$ Equivalent (US\$m)	1090.6	1670.0	673.7
% of Total IBRD Borrowing	21.5	20.4	16.2

a/ Borrowing program of December 21, 1981.

b/ Excluding one issue of about Y30 billion to be discussed with the authorities.

c/ Placement with the Central Bank of Nigeria.

d/ Placement with the SAMA. Excluding about Y25 billion to be discussed with the authorities.

the authorities appear to approve the program. The next yen borrowing will be a three-tranche loan totalling Y60 billion, scheduled for signing on January 14. The amount of this loan has been raised from the originally scheduled Y50 billion.

2.05 The implementation of the program for the second half will bring the total FY82 yen borrowing to Y360 billion (Table on previous page), which exceeds the initial ceiling indicated by the authorities but falls short of the amount the Bank wants to raise. However, we are hopeful that the authorities will approve additional yen borrowing after March 1982, so that the total FY82 yen borrowing may come close to Y400 billion.

2.6 The Bank wishes to undertake in due course larger yen borrowing, also outside Japan, not only with euro-yen bonds and special placements, which it has undertaken, but also with swaps and yen central bank issues. However, the authorities are reluctant to permit yen borrowing abroad because they fear that such transactions could: (a) stimulate the internationalization of the yen; and (b) compete with government borrowing. The authorities are unhappy that in FY81 the Central Bank of Nigeria sold Japanese Government securities after the Bank's placement of yen notes with this institution. The authorities have given an informal approval on a placement with the SAMA, but the Bank has had to change the date of placement from December to the next spring and reduce the amount from the Y50 billion originally proposed to Y25 billion. Swaps involving yen would be impossible in the near future, for the Ministry of Finance has reportedly banned them (Nihon Keizai Simbun, December 17, 1981).

ANNEX C: IDA6

3.01 Japan's contribution to IDA6 is Y394,216.22 million, translated into US\$1,757.54 million at the exchange rate of Y224.3/US\$ on October 5, 1979. This consists of the ordinary contribution and extra contribution as shown below, and accounts for 14.65% of the total IDA6 contributions.

Japan's IDA6 Contribution		
	<u>Y million</u>	<u>US\$ million</u>
Ordinary	322,922.00	1,440.00
Extra	<u>71,224.22</u>	<u>317.54</u>
Total	<u>394,216.22</u>	<u>1,757.54</u>

ANNEX D: Loan Portfolio Sale

4.01 Two Japanese life insurance companies, Nippon Life Insurance and Dai-ichi Life Insurance, have indicated their interest in purchasing IBRD loans disbursed in yen. Nippon is considering to invest Y10 billion, but Dai-ichi has not indicated an amount. The IBRD and Nippon are discussing the conditions of the sale.

4.02 Japanese insurance companies in general are trying to internationalize their portfolios. They have invested in IBRD bonds issued in Japan and also participated in syndicated yen loans to the IBRD. Further requests may be forthcoming to purchase IBRD loans.

4.03 The authorities support the internationalization of the assets of insurance companies, and are encouraging their investment in IBRD loans. However, each transaction has to be approved by the Ministry of Finance. The Bank should ensure that the sales be considered outside the annual ceiling on IBRD borrowing in Japan.

ANNEX E: Cofinancing

Participations in IFC Loans

5.01 In FY68-FY79, nine Japanese private institutions participated in IFC loans to provide US\$31.9 million, of which US\$9.0 million was outstanding at end-FY81. They were observed to be attracted to projects involving Japanese interest such as equipment produced by Japanese companies.

	<u>Number of projects</u>	<u>Amount of Participation</u>	
		<u>Original (US\$ million)</u>	<u>Outstanding End-FY81 (US\$ million)</u>
The Bank of Tokyo Ltd.	6	11.3	4.35
Daiwa Bank Ltd.	5	4.9	1.26
The Industrial Bank of Japan Ltd.	4	6.4	-
The Long-Term Credit Bank of Japan Ltd.	1	0.1	-
Mitsui Bank Ltd.	1	3.0	0.60
The Nippon Credit Bank Ltd.	1	1.0	0.14
The Nomura Securities Co., Ltd.	1	0.2	-
The Sanwa Bank Ltd.	2	4.0	1.67
The Tokai Bank Ltd.	1	1.0	1.0
TOTAL		<u>31.9</u>	<u>9.02</u>

5.02 Projects cofinanced with Japanese commercial institutions occurred in the following countries:

	Amount of Participation US\$ million
Argentina	1.5
Bolivia	1.0
Chile	0.2
Greece	1.0
India	3.0
Indonesia	7.6
Jordan	4.0
Korea	4.4
Malaysia	0.1
Philippines	3.1
Turkey	5.0
Yugoslavia	1.0
TOTAL	<u>31.9</u>

5.03 No Japanese institutions participated after FY79.

ANNEX F: Japanese Staff in the World Bank Group

6.01 Between June 30, 1981 and November 30, 1981, the number of Japanese staff in levels J-Q increased from 37 (1.3%) to 40 (1.4%). Three other Japanese nationals are scheduled to join the World Bank Group staff in the next few months.

6.02 The number of Japanese staff in the O-Q levels has remained two:

Japanese Nationals in Levels O-Q
(As of November 30, 1981)

HATTORI	Vice President and Controller
NOZAKI	Director, Tokyo Office

ANNEX G: Official Development Assistance

7.01 Japan's ODA has reached US\$3,304 million (0.32% of GNP) in 1980, 25% higher than the 1979 level of US\$2,638 million (0.26% of GNP). But the grant element declined from 77.7% in 1979 to 74.3% in 1980.

7.02 In January 1981, the government announced its intention to increase the ODA further, with a medium-term target of doubling the five-year ODA amount between 1976-80 (about US\$10.68 billion) and 1981-86.

1. Japan has been a member of the CGIAR virtually since its establishment. Its initial contribution was very low, but each year it has increased its contribution by 20-30% and is now one of the leading donors. It makes its contribution in US dollars.
2. Japan is taking an increasing interest in the CGIAR, considering it an important and valuable technical assistance activity. In November 1980, at our suggestion, a symposium on the CGIAR was held in Japan with participants from Japanese academic and government agricultural research institutions and aid officials. Mr. Baum and Mr. Lejeune together with several directors of international agricultural centers participated. The symposium was very successful in focussing the attention of the Japanese scientific community on the work of the international centers. In July 1981 Mr. Knapp visited Tokyo on behalf of the CGIAR and this, too, helped to heighten the interest of officials in the Finance and Foreign Ministries. This year Mr. Akimoto, Director of the Multilateral Cooperation Division in the Foreign Office, attended the CGIAR's annual meeting whereas in the past only a junior official had come.
3. This increased Japanese interest is welcome, but brings with it some problems. The Japanese may mention the main one, which concerns recruiting Japanese scientists for the international centers. First, it is difficult to find Japanese with the requisite knowledge of tropical agriculture and adequate facility in English. Second, the open process of selection on merit practiced by the centers and the concept of serving abroad with an independent institution are both foreign to the Japanese. Consequently, few Japanese have been recruited and there have been occasional embarrassments when Japanese candidates put forward with official support have not been selected. As experience is gained by both sides, this problem should ease.
4. There are several points you could make if it seems propitious:
 - (a) The increased Japanese interest and financial support is greatly welcomed.
 - (b) The CGIAR is seriously short of funds in 1982 and probably will be in 1983. Continued Japanese support increasing, as in the past, by at least 20% each year will be very helpful in itself and will encourage other donor countries to provide the level of support the CGIAR deserves.
 - (c) In addition Japan can help by:
 - (i) Persuading the Asian Development Bank (whose President is Japanese and in which Japan is influential) to participate more in the CGIAR -- to attend its meetings and contribute more money more regularly. The AsDB is an on-again, off-again contributor seldom giving more than about \$400,000, and yet it gives high priority to agriculture.
 - (ii) Supporting efforts to get the International Fund for Agricultural Development (IFAD) to increase further its level of contribution to the CGIAR. Subject to its own replenishment (which is still under negotiation) IFAD can afford more for the CGIAR than the \$9.5 million planned for 1982. Japan is represented on the Board of Executive Directors of IFAD.
5. Responsibility for the CGIAR rests with the Multilateral Cooperation Division of the Economic Cooperation Bureau in the Foreign Ministry. The \$10.35 million we have been told confidentially the CGIAR can expect from Japan in 1982 should by now be in the Budget for approval by the Diet.

Personal History

Name : Keijiro Tanaka
Date of birth : November 25, 1922
Place of birth : Tokyo, Japan

Academic background :
Graduated from Law Faculty, Tokyo University in 1947.
Received Degree of Master of Arts in Economics from
the University of Illinois in 1951.

Professional career :
Entered the Ministry of Finance in 1947 after passing
Higher Civil Service State Examination.
Budget Examiner in the Budget Bureau from 1955 to 1958.
Worked for the International Monetary Fund from 1959
to 1962 as an economist on South-East Asia.
Director, International Organizations Division,
International Finance Bureau from 1965 to 1967.
Director, Overseas Investment Division, International
Finance Bureau from 1967 to 1968.
Delegate from the Ministry of Finance in the Deputies'
Meeting of the Group of Ten from 1965 to 1967.
New York Chief Representative, Ministry of Finance from
1968 to 1971.
Comptroller of The Tokyo Stock Exchange from 1971 to 1973.
Deputy Director-General, Securities Bureau (Japanese SEC)
from 1973 to 1974.
Member of the Policy Board of The Bank of Japan from
1974 to 1975.
Retired from The Ministry of Finance in 1975.
Managing Director, The Japan Highway Public Corporation
from 1975 to 1977.
Chairman of the Board and Chief Executive Officer, The
Sumitomo Credit Service Co., Ltd. from 1977 to 1981.

Articles :
"Legal Reserve Requirements" and Japanese Banking
(1951, University of Illinois)
Domestic Liquidity and International Liquidity -
Need for Appropriate Adjustment Process and
Adequate International Reserves (1963)
Fundamental Character of Dollar-denominated Bond Market
in Europe (1964)
Capital Market in Japan (OECD publication "Capital
Markets Study")
Acceptability and Use of a New Reserve Asset (1967)

Book : Evolving International Monetary System - Creation of
Special Drawing Rights (1976)

OFFICE MEMORANDUM

TO: Mr. A.W. Clausen
 (Through Mr. Qureshi and Mr. Hittmair)

DATE: January 6, 1982

FROM: Joseph P. Uhrig

SUBJECT: Proposed Borrowings

1-7-82
 O/K R

There are attached for your approval two Board papers relating to (1) a private placement in Switzerland, and (2) syndicated loans in Japan. These borrowings would aggregate up to \$499 million equivalent. These papers have been cleared with the Legal Department. We would plan to distribute them on Thursday for consideration by the Board on Tuesday, January 12.

1. Swiss franc private placement up to about \$224 million equivalent

This issue would be in a principal amount of not less than SwF 300 million and not more than SwF 400 million. It would be managed by the Union Bank of Switzerland with Credit Suisse and Swiss Bank Corporation as co-managers. Following recent practice for our SwF private placements, Handelsbank N.V. and Banca della Svizzera Italiana would be invited to join our usual Swiss syndicate. The issue would be for 6 years at an interest rate of 7-1/2%, payable annually. The issue price would be par, resulting in a yield to investors of 7.36%. After taking into account an underwriting commission of 1-1/2%, note and coupon encashment fees and all other costs, the cost to the Bank would be 7.73%. In today's market the revaluation breakeven point in relation to the cost of a dollar borrowing of the same maturity (15.95%) would be 55%.

The terms are firm as indicated above, except as to the amount. The minimum amount of the issue would be SwF 300 million. The definitive amount up to SwF 400 million would be agreed on January 20.

2. Syndicated loans in Japan: \$275 million equivalent

This Board paper has two Resolutions attached covering two syndicated loans as follows:

(a) a two-tranche loan totalling ¥45 billion from a consortium of Japanese long-term credit banks, life insurance companies, casualty insurance companies and the central bank in Japan for agricultural cooperative banks (Norinchukin Bank). The loan would be arranged by five joint lead-managers: The Industrial Bank of Japan; The Long-Term Credit Bank of Japan; The Bank of Tokyo; The Nippon Credit Bank and Nippon Life Insurance Company. The Bank of Tokyo would also be the agent for the loan.

The rate structure would be based on the long-term prime rate in Japan, which is currently 8.60%. The Bank would pay a management fee of 0.50% of the par value of the loan. The following table summarizes the proposed terms of this loan:

	<u>Tranche A</u>	<u>Tranche B</u>	<u>Total</u>
Amount (¥ billion)	20	25	45
Final Maturity (years)	10	15	12.8
Average Life (years)	9	12.5	10.9
Semiannual Rate and Yield	8.70%	8.90%	8.83%
Total Cost	8.78%	8.97%	8.90%

The revaluation breakeven point of this borrowing vis-a-vis the cost of a dollar borrowing of the same average life in today's market (16.20%) would be 103%.

(b) ¥15 billion from a group of city and regional banks in Japan with The Sumitomo Bank; The Dai-Ichi Kangyo Bank; The Fuji Bank; The Mitsubishi Bank; The Mitsui Bank and The Sanwa Bank as managers. The Sumitomo Bank would also be the agent for the loan. This would be our first borrowing from this group of banks. The loan would have a maturity of 7 years. The interest rate would be at the long-term prime rate, i.e. 8.60%, payable semi-annually. After including a management fee of 0.50% and all other costs, the cost to the Bank would be 8.70%. The revaluation breakeven point of this borrowing vis-a-vis the cost of a dollar borrowing of the same maturity in today's market (16.06%) would be 58%.

For your information, there are attached two schedules supplying (a) more details on our first syndicated loan with the Japanese city and regional banks, and (b) information on our total syndicated loans to date with the Japanese long-term credit banks, life insurance companies and others.

Attachments

cc: Messrs. Qureshi (2) ✓
Rotberg
Hittmair

jp.4

LOAN WITH CITY AND REGIONAL BANKS

8.60% of 1982, Due 1989

	<u>Amount</u> (In Yen Billions)	<u>% of Loan</u>
<u>Lead Manager and Agent</u>		
The Sumitomo Bank, Limited	1.2	8.0
<u>Managers</u>		
The Dai-Ichi Kangyo Bank, Limited	1.2	8.0
The Fuji Bank, Limited	1.2	8.0
The Mitsubishi Bank, Limited	1.2	8.0
The Mitsui Bank, Limited	1.2	8.0
The Sanwa Bank, Limited	1.2	8.0
<u>Participants</u>		
The Taiyo Kobe Bank, Limited	1.0	6.7
The Tokai Bank, Limited	1.0	6.7
The Daiwa Bank, Limited	0.8	5.3
The Hokkaido Takushoku Bank, Limited	0.8	5.3
The Kyowa Bank, Limited	0.8	5.3
The Saitama Bank, Limited	0.8	5.3
<u>Total - City Banks -</u>	<u>12.4</u>	<u>82.7</u>
The Yokohama Bank, Limited	0.6	4.0
The Ashikaga Bank, Limited	0.5	3.3
The Chiba Bank, Limited	0.5	3.3
The Hokuriku Bank, Limited	0.5	3.3
The Shizuoka Bank, Limited	0.5	3.3
<u>Total - Regional Banks -</u>	<u>2.6</u>	<u>17.3</u>
<u>GRAND TOTAL</u>	<u>15.0</u>	<u>100.0</u>

Financial Operations Department
January 5, 1982

**LOANS WITH INSURANCE COMPANIES
AND OTHER FINANCIAL INSTITUTIONS**
(In Yen millions)

Page 1 of 2

	7.60% of 1978, due 1998		8% + 8.10 of 1978, due 1999		8.30% of 1979, due 1999		8.90% of 1980, due 2000		Tranche A 8.50% due 1991		Loan of 1981 due 1991/96/2001 Tranche B 8.70% due 1996		Tranche C 8.90% due 2001		Total Loan	
	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan	Amount	% of Loan
LEAD - MANAGERS																
The Industrial Bank of Japan, Limited	10,000	14.3	7,000	10.0	5,700	10.4	7,700	19.3	1,100	22.0	3,700	18.5	2,100	14.0	6,900	17.3
The Long-Term Credit Bank of Japan, Limited	8,000	11.4	6,000	8.6	4,800	8.7	6,600	16.5	1,000	20.0	3,100	15.5	1,800	12.0	5,900	14.8
The Bank of Tokyo, Ltd. 1/	1,000	1.4	1,000	1.4	1,000	1.8	1,000	2.5	200	4.0	500	2.5	300	2.0	1,000	2.5
The Nippon Credit Bank, Ltd. 2/ 3/	6,000	8.6	4,500	6.4	3,500	6.4	4,700	11.8	700	14.0	2,200	11.0	1,300	8.7	4,200	10.5
Nippon Life Insurance Company 3/	10,000	14.3	9,500	13.6	10,000	18.2	4,000	10.0	-	-	1,900	9.5	2,100	14.0	4,000	10.0
CO-MANAGERS																
The Dai-ichi Mutual Life Insurance Company 2/	6,500	9.3	6,200	8.9	6,400	11.6	2,500	6.2	-	-	1,200	6.0	1,300	8.7	2,500	6.3
The Meiji Mutual Life Insurance Company 2/	6,500	9.3	6,200	8.9	6,400	11.6	2,500	6.3	-	-	1,200	6.0	1,300	8.7	2,500	6.3
Sumitomo Mutual Life Insurance Company 2/	4,500	6.4	4,300	6.1	-	-	1,600	4.0	-	-	850	4.3	950	6.3	1,800	4.5
The Tokio Marine and Fire Insurance Company, Ltd.	-	-	1,500	2.1	3,000	5.5	500	1.2	200	4.0	200	1.0	-	-	400	1.0
OTHERS																
The Morinbakin Bank	-	-	-	-	-	-	-	-	1,000	20.0	500	2.5	500	3.3	2,000	5.0
Life Insurance Companies	17,500	25.0	20,300	29.0	12,200	22.2	6,900	17.2	-	-	3,350	16.7	3,350	22.3	6,700	16.8
Casualty Insurance Companies	-	-	3,500	5.0	2,000	3.6	2,000	5.0	800	16.0	1,300	6.5	-	-	2,100	5.3
TOTAL LOANS	70,000	100.0	70,000	100.0	55,000	100.0	40,000	100.0	5,000	100.0	20,000	100.0	15,000	100.0	40,000	100.0

1/ The Bank of Tokyo, Ltd. is also acting as Agent.

2/ The Nippon Credit Bank, Ltd.,
The Dai-ichi Mutual Life Insurance Company,
The Meiji Mutual Life Insurance Company, and,
Sumitomo Mutual Life Insurance Company
were listed as lenders in the first loan.

3/ The Nippon Credit Bank, Ltd.,
Nippon Life Insurance Company,
were listed as co-managers, for the first four loans.

LOANS WITH INSURANCE COMPANIES
AND OTHER FINANCIAL INSTITUTIONS
(in Yen millions)

Page 2 of 2

	<u>Loan of 1982 due 1992/97</u>						<u>TOTAL</u>	
	<u>Tranche A</u>		<u>Tranche B</u>		<u>Total Loan</u>		<u>Amount</u>	<u>% of Loan</u>
	<u>8.70% due 1992</u>	<u>% of Loan</u>	<u>8.90% due 1997</u>	<u>% of Loan</u>	<u>Amount</u>	<u>% of Loan</u>		
	<u>Amount</u>	<u>% of Loan</u>	<u>Amount</u>	<u>% of Loan</u>	<u>Amount</u>	<u>% of Loan</u>	<u>Amount</u>	<u>% of Loan</u>
<u>LEAD - MANAGERS</u>								
The Industrial Bank of Japan, Limited	5,000	25.0	2,700	10.8	7,700	17.1	45,000	14.1
The Long-Term Credit Bank of Japan, Limited	4,300	21.5	2,300	9.2	6,600	14.7	37,900	11.8
The Bank of Tokyo, Ltd. 1/	600	3.0	400	1.6	1,000	2.2	6,000	1.9
The Nippon Credit Bank, Ltd. 2/ 3/	3,000	15.0	1,700	6.8	4,700	10.4	27,600	8.6
Nippon Life Insurance Company 3/	1,000	5.0	3,400	13.6	4,400	9.8	41,900	13.1
<u>CO-MANAGERS</u>								
The Dai-Ichi Mutual Life Insurance Company 2/	600	3.0	2,100	8.4	2,700	6.0	26,800	8.4
The Meiji Mutual Life Insurance Company 2/	600	3.0	2,100	8.4	2,700	6.0	26,800	8.4
Sumitomo Mutual Life Insurance Company 2/	500	2.5	1,700	6.8	2,200	4.9	14,400	4.5
The Tokio Marine and Fire Insurance Company, Ltd.	200	1.0	300	1.2	500	1.1	5,900	1.8
<u>OTHERS</u>								
The Norinchukin Bank	1,600	8.0	900	3.6	2,500	5.6	4,500	1.4
Life Insurance Companies	1,800	9.0	5,700	22.8	7,500	16.7	71,100	22.2
Casualty Insurance Companies	800	4.0	1,700	6.8	2,500	5.5	12,100	3.8
TOTAL LOANS	<u>20,000</u>	<u>100.0</u>	<u>25,000</u>	<u>100.0</u>	<u>45,000</u>	<u>100.0</u>	<u>320,000</u>	<u>100.0</u>

1/ The Bank of Tokyo, Ltd. is also acting as Agent.

2/ The Nippon Credit Bank, Ltd.

The Dai-Ichi Mutual Life Insurance Company, The Meiji Mutual Life Insurance Company, and Sumitomo Mutual Life Insurance Company were listed as lenders in the first loan.

3/ The Nippon Credit Bank, Ltd., Nippon Life Insurance Company, were listed as co-managers, for the first four loans.

Financial Operations Department
December 29, 1981

DECLASSIFIED

JUN 21 2013

WBG ARCHIVES

For consideration on
January 12, 1982

R82-

January 7, 1982

FROM: The President

PROPOSED BORROWING TRANSACTIONS IN JAPAN

1. The attached two draft Resolutions (Attachment I and II) authorizing the Bank to borrow an aggregate principal amount up to ¥60 Billion (US\$ 274,977,090 equivalent*) will be considered by the Executive Directors at a meeting on January 12, 1982.

2. One borrowing would be a loan from a consortium of Japanese long-term credit banks, life insurance companies and other financial institutions, with The Industrial Bank of Japan, Limited, The Long-Term Credit Bank of Japan, Limited, The Bank of Tokyo, Limited, The Nippon Credit Bank, Limited, and Nippon Life Insurance Company as lead managers. The Bank of Tokyo, Limited would also be the agent for the loan. The principal terms of the proposed loan would be as follows:

(a) Principal Amount:

The loan would be in the amount of ¥45 billion and would consist of 2 tranches: Tranche A of ¥20 billion and Tranche B of ¥25 billion.

(b) Term:

Tranche A: 10 years, repayable in 5 equal semi-annual installments from January 28, 1990. This would result in an average life of 9 years.

Tranche B: 15 years, repayable in 11 approximately equal semi-annual installments commencing January 28, 1992. This would result in an average life of 12.5 years.

Distribution:

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate as of
January 4, 1982 of US\$1 = ¥218.20

The average life of the loan would be 10.9 years.

- (c) Interest rate: 8.70% per annum on Tranche A, and 8.90% per annum on Tranche B, all payable semi-annually on January 28 and July 28. The first payment would be made on July 28, 1982.
- (d) Issue Price: Par. The average yield on the loan would be 8.83%.
- (e) Management fee: 0.50%.
- (f) Prepayment: On and after January 28, 1987, the Bank may prepay at any time, on not less than 90 days' notice, all or any part of the outstanding loan at a premium of 1/2% of the amount so prepaid. The minimum amount which could be prepaid is ¥1 billion. Any amount prepaid should be applied to reduce proportionately each of the Tranches of the outstanding amount of the loan in the inverse order of maturity.
- (g) Other terms: The proceeds would be paid to the Bank on January 28, 1982.
- (h) Cost to the Bank and revaluation breakeven point: Taking into account the management fee and all other costs payable by the Bank, the cost to the Bank of Tranches A and B would be 8.78%, and 8.97%, respectively. This results in an average cost of the loan of 8.90%. The breakeven revaluation point vis-a-vis a dollar borrowing of the same average life would be 103% in today's market.

3. The other borrowing would be a loan syndicated among Japanese city banks and regional banks with The Sumitomo Bank, Limited, The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited, The Mitsubishi Bank, Limited, The Mitsui Bank, Limited, and The Sanwa Bank, Limited as managers. The Sumitomo Bank, Limited would also be the agent for the loan. The principal terms of the proposed loan would be as follows:

- (a) Principal amount: ¥15 billion.
- (b) Term: 7 years, repayable on February 3, 1989.
- (c) Interest rate: 8.60% per annum, payable semi-annually on February 3 and August 3. The first payment would be made on August 3, 1982.
- (d) Issue Price: The loan would be made at par, which would result in a yield to the lenders of 8.60%.
- (e) Management fee: 0.50%.
- (f) Prepayment: On not less than 30 days' notice, the Bank may prepay the loan on any interest payment date, as a whole, or in part, on and after February 3, 1987 at a premium of 1/2 of 1%. The minimum principal amount which could be prepaid would be ¥1 billion.
- (g) Other terms: The proceeds would be paid to the Bank on February 3, 1982.
- (h) Cost to the Bank and revaluation breakeven point: Taking into account the management fee and all other costs payable by the Bank, the cost to the Bank would be 8.70%. The breakeven revaluation point vis-a-vis a dollar borrowing of the same maturity in today's market would be 58 %.

4. The offers for both transactions are based on the condition that the Japanese long-term prime rate at the time of signing would remain at 8.60%. The signing is foreseen for January 14, 1982.

5. The proposed borrowings would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including (a) the amount of the proposed borrowings in Japan, and (b) the amount of the proposed Swiss franc private placement, would be \$4,664.0 million (See Attachment III).

Recent market yields on selected World Bank bond issues are given in Attachment IV.

A. W. Clausen

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-

Authorizing the Borrowing of an Aggregate Amount of
up to Forty-five Billion Japanese Yen in Japan

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in Japan from a consortium consisting of Japanese banks, life insurance companies and other financial institutions an aggregate amount not exceeding forty-five billion Japanese Yen (¥45,000,000,000);

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

THAT the Bank borrow from Japanese banks, life insurance companies and other financial institutions the aggregate amount of up to forty-five billion Japanese Yen (¥45,000,000,000), the loan to consist of a tranche of ¥20,000,000,000 (Tranche A) and one of ¥25,000,000,000 (Tranche B); to be drawn down by the Bank at par on January 28, 1982; to be repaid as to Tranche A in five semi-annual installments of principal on January 28 and July 28 of each year, commencing on January 28, 1990, and ending on January 28, 1992, and as to Tranche B in eleven semi-annual installments of principal on January 28 and July 28 of each year, commencing on January 28, 1992 and ending on January 28, 1997; to bear interest, as to Tranche A, at the rate of 8.70% per annum and, as to Tranche B, at the rate of 8.90% per annum, payable, as to both Tranches, on January 28 and July 28 of each year,

with the first payment due on July 28, 1982; to be subject to a management fee of 0.50% of the principal amount borrowed; and to be evidenced by such instruments, and to be on such other terms and conditions as shall be approved by the President, the Senior Vice President, Finance, the Vice President and Treasurer, or the Deputy Treasurer and Director, Treasury Operations of the Bank.

THAT the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, the Director, Tokyo Office, and the Deputy Chief of Mission, Tokyo Office of the Bank, be and each of them is hereby authorized, in the name and on behalf of the Bank, to execute and to deliver any and all such documents, and to do any and all such acts and things as he shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

January 5, 1982

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 82-

Authorizing the Borrowing of an Aggregate Amount of up
to Fifteen Billion Japanese Yen in Japan

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in Japan from a consortium consisting of Japanese city and regional banks an aggregate amount not exceeding fifteen billion Japanese Yen (¥15,000,000,000);

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

THAT the Bank borrow from Japanese city and regional banks the aggregate amount of up to fifteen billion Japanese Yen (¥15,000,000,000); to be drawn down by the Bank at par on February 3, 1982; to be repaid on February 3, 1989; to bear interest at the rate of 8.60% per annum on February 3 and August 3 of each year, with the first payment due on August 3, 1982; to be subject to a management fee of 0.50% of the principal amount borrowed and to be on such other terms and conditions as shall be approved by the President, the Senior Vice President, Finance, the Vice President and Treasurer, or the Deputy Treasurer and Director, Treasury Operations of the Bank.

THAT the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, the Director, Tokyo Office, and the

Deputy Chief of Mission, Tokyo Office of the Bank, be and each of them is hereby authorized, in the name and on behalf of the Bank, to execute and to deliver any and all such documents; and to do any and all such acts and things as he shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-X	Cost to IBRD-X	Recent Market Yield-X	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.70
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.61
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.71
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.15
Euro-Kroner	10/20/81	5.0	5.0	NKkr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.60
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.90
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250	14.63	14.83	14.95
United States	12/1/81	7.0	7.0			250	15.00	15.18	15.11
United States	12/1/81	10.0	10.0			100	15.18	15.33	15.22
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
			<u>7.0</u>			<u>4,165.1</u>		<u>11.33</u>	
Japan (Proposed Loan)		7.0	7.0	¥	15,000	68.7	8.60	8.70	
Japan (Proposed Loan)		10.0	9.0	¥	20,000	91.7	8.70	8.78	
Japan (Proposed Loan)		15.0	12.5	¥	25,000	114.6	8.90	8.97	
Switzerland (Proposed Private Placement)		6.0	6.0	SwF	400	223.9	7.36	7.73	
			<u>7.1</u>			<u>4,664.0</u>		<u>10.98</u>	

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs <u>1/</u> (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 <u>2/</u>
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

<u>1/</u> Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	11.33

2/ Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

ATTACHMENT IVRecent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>	<u>Recent Market Yield %</u>	
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.38
7%	Canadian Dollar Bonds of 1968, due 2/15/93	15.72
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.57
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.70
7-1/4%	French Franc Bonds of 1972, due 6/15/87	14.85
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.19
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.27
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.02
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.15
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.60
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	15.90
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	14.95
15%	United States Dollar Notes of 1981, due 12/15/88	15.11
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.22
8.35%	United States Dollar Bonds of 1977, due 8/1/2002	15.40
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	14.85
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.10

For consideration on
January 12, 1982

R82-

FROM: The President

January 7, 1982

PROPOSED 7-1/2% SWISS FRANC NOTES OF 1982, DUE 1988

1. The attached draft Resolution (Attachment I) authorizing the issuance and sale by the Bank of not less than SwF 300,000,000 and not exceeding SwF 400,000,000 principal amount of 7-1/2% Swiss Franc Notes of 1982, due 1988, will be considered by the Executive Directors at their meeting on Tuesday, January 12, 1982.
2. The principal terms of the proposed borrowing would be as follows:
 - (a) Principal amount: Up to SwF 400,000,000 (US\$223,863,891 equivalent*).
 - (b) Term: 6 years. The Notes would be dated February 1, 1982 and be repayable at par on February 1, 1988.
 - (c) Interest rate: 7-1/2% per annum from February 1, 1982, payable annually.
 - (d) Issue price, cost to the Bank and revaluation break-even point: Par, resulting in a yield to investors of 7.36%. After an underwriting commission of 1-1/2%, the price to the underwriters would be 98.50% and the cost to the Bank, including all costs and taxes payable by the Bank, would be 7.73%. The revaluation breakeven point vis-a-vis a dollar borrowing of the same maturity in today's market would be 55%.
 - (e) Prepayment: At the option of the Bank at 101-1/2% on February 1, 1985, 101% on February 1, 1986, and 100-1/2% on February 1, 1987.

Distribution

Executive Directors and Alternates
Senior Vice President, Operations
Senior Vice President, Finance
Vice President and General Counsel
Vice President and Treasurer
Vice President and Controller
Vice President, Programming and Budgeting

*Based on the market rate
as of January 4, 1982 of
US\$1 = SwF 1.7868

3. The Note Purchase and Paying Agency Agreement for the Private Placement to be concluded with Union Bank of Switzerland, Credit Suisse and Swiss Bank Corporation (the underwriters) would provide for payment by the Bank to the underwriters of encashment commissions of 1/4% on coupons encashed and 1/8% on the principal amount of the Notes redeemed. On the other hand, the encashment commission of 1/8% which would be due on that part of the principal amount of the SwF 500 million issue maturing on February 1, 1982 which is being refinanced by this new borrowing would be waived. The Swiss taxes payable by the Bank would amount to about 0.16% of the aggregate principal amount of the Notes. The underwriters would either place the Notes privately or hold them for their own account.

4. The proposed borrowing would be charged against the FY82 Borrowing Program. The amount borrowed to date applicable to FY82, including (a) the amount of the proposed Swiss Franc Private Placement and (b) the amount of the proposed syndicated loans in Japan, would be \$4,664.0 million (see Attachment II).

Recent market yields on selected World Bank Bond issues are given in Attachment III.

A.W. Clausen

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(Draft)

RESOLUTION NO. 82-

Authorizing the Issuance and Sale of 7-1/2%

Swiss Franc Notes of 1982, due 1988

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in the markets of Switzerland, and for that purpose to issue and sell an issue of notes of the Bank in the aggregate principal amount of up to Swiss Francs 400,000,000 to be known as its 7-1/2% Swiss Franc Notes of 1982, due 1988;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Bank hereby creates an issue of its notes to be known as its 7-1/2% Swiss Franc Notes of 1982, due 1988 (hereinafter called the Notes); to be limited to the aggregate principal amount of Swiss Francs 400,000,000 (except for Notes issued in lieu of or in exchange for lost, destroyed or mutilated Notes); to mature on February 1, 1988; to bear interest at the rate of 7-1/2% per annum, payable annually on February 1 of each year, the first payment to be made on February 1, 1983; and to be subject to redemption in its entirety at the option of the Bank at 101-1/2% of par on February 1, 1985, at 101% of par on February 1, 1986, and at 100-1/2% of par on February 1, 1987.

2. The Notes shall be bearer Notes dated February 1, 1982, with interest coupons, and shall be otherwise in such form and in such denominations as shall be approved by any of the persons specified in paragraph 4 of this Resolution.

3. The Notes shall be signed in the name and on behalf of the Bank with the signature of its President or its Senior Vice President, Finance, and shall be countersigned by its Vice President and Treasurer or its Deputy Treasurer and Director, Treasury Operations, and a facsimile of the Bank's official seal shall be printed, lithographed or engraved thereon. The coupons shall bear the signature of the Vice President and Treasurer or the Deputy Treasurer and Director, Treasury Operations, of the Bank. Any signature or countersignature provided for in this paragraph may be manual or facsimile.

4. Subject to any approval required from the Government of Switzerland, the President, the Senior Vice President, Finance, the Vice President and Treasurer, the Deputy Treasurer and Director, Treasury Operations, the Director, Financial Operations Department, the Vice President and General Counsel, the Associate General Counsel, and the Director, European Office, of the Bank are fully authorized, jointly and severally, in the name and on behalf of the Bank, to sell for Swiss Francs at any time, all or any part of the Notes to the underwriters at the price of 98.50% of the principal amount thereof and upon such other terms and conditions to be contained in a Note Purchase and Paying Agency Agreement as shall be approved by such person or persons, to deliver the Notes and to receive or arrange for the payment therefor.

5. Pending the preparation and delivery of definitive Notes, a temporary global certificate in the aggregate principal amount of the Notes to be issued may be executed and delivered to the underwriters. Such temporary global certificate shall be in such form as shall be approved by any of the persons specified in paragraph 4 of this Resolution and shall be signed manually in the name and on behalf of the Bank by any such person.

6. Any of the persons specified in paragraph 4 of this Resolution are hereby authorized, jointly and severally, in the name and on behalf of the Bank, to enter into such other agreements, to execute, publish and deliver such notices, reports and other documents, and to do any and all such other acts and things as any of the persons specified in paragraph 4 of this Resolution shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1982

Country/Institution	Approved	Terms (Yrs.)	Average Life (Yrs.)	Amount (million)		Yield to Initial Purchaser-X	Cost to IBRD-X	Recent Market Yield-X	
				Currency	\$ Equiv.				
Netherlands (Loan)	7/ 7/81	10.0	8.0	f	100	37.6	11.94	11.95	N.A.
Germany (Private)	7/14/81	5.0	5.0	DM	250	102.3	11.95	11.95	N.A.
Switzerland (Private)	7/21/81	5.0	5.0	SwF	150	71.7	7.61	7.99	N.A.
Germany	7/21/81	10.0	10.0	DM	200	82.4	10.24	10.58	9.70
Japan (Loan)	7/28/81	10.0	9.0	¥	5,000	21.5	8.50	8.58	N.A.
Japan (Loan)	7/28/81	15.0	12.5	¥	20,000	85.8	8.70	8.77	N.A.
Japan (Loan)	7/28/81	20.0	16.5	¥	15,000	64.4	8.90	8.96	N.A.
Central Banks (Private)	8/4/81	2.0	2.0			291.4	15.75	15.75	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	DM	300	118.7	11.10	11.10	N.A.
Euro-dollar/swap	8/11/81	4.6	4.6	SwF	200	89.3	7.98	7.98	N.A.
Euro-dollar/swap	8/11/81	6.7	5.2	DM	200	79.5	10.84	10.84	N.A.
Euro-dollar	8/11/81	4.8	4.8			2.5	15.49	16.13	N.A.
Japan	8/25/81	15.0	12.3	¥	30,000	130.4	8.51	8.80	8.61
Germany (Private)	9/1/81	10.0	10.0	DM	100	40.2	10.79	11.03	N.A.
Euro-guilder	9/8/81	5.0	5.0	f	150	54.9	12.45	12.98	11.71
Switzerland (Loan)	9/15/81	5.0	5.0	SwF	100	47.5	8.93	9.01	N.A.
Central Banks (Private)	9/15/81	3.0	3.0	SwF	150	71.3	8.93	8.98	N.A.
Euro-dollar/swap	9/22/81	5.0	5.0	SwF	97.2	50.0	8.90	8.90	N.A.
Euro-dollar/swap	9/22/81	5.0	4.4	SwF	151.8	-80.0	8.89	8.89	N.A.
Euro-dollar/swap	9/22/81	7.0	7.0	SwF	192.7	100.0	8.85	8.85	N.A.
United States (Private)	9/28/81	4.6	4.6	DM	227.6	98.9	10.71	10.71	N.A.
Switzerland	10/8/81	10.0	9.5	SwF	100	50.6	7.91	8.42	7.15
Euro-Kroner	10/20/81	5.0	5.0	NKr	100	17.2	12.60	13.25	N.A.
Japan (Private)	10/20/81	6.5	6.5	¥	30,000	131.6	8.23	8.23	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	45	20.3	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	5	2.3	10.37	10.37	N.A.
Germany (Loan)	10/20/81	10.0	10.0	DM	30	13.6	10.40	10.40	N.A.
Germany (Loan)	10/20/81	15.0	10.5	DM	20	9.0	10.37	10.37	N.A.
Netherlands (Loan)	10/20/81	10.0	8.0	f	100	41.1	12.37	12.39	N.A.
United States	10/20/81	5.0	5.0			300.0	16.44	16.65	15.60
United States	10/20/81	10.0	10.0			200.0	16.63	16.79	15.90
Kuwait (Private)	11/3/81	10.0	6.5	KD	30	105.9	12.14	12.56	N.A.
Switzerland (Private)	11/3/81	6.0	6.0	SwF	200	104.6	8.33	8.70	N.A.
Japan	11/10/81	15.0	12.3	¥	30,000	130.1	8.61	8.91	N.A.
Japan (Loan)	11/17/81	15.0	12.5	¥	25,000	109.9	9.10	9.17	N.A.
Germany	11/24/81	10.0	10.0	DM	250	111.6	9.76	10.10	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	SwF	400	220.0	7.74	7.75	N.A.
Saudi Arabia (Private)	12/1/81	8.0	7.0	DM	240	105.9	10.13	10.14	N.A.
Saudi Arabia (Private)	12/1/81	5.0	5.0	f	300	121.1	12.12	12.13	N.A.
United States	12/1/81	5.0	5.0			250	14.63	14.83	14.95
United States	12/1/81	7.0	7.0			250	15.00	15.18	15.11
United States	12/1/81	10.0	10.0			100	15.18	15.33	15.22
Third Window	3/22/76	13.0	13.0			8.7	8.50	8.50	N.A.
Netherlands (Private)	12/8/81	5.0	5.0	f	100	41.3	11.49	11.50	N.A.
			<u>7.0</u>			<u>4,165.1</u>		<u>11.33</u>	
Japan (Proposed Loan)		7.0	7.0	¥	15,000	68.7	8.60	8.70	
Japan (Proposed Loan)		10.0	9.0	¥	20,000	91.7	8.70	8.78	
Japan (Proposed Loan)		15.0	12.5	¥	25,000	114.6	8.90	8.97	
Switzerland (Proposed Private Placement)		6.0	6.0	SwF	400	223.9	7.36	7.73	
			<u>7.1</u>			<u>4,664.0</u>		<u>10.98</u>	

N.A. Not Applicable

Projected Average Returns/Costs on IBRD Assets and Liabilities for FY82

	Balances as of June 30, 1982 (unaudited) (in \$ billions)	Returns/Costs <u>1/</u> (in %)
Cash and Investments	10.3	11.0
Receivable from disbursed loans	31.2	8.3 <u>2/</u>
Other Assets	<u>1.4</u>	<u>-</u>
Total Assets	<u>42.9</u>	<u>8.7</u>
Borrowings	34.0	8.2
Other Liabilities	1.0	-
Capital and Reserves	<u>7.9</u>	<u>-</u>
Total Liabilities, Capital and Reserves	<u>42.9</u>	<u>6.5</u>

<u>1/</u> - Current Yields/Costs are:	Investments	12.53
	Borrowings Outstanding	8.14
	Borrowings to date - FY82	11.33

2/ Interest on loans and commitment charges as a percent of average disbursed loans outstanding.

ATTACHMENT IIIRecent Market Yield on Selected World Bank Bond Issues

<u>Issues</u>		<u>Recent Market Yield %</u>
8%	Austrian Schilling Bonds of 1980, due 2/1/90	9.38
7%	Canadian Dollar Bonds of 1968, due 2/15/93	15.72
7-1/2%	Belgian Franc Bonds of 1971, due 9/22/86	13.57
10-1/2%	Deutsche Mark Bonds of 1981, due 8/1/91	9.70
7-1/4%	French Franc Bonds of 1972, due 6/15/87	14.85
8.50%	Japanese Yen Bonds of 1981, due 9/2/96 (Thirteenth Series)	8.53
8-3/4%	Yen Bonds of 1981, due 2/20/91, (Euro-yen)	8.19
11-1/4%	Netherlands Guilder Bonds of 1981, due 4/1/91	11.27
5-7/8%	Swiss Franc Bonds of 1980, due 7/17/95	7.02
8%	Swiss Franc Bonds of 1981, due 10/26/91	7.15
16-3/8%	United States Dollar Bonds of 1981, due 11/11/86	15.60
16-5/8%	United States Dollar Bonds of 1981, due 11/1/91	15.90
14-5/8%	United States Dollar Notes of 1981, due 12/15/86	14.95
15%	United States Dollar Notes of 1981, due 12/15/88	15.11
15-1/8%	United States Dollar Notes of 1981, due 12/15/91	15.22
8.35%	United States Dollar Bonds of 1977, due 8/1/2002	15.40
16-1/2%	United States Dollar Notes of 1981, due 9/30/86 (Euro-dollar)	14.85
16-1/2%	United States Dollar Notes of 1981, due 9/30/88 (Euro-dollar)	15.10

OFFICE MEMORANDUM

TO: Mr. A. W. Clausen
(Through Messrs. Qureshi and Hittmair)

FROM: Joseph P. Uhrig

SUBJECT: Proposed Borrowing Operations in Japan

DATE January 4, 1982

There is enclosed for your clearance and signature a letter to the Minister of Finance for Japan requesting the Japanese Government's approval for two Yen loan transactions aggregating Yen 60 billion (US\$ 270 million equivalent).

Enclosure

RKarsenti:jih

January 4, 1982

Dear Mr. Minister:

The International Bank for Reconstruction and Development proposes to borrow an aggregate principal amount of up to Yen 60 billion in Japan as follows:

- (1) Up to Yen 45 billion in the form of a loan consisting of two tranches from a consortium of Japanese banks and insurance companies. The first tranche would be in the principal amount of up to Yen 20 billion and would have a term of 10 years; the interest rate would be set at 0.10% above the Japanese long-term prime rate prevailing at the date of signature of the Loan Agreement. The second tranche would be in the principal amount of up to Yen 25 billion and would have a term of 15 years; the interest rate would be set at 0.30% above the Japanese long-term prime rate prevailing at the date of signature of the Loan Agreement. Interest for each tranche would be payable semi-annually; and
- (2) Up to Yen 15 billion in the form of a loan from a consortium of Japanese city banks and regional banks. This borrowing transaction would have a term of 7 years. The interest rate is expected to be set at the Japanese long-term prime rate prevailing at the date of the signature of the Loan Agreement, and interest would be payable semi-annually.

The Government of Japan is hereby requested, in accordance with Section 1(b) of Article IV of the Articles of Agreement of the Bank to approve these two borrowings by the Bank in an aggregate principal amount not to exceed Yen 60 billion. The Government of Japan is further requested to agree, pursuant to the same provision of the Articles of Agreement, that the proceeds of such borrowings may be exchanged for the currency of any other member of the Bank without restriction.

Sincerely,

A. W. Clausen

His Excellency
Michio Watanabe
Minister of Finance
Ministry of Finance
Tokyo, Japan

RKarsenti:jih
cc: Mr. Seiji Morioka, Executive Director

Messrs. Clausen(2), Qureshi(2), Rotberg, Hittmair, Uhrig, Halfmann
Cleared with and cc: Mr. Grossmann
FOD Yen File #s 51 & 52