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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

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PUBLIC DISCLOSURE AUTHORIZED

PRESIDENT
B.B. CONABLE
CHRON FILES

M-Z

Oct. 1 - Dec. 31, 1984



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R1992-109 Other #: 10 209567B
President Barber Conable Chronological Records - Outgoing - Correspondence - M-Z -
October 1 - December 31, 1984

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

BARBER B. CONABLE
President

November 3, 1989

Dear Mr. Mack:

Thank you for your kind invitation to address a meeting of the Los Angeles World Affairs Council next spring. I accept with pleasure.

I will be travelling to Asia in early March, and could stop in Los Angeles on the way. It appears the best option for me would be a dinner speech on the evening of March 1, 1990. According to my staff, initial inquiries with your staff indicate this would be a convenient date for the Council, as well.

I look forward to receiving confirmation from you, and to the opportunity to meet with your membership next March.

All best wishes.

Sincerely,



Mr. J. Curtis Mack, II
President
Los Angeles World Affairs Council
900 Wilshire Boulevard, Suite 230
Los Angeles, California 90017

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

BARBER B. CONABLE
President

October 16, 1989

Dear Bruce:

Thank you for your letter of September 26 regarding the firm of Kohn, Pedersen and Fox. I am pleased to know of your good experience with this firm and hope, if they win the competition here, they will show similar imagination and initiative on designing the rehabilitation of our Main Complex.

I understand that you have not been well recently. Best personal wishes for a speedy recovery.

Sincerely,



Mr. Bruce MacLaury
1775 Massachusetts Avenue, N.W.
Washington, D.C. 20036

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

BARBER B. CONABLE
President

December 7, 1989

Dr. Halfdan Mahler
Secretary-General
International Planned Parenthood Federation
Regents College
Inner Circle
Regents Park
London NW1 4NS, England

Dear Halfdan:

I want to thank you for the opportunity to address the International Planned Parenthood Federation in Ottawa. The opportunity coincided with an increasing awareness here at the World Bank of the nexus between environment, poverty and population. The timing could not have been better from my point of view, and thus I am encouraged that our population program will gather strength from now on.

I am reassured that you have been willing to take on this additional responsibility after so much international public service. I look forward to working with you personally and institutionally in the months ahead.

Sincerely,

BBC

OUTGOING MESSAGE FOR ELECTRONIC COMMUNICATION

TEXTNAME: _____

PAGE _____ OF _____

WDIAL
.LA4CO EXPRESS
OINFO

-SUBJECT: CHILE - FAREWELL TO CENTRAL BANK PRESIDENT
-DRAFTED BY: KAREN LASHMAN, COUNTRY OFFICER EXT: 30123
-AUTHORIZED BY: BARBER B. CONABLE
-CLEARED W/CC: MR. BOTTELIER, DIRECTOR (LA4)
-CC: MESSRS. QURESHI; HUSAIN, QUIJANO (LACVP), BERY,
-LEVY (LA4CO)

392 340315 =
-SR. MANUEL CONCHA MARTINEZ
-PRESIDENTE
-BANCO CENTRAL DE CHILE
-AGUSTINAS 1180
-SANTIAGO, CHILE
BT
WASHINGTON DC - 18-DEC-89

DEAR MR. CONCHA:

ON BEHALF OF ALL OF US WHO WORK WITH CHILE, MAY I TAKE THIS OPPORTUNITY TO EXTEND OUR SINCERE APPRECIATION FOR THE MANY PROFESSIONAL COURTESIES AND TECHNICAL SUPPORT WHICH YOU AND YOUR STAFF AT THE CENTRAL BANK HAVE EXTENDED TO US OVER YOUR TERM AS PRESIDENT. WE LOOK FORWARD TO A CONTINUED CLOSE WORKING RELATIONSHIP WITH THE CENTRAL BANK IN ITS EXPANDED ROLE. WITH OUR BEST WISHES FOR A HAPPY HOLIDAY SEASON AND CONTINUED SUCCESS IN YOUR NEW ASSIGNMENT.

WARM REGARDS, BARBER B. CONABLE, PRESIDENT, WORLD BANK, INTBAFRAD

READY FOR

SIGNATURES:

TRANSMISSION: _____
(Inputter's Initials)

DRAFTED BY: *Karen Lashman*

TRANSMITTED BY: _____

AUTHORIZED BY: *Barber B. Conable*

DATE: _____

DELIVERY NOTICES RECEIVED? _____

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

BARBER B. CONABLE
President

October 10, 1989

Dear Mr. Masse:

I have learned of your appointment as Alternate Governor for Canada on the Boards of Governors of The World Bank Group. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Bank Group, as well.

The Executive Directors, Officers and Staff of The World Bank Group believe very strongly in its development mission and in the battle against poverty. We look forward to working with you to make the Bank Group even more effective during the coming years. Congratulations on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

Barber Conable

Mr. Marcel Masse
President
Canadian International Development Agency
Place du Centre
200 Promenade du Portage
Hull, Quebec K1A 0G4
Canada

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

BARBER B. CONABLE
President

November 29, 1989

Excellency:

Thank you for your letter informing me of the completion of your mission as Ambassador to the United States. I very much appreciated your kind words of thanks and your hopeful perspective for the future. It was a great pleasure for me to work with you during your stay here which, I agree, was certainly challenging, and also very productive. You contributed significantly to establishing cooperative relations with the United States and did much to assist the World Bank. I regret that we will no longer be working together in Washington, but hope we will have other opportunities for collaboration. In closing, let me extend my sincere best wishes for success in your future endeavors.

Sincerely,



His Excellency Nobuo Matsunaga
The Ambassador of Japan
2520 Massachusetts Avenue, N.W.
Washington D.C. 20008

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

BARBER B. CONABLE
President

November 3, 1989

Dear John:

Thank you for sending me Joe Rei's resume.

I have forwarded your package to the Personnel Team in the Finance Complex, with the request that appropriate managers review Mr. Rei's experience and qualifications. He will be contacted directly if there are opportunities in his particular field.

Best wishes.

Sincerely,



John K. Meagher, Esquire
LeBoeuf, Lamb, Leiby and MacRae
1333 New Hampshire Avenue, NW
Washington, D.C. 20036

I hope the world is treating you well, and that the private sector is paying you well.

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

BARBER B. CONABLE
President

To Andrié Melango

Dear Andrié,

My wife and I want to thank you
for your company, planning and support
during our recent visit to Madagascar.
We feel it was a constructive and successful
trip, and your share in it was appreciated.

Best wishes —

Sincerely
Barber

Chron

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

BARBER B. CONABLE
President

October , 1989

Dear Mr. Vice President:

Thank you for your invitation to attend the 1990 SADCC Annual Conference in Lusaka from January 31 to February 2. I greatly regret that previous commitments will prevent me from attending. I have therefore asked Mr. Edward V. K. Jaycox, Vice President, Africa Region, to represent the World Bank at Lusaka.

I would like to congratulate SADCC on a decade of outstanding achievement in promoting economic integration in the region. I know from my colleagues that much of this success is due to your own committed leadership. My thoughts will be with you in Lusaka as you plan new strategies to meet the demands of the coming decade. You can be assured, Mr. Vice President, of the World Bank's continued support during this challenging transition.

Kindest regards.

Yours sincerely,

Barber Conable

Hon. P. S. Mmusi
Vice President and Minister of
Finance and Development Planning
Chairman of SADCC Council of Ministers
Private Bag 008
Gaborone, Botswana

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

BARBER B. CONABLE
President

December 6, 1989

His Excellency Daniel T. Arap Moi, EGH, EBS, M.P.
President of the Republic of Kenya
& Commander-in-Chief of the Armed Forces
State House
P.O. Box 40530
Nairobi, Kenya

Your Excellency:

I wish to express my gratitude for the very warm reception you extended to Mrs. Conable and me on our brief stop-over in Kenya. I was particularly pleased that you feel the Bank continues to play a positive role in Africa's development.

The success of your efforts toward economic and social progress in Kenya is of great importance, not only for the people in your country, but also for Africa as a whole. We in the World Bank consider it a privilege to be associated with these efforts, and our country team for Kenya will continue to support you in this exciting challenge.

I look forward to our continued collaboration and friendship.

Warmest regards.

Sincerely,

Barber Conable



Record Removal Notice

File Title President Barber Conable Chronological Records - Outgoing - Correspondence - M-Z - October 1 - December 31, 1984		Barcode No. 1782797		
Document Date Oct 23, 1989	Document Type Memorandum			
Correspondents / Participants To : Mr. Raymundo Morales, Executive Director From : Barber B. Conable				
Subject / Title Appointment for a member of Pension Benefits Administration Committee				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"> <tr> <td>Withdrawn by Chandra Kumar</td> <td>Date Aug 11, 2014</td> </tr> </table>	Withdrawn by Chandra Kumar	Date Aug 11, 2014
Withdrawn by Chandra Kumar	Date Aug 11, 2014			

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

BARBER B. CONABLE
President

November 6, 1989

Dear Lee:

It was good to see you at the dinner for Ambassador Matsunaga. As a result of our conversation, I've reviewed my calendar for next spring to see if it would be possible for me to be in Peoria on Tuesday, April 3rd, to deliver the keynote address to the annual Earthmoving Industry Conference of the Society of Automotive Engineers.

I'm afraid, Lee, that I just can't come to Peoria at that time. The first week in April is usually when the Development Committee meets, bringing to town foreign Ministers from all the Bank's member countries. This, plus an already-complicated travel schedule for next spring, make it impossible for me to accept.

If my travels bring me through your part of the country, I will be sure to let you know so that I can take you up on part two of your request to meet with the Caterpillar executive group.

Thank you for thinking of me, dear friend. Best personal wishes.

Sincerely,



Mr. Lee L. Morgan
Chairman of the Board (Retired)
Caterpillar Inc.
100 N.E. Adams Street
Peoria, Illinois 61629-6210

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

BARBER B. CONABLE
President

November 20, 1989

The Honorable Constance A. Morrella
U.S. House of Representatives
Washington, D.C. 20515



Dear ~~Representative~~ Morrella:

Thank you for your letter of November 2 concerning the Sardar Sarovar projects in India.

As I mentioned to Congressman Scheuer in a previous communication on this matter, we share your concerns about the resettlement and environment aspects of the project and have been working very closely with the Indian authorities to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

There have been lapses in implementation. On occasion, performance has not always conformed to the plans. But remedial action has been taken and, on balance, we feel that progress is being made.

As you know, the projects are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981 and the population growth rate is greater than 2% a year.

Several alternatives to a large dam were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, given the enormity of the objective and taking into account technical, economic and other considerations. For example, a series of small dams presents many more potential difficulties than a single large one. Finding appropriate sites for them is very difficult and the cost per hectare irrigated escalates rapidly as one moves from relatively easy to increasingly difficult locations. The percentage of inundated area to command area, which is high even in the better small dam sites, increases rapidly as greater numbers of sites are pursued. Simultaneously, resettlement and environmental problems mount. Then, smaller dams do not provide the kind of power benefits that a large structure affords.

We monitor alleged violations of Bank policy or of the Bank's Loan and Credit agreements on resettlement and environment, and other aspects at least twice a year through on-site visits by Bank staff and consultants. From time to time, an exact deadline for certain actions may not be met fully. Oftentimes, unforeseen circumstances are at work. For example, the Government of India decided, after the projects had been approved, to undertake another detailed environmental assessment and this resulted in an implementation delay of about 18 months. Our position is that as long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when

necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

Environmental aspects of the project were investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank and a United States consultant completed this before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, forestry and public health. Archeological and water resources aspects are receiving required attention. Terms of reference have been agreed for studies of wildlife management. The project does have some environmental benefits also. For example, it will help wildlife parks, through the provision of more regular water supplies.

On the issue of the Bank's economic analysis, a very comprehensive examination was conducted as part of the appraisal work in 1984/85. Rehabilitation and resettlement requirements were costed as was forest land and land lost to inundation. Public health costs were not included originally since it was not obvious, and is still not, that the assumed health costs will outweigh the health benefits from assured water supplies for drinking and washing. Future levels of siltation were studied and indicated a reservoir life for the SSP dam in the range of 180 to 340 years.

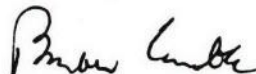
As I noted in my earlier letter to Congressman Scheuer, staff of the Bank's India department have made a preliminary review of Mr. Paranjpye's assessment for the Indian National Trust for Art and Cultural Heritage (INTACH) and have concluded that our original decision to support this project remains sound. While some costs have increased, so have some benefits. For example, benefits from power generation are much greater than originally estimated and the original benefits ascribed to municipal and industrial water were almost certainly undervalued. Overall, we do not think the economic rate of return has changed significantly from the 13 percent calculated in 1985. The INTACH report estimates the return for the SSP project at 10.8% and for the proposed Narmada Sagar project at 12.2%.

While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26 this year the legislative assembly of Gujarat, after a two-hour discussion of the issues, unanimously passed a resolution affirming support for the projects, which have been described as "lifelines" for that state.

In closing, I would like to emphasize how very much concerned I am about the potential environmental consequences of all our development projects. I would also like to underscore the importance of IDA to poor countries such as India. As you know, one of the original motivations behind the creation of IDA was to help India grow out of a very dismal economic condition. The United States Congress was the principal instigator for this decision and in many different ways the success of IDA can be seen in India today. For example, the country, which in the 1960s had to import massive quantities of food grains, is now self sufficient, thanks in large part to IDA assistance, which supplemented India's very impressive effort, particularly in developing irrigated agriculture.

We believe this performance can be duplicated in the future -- in India and elsewhere -- as we continue the battle against global poverty through sustainable development.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

November 20, 1989

The Honorable Jim Moody
Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Jim:

Many thanks for your note on Poland. As you clearly appreciate from your recent visit, things are moving rapidly there, and concerted assistance from all donors will be extremely important in supporting these developments.

Let me say at the outset that the Government of Poland and the Bank have been and are working to prepare a program which would effectively assist Poland in solving the daunting problems it now faces. We believe that the linchpin in this process is the Government's program to stabilize the economy and establish a supportive macroeconomic and institutional environment. We were much encouraged by our discussions with the new Government's economic team during the Annual Meetings in late September, shortly after Prime Minister Mazowiecki took office. We look forward to supporting a strong and credible Polish program.

Once this program is in place, we are prepared to provide sustained support for the Polish reform process. The World Bank is prepared to offer substantial amounts in loans to the Polish Government over the next twelve months. This lending would include policy-based, investment and technical assistance loans, in addition to the continuation of our ongoing program of economic and sector work. Each loan has been and will be designed and prepared in the context of an overall country strategy.

The International Finance Corporation, a World Bank affiliate, is already an active partner in efforts to foster the growth of private sector, market-based enterprises in Poland. Last year IFC approved a DM29 million loan to help finance a series of investments in a cooperative owned by some 50,000 small-scale private farmers. The loan is facilitating the expansion of exports of high-quality fruits and vegetables for the Western European market. IFC is also providing advice to the Government on privatization of state industries and establishment of foreign joint venture banks.

One of the most important constraints to Poland's development is its foreign debt and the lack of creditworthiness. External debt amounts to over \$39 billion, more than five times the current annual level of convertible currency earnings. The reform program has a particularly strong and well formulated set of measures to promote exports, which must be increased if convertible currency earnings are to rise. The Bank is, therefore, giving priority to operations which would support these crucial reforms. Two Bank loans, totalling some \$350 million, are now ready for negotiations with

Poland. These would help finance projects which would assist with the modernization and expansion of a number of export-oriented manufacturing and agro-processing enterprises; they would both expand overall exports and increase the value-added of existing export products.

The Bank will also provide support in a number of other high-priority areas--energy efficiency and conservation, environment, transportation, agriculture development, financial institution development, telecommunications, and industrial restructuring. These projects will not only offer significant benefits in terms of improved efficiency, environmental protection, increased output, etc., but they will also serve as vehicles for us to support institutional strengthening and the practical details of the reform program.

Most importantly, however, the Bank is concerned with improving the quality of life of the Polish people. No reform effort aimed at restoring growth can be sustained without the existence of an adequate social safety net to provide a cushion for the disadvantaged or those adversely affected by the reforms. Providing such a safety net in reforming socialist countries poses a serious challenge both for the Bank and for the entire development community.


The magnitude of the problems facing Poland calls for a high degree of cooperation and coordination on the part of all interested parties--the multilateral financial institutions, bilateral donors, and commercial bank creditors. We understand that the Polish authorities are making good progress in reaching agreement with the IMF on a stabilization program. We are following these discussions with great interest, and are prepared to move forward with our own program at the appropriate moment.

However, we believe that Poland's current creditors (bilaterals as well as commercial banks) will remain the key factor in any financial plan. Initial calculations show that, of the \$20 billion or so needed over the next three years, over half should come from reduction, rescheduling, or other relief measures on principal and interest due on current debt. Additional stabilization or bridging loans will be needed to increase reserves and help tide Poland over the process of exchange reforms.

I appreciate your interest in the World Bank's role in Poland. Please let me know if we can provide further information about our activities and other aspects of the Government's reform program.

All best wishes.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

October 24, 1989

Sir Jeremy Morse, K.C.M.G.
Chairman
Lloyds Bank PLC
London EC3P 3BS
United Kingdom

Dear Jeremy:

Thank you for sending copies of Dr. Abbey's and Mr. Caygill's speakers' texts from the recent Per Jacobsson Lecture session.

In response to your suggestion, I have asked my staff to review the specific proposal made by Dr. Abbey for an Institute to promote growth-oriented adjustment and to help adjusting countries work with the Bretton Woods Institutions.

There are several interesting aspects to Dr. Abbey's proposal. The most straightforward is the provision of assistance to developing countries to develop and implement their own adjustment and restructuring programs. This is a goal that we all support. The Bank has pursued this objective through institutional development projects, courses offered through the Bank's Economic Development Institute, projects aimed at strengthening higher education, a broad range of economic and sector work, and specific technical assistance associated with adjustment lending. The Bank is committed to continue to work with developing countries to build their institutional and analytical capacity, and it is continually exploring new avenues to achieve that objective. The Bank's Africa Region, because of the large number of countries engaged in adjustment programs and the limited analytical capacities available in many of these countries, is particularly concerned with this issue. Regional staff are in regular and direct contact with Dr. Abbey and other distinguished Africans to obtain their advice and support for these efforts.

The focus of most of these Bank programs is naturally on increasing this capacity over the long term. However, developing countries, particularly low-income countries, may at times also face the need for immediate additional assistance in designing their own adjustment programs and may desire independent technical advice. In recognition of this need, the UNDP in late 1988 established a Management Development Program (MDP) which can be utilized by developing countries to hire consultants to provide policy advice and help design adjustment programs. As of July 1989, the MDP had work underway or planned in 14 African countries. Moreover, the UNDP in July 1989 also approved a project called Structural Adjustment Advisory Teams for Africa (SAATA) which is now moving into full operation. SAATA will provide requesting governments with advisory services related directly to the design and implementation of adjustment programs. These new UNDP facilities would appear to be another useful step in addressing the problem pointed to by Dr. Abbey.

October 24, 1989

Other aspects of Dr. Abbey's proposal are, however, less straightforward. The proposal envisions this Institute bridging "the gap between the adjusting country and the Bretton Woods Institutions, thus making their relations less adversarial." We, however, do not believe that for most countries our relations are adversarial. The Bank has sought to make the process one that involves a true dialogue, since we recognize that to be effective adjustment programs must be owned by the government. Programs imposed from the outside or arrived at under duress are unlikely to succeed. Secondly, it is difficult to see how a third party such as this proposed Institute could be involved in the negotiation process without either impinging on the sovereignty of the developing country or on the responsibility of the Bank as a financial institution.

At the same time, we are keenly aware that there are many things that we do not yet know about the adjustment process. There is a continuing need to increase our understanding of the specific conditions and concerns of our borrowers. We, therefore, continue to analyze the experience with adjustment programs to broaden our understanding of policy issues and to improve their design as we strive to become even more sensitive to the needs and perceptions of our clients. In this context, we recognize the critically important role played by independent institutions, think-tanks, researchers and policy analysts. We welcome and in some cases support the effort that they make. For example, the Bank is helping to finance the work of the African Economic Research Consortium, which in turn finances policy-relevant economic studies in teams composed of African researchers and policymakers. We thus doubt whether a new separate institution as proposed by Dr. Abbey is needed or is the best mechanism to further this process. However, we will continue to be in touch with Dr. Abbey to discuss this and related concerns.

I wish to again thank you for bringing Dr. Abbey's paper and his proposal for an Institute for Policy-Oriented Studies to my attention.

I am copying this letter to Michel Camdessus.

Sincerely,



Barber B. Conable
President

cc: Dr. Joseph Abbey
High Commissioner of Ghana
to the United Kingdom

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

BARBER B. CONABLE
President

November 30, 1989

Bab -
Dear ~~Congressman Mrazek~~

Thank you very much for your letter of November 13 regarding the arrangements for janitor services at the World Bank.

I am pleased that you find the specifications for the new contract encouraging, and I appreciate your advice that positive labor relations are essential to the successful delivery of such services. We cannot be certain, and would prefer not to prescribe, how the winning contractor will ensure a harmonious relationship with its employees. However, we all recognize, and the firms under consideration have been told, how important it is for a public institution like the Bank to set an appropriate example in labor relations.

We will expect our eventual contractor to conduct itself accordingly.

Sincerely yours,

Barber Conable

The Honorable Robert J. Mrazek
House of Representatives
Washington, D.C. 20515-5101

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

BARBER B. CONABLE
President

November 30, 1989

His Excellency Robert G. Mugabe
Office of the President
Private Bag 7700, Causeway
Harare, Zimbabwe

Dear Mr. President:

I want to thank you for taking so much of your time to meet with me during my recent visit to your beautiful country. I was impressed with Zimbabwe's scenic beauty, its economic and social accomplishments and bright prospects. Clearly, Zimbabwe is a nation of great potential. Through your wise and just leadership, and the skills of your team led by Bernard Chidzero, Zimbabwe has made considerable progress since independence in designing and managing its economic and financial policies.

The recent initiatives to stimulate foreign investment in Zimbabwe are encouraging. The Investment Center created to facilitate private investment is an excellent idea, but it is important also that incentives be given to small entrepreneurs including those in the informal sector. The formal sector alone will not be able to generate the number of jobs required for the increasing number of educated young people. It will be important to remove restrictions and provide suitable incentives to small entrepreneurs to increase their participation in meaningful economic activities.

Your views on land reform are particularly important. It is indeed vital to achieve more equitable distribution of Zimbabwe's productive land in a way which does not damage the important, highly-productive commercial farming sector.

I am pleased that the World Bank has been able to assist the Government with the national railway system in Zimbabwe. Bank staff and Government experts seem to agree that the problems lie primarily in management, and suggestions made to your officials provide alternatives to these problems.

We are very much aware that the demands of education and defense place substantial pressure on the Government budget. I believe that the priority given by the Government to the improvement of education is critical for the future development of the Country. I fully appreciate the need to keep the Beira Corridor open because it provides vital access to the sea. I share your hope that, in the near future, peace in Mozambique will reduce the need for a continued large presence of Zimbabwe's military.

His Excellency Robert G. Mugabe

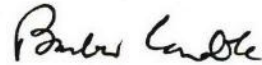
- 2 -

November 30, 1989

Although my visit to your Country was brief, I now have a much better perspective on Zimbabwe's problems and prospects. I wish you continued success in guiding your Country's development and providing an important example for other countries in Africa.

Warm regards.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

December 13, 1989

The Right Honorable Brian Mulroney
Prime Minister
Prime Minister's Office
Ottawa, Ontario
Canada K1A0A2

Dear Prime Minister:

During our meeting in Ottawa you asked me for the Bank's views on the idea of a Commonwealth Experts Group that would examine well defined development issues and report back to Finance Ministers, possibly on the margins of the next Interim and Development Committee meetings in May 1990. Going back to Mr. Manley's speech and the communique of the Kuala Lumpur meeting, it became obvious that the decision to proceed is now a fact and that its mandate is very broad covering much of the territory of the North/South dialogue. The communique of the Commonwealth Heads of Government speaks of an Experts Group "to examine how recent changes and emerging trends in the world economy affect the interrelationship between developed and developing countries."

There are many other groups under various international auspices, which have been set up to address and consider the development issues of the 1990s. There is always the danger of duplication and posturing, but the particular proposal here might benefit from being associated with the Commonwealth which is a unique entity bridging a wide diversity of nations at various stages of development. We, therefore, think that the forum itself is a factor in ensuring that it does not simply become another inconsequential exercise.

If there is a role for Canada and other important members of the Commonwealth, it is, in my opinion, in helping determine the membership of the Experts Group and its agenda. At present, the mandate of the Group is simply too broad and a movement towards concentration in the agenda supported by Canada would be a significant contribution. The following topics offer themselves:

- (i) The 1990s will be a decade in which external finance for development will be limited. The Experts Group might explore new mechanisms for external resource mobilization, innovative financial instruments for international financial transfers, and reforms in developing country policies and financial systems to encourage more external financial flows. Of

December 13, 1989

particular importance will be steps to expand the flow of resources for investment from the private sector, the issue we discussed during our meeting.

- (ii) The 1990s will see the completion of the Uruguay Round talks in a context of highly regionalized trade patterns among dynamic centers (the U.S., Japan and the EC) and the probable continuation of trade trends and practices that frequently work to the disfavor of less industrialized developing countries. The Experts Group could focus on positive and realistic suggestions for making the world trading system more inclusive, and for encouraging developing countries to take advantage of emerging opportunities (e.g., liberalization of trade in services).
- (iii) Finally, of course, environmental concerns and their intimate link to development must be a part of any agenda of issues for the future.

Even this limited menu represents quite a broad spectrum. But in each area the Experts Group could offer welcome support for looking at "the practical problems, not in any grandiose way, but in a manner in which we can make a breakthrough over them", to quote Prime Minister Manley.

The Bank has frequently benefited from the consensus forged on issues important to us -- e.g., IDA replenishments -- by Commonwealth Finance Ministers and Heads of Government. The Secretariat itself has done much good work which has contributed to members' better understanding of key development topics (such as the role of private investment). The proposed agenda also covers issues with which the Bank is centrally concerned and we would be prepared to help further in refining the agenda.

Sincerely,



Barber B. Conable

cc: Messrs. Potter, Shakow

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

BARBER B. CONABLE
President

December 18, 1989

Mr. Charles W. Muller
Administrative Director
The American Ditchley Foundation
477 Madison Avenue
New York, New York 10022

Dear Mr. Muller:

Thank you for your kind invitation to participate in a Ditchley Conference on "Elements of Change in International Relations: A Foreign Policy Agenda for the '90s". I have not had an opportunity to attend a Conference at Ditchley since joining the World Bank, but remember with great pleasure my participation when I was a member of Congress.

Unfortunately, my already-planned travel schedule for the first half of 1990 will make it impossible for me to be in England from June 21-24. The issues for discussion at this Conference are all relevant to the Bank's work, and I sincerely regret not being able to attend. I would be interested in future opportunities.

Sincerely,

Barber B. Conable

JWS

WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 89/11/15 DUE DATE : 89/12/07
LOG NUMBER : 891120020 FROM : Charles Muller
SUBJECT : American Ditchley Foundation: inv. to participate in a conference
in Oxfordshire, England on June 21-24, 1990.
OFFICE ASSIGNED TO FOR ACTION : Mr. Aguirre-Sacasa(E8065)

ACTION:

- APPROVED
- PLEASE HANDLE
- FOR YOUR INFORMATION
- FOR YOUR REVIEW AND RECOMMENDATION
- FOR THE FILES
- PLEASE DISCUSS WITH _____
- PLEASE PREPARE RESPONSE FOR _____ SIGNATURE
- AS WE DISCUSSED
- RETURN TO _____

COMMENTS :pls. provide Mr. Conable a copy of response.

THE AMERICAN DITCHLEY FOUNDATION

477 Madison Avenue, New York, N.Y. 10022
Phone (212) 752-6515
Telex 236554
Telecopier (212) 752-6518

Honorary Directors

George S. Franklin
Mr. H. J. Heinz II

Officers and Directors

Cyrus R. Vance
Chairman

Stephen Stamas
President

Keith Hight
Vice President

J. G. Clarke
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Anne Cox Chambers
Robert G. Engel
Douglas Fairbanks, Jr. KBE, DSC
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Sir John Graham, Bt., GCMG
David A. Hamburg
Rita E. Hauser
Lord Hunt of Tanworth, GCB
Philip M. Kaiser
Nannerl O. Keohane

George N. Lindsay
William F. May
Jay Mazur
Donald F. McHenry
Peter S. Paine, Jr.
Bernard W. Rogers
Henry Rosovsky
Donna E. Shalala
Mrs. Ronald Tree
John W. Warner
Sir H.D.H. Wills, CBE, TD, DL
Paul Guth
Secretary
Charles W. Muller
Administrative Director

November 15, 1989

The Hon. Barber B. Conable
Chairman
The World Bank
1818 H Street N.W.
Washington, D.C. 20433

Dear Mr. Conable:

I have the pleasure of inviting you to participate in a conference, "Elements Of Change In International Relations: A Foreign Policy Agenda For The '90s," which will take place at Ditchley Park in Oxfordshire, England on June 21-24, 1990. This conference begins Thursday afternoon and continues through Sunday (a day longer than previous conferences). A draft terms of reference is enclosed.

The particular purpose of the conference is to identify and assess key factors and issues that will shape foreign policy in the Atlantic community in the next decade. Cyrus R. Vance will be chairman.

This should be a provocative and rewarding weekend, and we very much hope that you will be able to accept. We look forward to having you at Ditchley Park.

Sincerely yours,


Charles W. Muller

THE DITCHLEY FOUNDATIONS
CONFERENCE
21-24 June 1990
(proposed date - to be agreed)

ELEMENTS OF CHANGE IN INTERNATIONAL RELATIONS:
A FOREIGN POLICY AGENDA FOR THE '90s.

DRAFT TERMS OF REFERENCE

During the period October 1988 to June 1989, the Foundation will have held a number of conferences on different aspects of international politics, covering a number of elements of change in the international landscape. Notes on these conferences are attached or will be available on arrival at Ditchley. The purpose of this conference is to try to bring these elements together and to distil some conclusions for the guidance of policy in the 1990s.

The principal factors to be taken into consideration include:

1. EUROPE

- (i) the collapse of Communism as a viable political doctrine;
- (ii) the tentative evolution of the Soviet system towards greater openness, public debate and economic decentralisation and the accompanying resurgence of nationality issues;
- (iii) developments in some of the countries of East Europe in the same direction;
- (iv) the progress in the various arms control talks, both on nuclear issues and in the field of conventional arms and CW;
- (v) the changed climate in Europe, with Gorbachev's call for 'a common European house', and its echo in some countries of Western Europe: the future of Germany;
- (vi) the progress towards a single market in Western Europe: protection versus free trade; the EMU;
- (vii) the implications of these developments for the North Atlantic Alliance and the Warsaw Pact, including relations between Western Europe and North America.

- 2 -

2. ASIA

- (i) developments in China - economic reform and political repression;
- (ii) the rising economic power and influence of Japan and, to a lesser extent, the newly industrialised countries of East Asia;

3. LATIN AMERICA, AFRICA AND REGIONAL PROBLEMS

- (i) the trend towards elected government and the market economy in Latin America: debt, corruption and the drug trade;
- (ii) the problems of Africa: war, famine, debt, population growth: apartheid.
- (iii) regional conflicts - notably the Israeli-Palestinian problem, Lebanon, Afghanistan and Indo-china;
- (iv) self-determination and the rights of ethnic groups;
- (v) refugees;
- (vi) religious fundamentalism and its impact on politics;
- (vii) terrorism.

4. THE WORLD ECONOMY AND ENVIRONMENTAL AND SOCIAL ISSUES

- (i) the increasing international coordination of economic policy, exchange control etc.;
- (ii) world trade and the threat of protection;
- (iii) the "Pacific Rim" and its implications;
- (iv) the environment - the growing recognition of national and international responsibility to halt and turn back the change in the climate brought on by improvident and unwise social, industrial and agricultural practices;
- (v) social issues such as population trends, AIDS, drugs and violence;
- (vi) the place of human rights in international relations and the trend towards international accountability.

- 3 -

This is a vast field to cover and several of the aspects listed above overlap. It is proposed that after two introductory sessions on the Thursday, covering respectively the political elements of change and the economic, environmental and social aspects, the conference should break up into four groups, covering respectively:

- (a) relations within Europe and between the two super-powers, including arms control and developments in the European Community and in Eastern Europe. The role of the UN. (Group A);
- (b) economic management in a global context, including the role of the G7, the work of the IMF and the World Bank, debt, protectionism and free trade (Group B);
- (c) social and environmental issues, aid policy, refugees (migration and asylum), human rights, population trends, AIDS, and drugs (Group C), the role of the UN and of international courts;
- (d) regional conflicts and issues, including the Israeli-Palestinian conflict, Lebanon, Indo-China, Afghanistan, and terrorism. The problem of "small wars". The role of the UN. (Group D).

Work in these four groups, which to some extent will inevitably overlap, is planned to carry on through Friday to Saturday morning, with reports to Plenary on the Saturday evening and the Sunday morning.

The questions to which the conference might seek answers include:

- (a) the improving atmosphere in Europe is clearly to be welcomed, but can the members of the North Atlantic Alliance maintain a sufficient guard against a possible revival of the threat, whether through the failure of the Gorbachev programme, a break-down within the Warsaw Pact arising from nationalist or democratic pressures, or in the

- 4 -

long-term a renewed threat from an economically revived Soviet Union. Can trust between the super-powers and within Europe be made self-reinforcing and permanent? Is there a role for NATO as an expanding forum for trans-Atlantic consultation? Or will "the pacts" wither away?

- (b) What realistic meaning can be given to the idea of a common European house? The role of the European Community in cementing together the various tenants? The future of Germany?
- (c) Is arms control, whether nuclear or conventional, to be seen merely as an adjunct to the growth of trust (as in (a) above) or should it be pursued for its own sake (or for economic reasons)?
- (d) Should confidence-building measures, arms control agreements, and detente be conducted and consolidated in the UN forum or is it better to proceed step-by-step and on a regional basis? What solution is there to the "third party" problem?
- (e) What part should the UN play? Are any reforms desirable or possible? Should the role of the UN lie primarily on the management of social and environmental issues? The role of the International Court?
- (f) What changes if any are needed in current methods of managing the world economy (the IMF, the World Bank, the G7)? Do membership and voting rights require review? Can the GATT cope with the global market in service industries or is some other form of regulatory regime required? The expanding economies of East Asia and the implications for the rest of the world. Debt.

- 5 -

- (g) Is the world condemned to continuing to wrestle with regional problems on an ad hoc basis? Is there an enhanced role for the UN Security Council or the Military Committee?
- (h) Human Rights: within the common European house, can the jurisdiction of the European Court of Human Rights be extended? Can that model be expanded or exported? To what extent can or should aid and diplomatic support be used as a lever in achieving international accountability?
- (i) What can be done to alleviate conflicts arising from the aspirations of populations which see themselves as distinct groups, eg by devolution or the grant of autonomy? Can the countries of immigration cope with the growing flow of emigrants and how can the pressures which create that flow be reduced?
- (i) What further action is required to combat:
- (i) environmental pollution;
 - (ii) disease, especially AIDS;
 - (iii) the drug trade;
 - (iv) terrorism?

09.10.89

CHRON FILE

OCTOBER 1 - 1989

DECEMBER 31, 1989

(A - L)

BARBER B. CONABLE

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

BARBER B. CONABLE
President

November 6, 1989

Dear Matt:

The donor governments had hoped to finalize an agreement on IDA-9 at a meeting in Japan last week. However, this meeting ended without an agreement because the U.S. was unable to give a definite answer on the size of its commitment. I have asked Ernest Stern, Presiding Officer, to analyze where we stand now, given the negative reaction of other donors to the suggestion that the U.S. commitment might be significantly lower than had been expected.

A final agreement on IDA-9 is required by the middle of December so that all donors can include their contributions in next year's budget.

I thought it important that you be made aware of the current situation.

With all best wishes

Sincerely,



The Honorable Matt McHugh
U. S. House of Representatives
Washington, D. C. 20515

STATUS REPORT ON IDA-9 NEGOTIATIONS

IDA-8

1. IDA-8 had two components--a basic agreement which totalled \$11.5 billion, and additional special contributions of \$900 million. Total IDA-8 funds thus were \$12.4 billion. The US share of the basic agreement was 25%, or \$958 million per year (\$2,880 million over three years). The US share of the enhanced IDA-8 fund was 21.7%; however, this was never accepted by either the US or the other donors as a reasonable share for the US.

IDA-9

2. All donors except the US have agreed, in principle, to an IDA-9 of SDR11.67 billion--about \$14.8 billion. This assumes a US contribution of \$1,060 million annually, which represents 21.7% of the total. There is already a strong negative reaction to that number. Strictly speaking, the US share should be \$1,200 million per year, or 25% of the total which keeps IDA constant in real terms. Nonetheless, the other donors have accepted this figure. A reduction in the US share from \$1,060 million to \$958 million (as was suggested by the US at the meeting in Japan) would mean, without any doubt, that no other donor would make a special contribution and we could not count on an IDA larger than \$11.5 billion.

3. The \$1,075 million the Bank suggested as a US contribution would have made a deal easy. The \$1,060 million the US talked about would have made a deal possible. The US failure to make a formal commitment soured the atmosphere and made closure impossible. This, despite the fact that others were willing to make up for the agreed reduction in the US share in recognition of the US budgetary difficulties. Despite a few problem areas, many donors, including Japan, Italy, Finland, France, Austria and Spain, have agreed to increase their contributions to make up for the decline in the US share. Scandinavian countries did not indicate whether they would be able to make an extra contribution, but they might have done so if we could have come to closure.

4. In conclusion, while donors have not actually withdrawn their informally indicated support, it may well be that the steam will go out of these intentions, despite our efforts to maintain their support.

Implications of a Reduced US Contribution

5. A great opportunity at leveraging a modest increase by the US into very large additional contributions by others was missed. If the US finally agrees to a contribution of at least \$1,060 million, it may be possible to recreate the deal--if not, there is no chance that we can have an IDA which maintains resources in real terms.

6. An IDA-9 of \$11.5 billion would mean a reduction in real terms of about 20%. The lost leverage is immense. It means that an additional \$102 million per year from the US makes a difference of about \$3.3 billion in IDA-9. In other words, every dollar contributed by the US will be matched by \$9 in contributions from others.

7. The gravest implications of a reduced IDA are for Africa. Since Africa receives about 47.5% of IDA, it would lose about \$1.6 billion. This is a huge portion of the resource flows to Africa.

November 6, 1989

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

BARBER B. CONABLE
President

October 13, 1989

Dear Senator Hatfield and Congressman McHugh:

Thank you for sending me a copy of the Policy Report, "The Developing World: Danger Point for U.S. Security." Your letter arrived during the rush of our Annual Meetings, and I apologize for not responding sooner.

As you know, as President of an international organization, I worry about sustainable development and economic growth in the developing world a great deal, though not specifically in relation to how they affect U.S. security. I commend you for your vision in commissioning this report. Clearly a multilateral approach to many of these problems may prove more successful than a bilateral approach, which confirms my feeling that if there wasn't a World Bank one would have to be invented.

I would be glad to meet with you to discuss these global economic and development issues and the role of the World Bank. Because of the focus of this report particularly on U.S. security issues, I have copied my letter and yours to the U.S. Executive Director for the World Bank.

Sincerely,

Barber Conable

The Honorable Mark O. Hatfield
United States Senate
Washington, D.C. 20510

The Honorable Matthew F. McHugh ✓
U.S. House of Representatives
Washington, D.C. 20515

cc: Mr. E. Patrick Coady, U.S. Executive Director

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

BARBER B. CONABLE
President

October 13, 1989

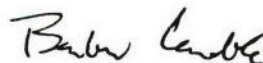
Dear Gloria:

Thank you for your kind hospitality during my visit to Minneapolis earlier this week. I accomplished a great deal in a very limited amount of time, none of which would have been possible without your assistance and careful attention to detail.

I enjoyed having the opportunity to participate in the Minnesota Meeting and to get to know those who are responsible for its success.

Again, my thanks and best wishes.

Sincerely,



Ms. Gloria McLenighan
Minnesota Meeting
411 Union Plaza
333 North Washington Avenue
Minneapolis, Minnesota 55401

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

BARBER B. CONABLE
President

December 20, 1989

Robert J. McManus, Esq.
Resident Counsel
Webster & Sheffield
2000 Pennsylvania Avenue, NW
Washington, D.C. 20006

Dear Mr. McManus:

Further to our December 4 discussion, I have forwarded your background material to Mr. Mario Rothschild, the Bank's Consultant Services Adviser, with the request that he review your resume and contact you directly about the next steps for including your company in the Bank's Roster of Consultants.

In addition, given your particular interest in providing consulting services on the environment, I have forwarded your material to Mr. Kenneth Piddington, the Bank's Environment Director, for his specific consideration. You will be contacted directly if the need arises for your expertise.

It was a pleasure to meet you. Your willingness to assist in the work of the Bank is greatly appreciated.

Sincerely,

Barber Conable

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

BARBER B. CONABLE
President

November 30, 1989

Dear Congressman McMillen:

Thank you very much for your letter of November 15 regarding the arrangements for janitor services at the World Bank.

I am pleased that you find the specifications for the new contract encouraging, and I appreciate your advice that positive labor relations are essential to the successful delivery of such services. We would prefer not to prescribe how the winning contractor will ensure a harmonious relationship with its employees. However, we all recognize, and the firms under consideration have been told, how important it is for a public institution like the Bank to set an appropriate example in labor relations.

We will expect our eventual contractor to conduct itself accordingly.

Sincerely yours,



The Honorable Tom McMillen
House of Representatives
Washington, D.C. 20515

N

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

BARBER B. CONABLE
President

December 12, 1989

Dear Miss Nakano:

Congratulations on the well-deserved testimonial which OISCA has received from the Secretary General of the United Nations! We at the World Bank admire OISCA's long-standing commitment to training rural development workers, and we recognize your leadership among Japanese NGOs.

Let me take this opportunity to personally thank you for OISCA's involvement in the Bank-NGO Committee and various specific instances of cooperation between OISCA and the Bank.

I understand OISCA is now laying plans to establish a rural development university. Mrs. Conable joins me in wishing you well in all your endeavors.

Sincerely,



Miss Yoshiko Y. Nakano
President
OISCA-International
6-12 Izumi 3-chome Suginami-ku
Tokyo 168
JAPAN

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

BARBER B. CONABLE
President

October 3, 1989

Dr. h.c. TYLL NECKER
Präsident Des Bundesverbandes
Der Deutschen Industries E.V.
Gustav-Henemann-Ufer 84-88
3000 Koln 51
West Germany

Dear Dr. Necker,

Thank you very much for your letter of September 6 inviting me to participate in the biannual conference of the Federation of German Industries on June 12, 1990.

It will be a pleasure to discuss issues of cooperation with developing countries during the biannual discussions with Dr. Warnke and Dr. Herrhausen and share my views with business and political decision makers in the Federal Republic. I am looking forward to meeting you during this occasion in Germany and expect that my staff will be in contact with your office as preparation proceeds.

Sincerely,



cc: Mr. Gerhard Boehmer


The World Bank
Washington, D.C. 20433
U.S.A.

Office of the President

October 10, 1989

Mr. Francisco Aguirre-Sacasa

We received the attached invitation. Mr. Conable has accepted in principle. Mr. Boehmer will organize discussions with the German Government in parallel. I believe this will be a major opportunity to reach a broad German audience with our development message. Could you give some thought to the approach to such a meeting? Clearly the focus on Eastern Europe is unavoidable, but by that time the situation should be clearer. Please give me a call if you believe there is any objection to this invitation. If not, I will go ahead and accept it.



Marianne Haug

Attachment

WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

[Handwritten signature]

CORRESPONDENCE DATE : 89/09/06

DUE DATE : 00/00/00

LOG NUMBER : 890912011

FROM : Dr. Tyll Necker

SUBJECT : Invitation to participate re BDI's next biannual conference to be held on June 12, 1990 in Bonn.

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

- _____ APPROVED
- _____ PLEASE HANDLE
- _____ FOR YOUR INFORMATION
- _____ FOR YOUR REVIEW AND RECOMMENDATION
- _____ FOR THE FILES
- _____ PLEASE DISCUSS WITH _____
- SV* _____ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- _____ AS WE DISCUSSED
- _____ RETURN TO _____

COMMENTS :cc: Mr. G. Boehmer
Messrs. Stern, Aguirre-Sacasa

EXC

Dr. h. c. TYLL NECKER
PRÄSIDENT DES BUNDESVERBANDES
DER DEUTSCHEN INDUSTRIE E.V.

GUSTAV-HEINEMANN-UFER 84-88
5000 KÖLN 51
TELEFON: 37 08 00

06. September 1989

Mr. Barber B. Conable
President
World Bank
1818 H Street, N.W.
Washington, D.C. 20433

U.S.A.

RECEIVED
1989 SEP 12 AM 10: 04
COMMUNICATIONS DIVISION

Dear Mr. Conable,

The Federation of German Industries (BDI) will dedicate its next biannual conference, to be held on 12 June 1990 in Bonn, to the subject of "External Economic Affairs", an issue of decisive importance for the German economy. The focal point of this event, which will be concluded by a speech of Federal Chancellor Helmut Kohl, will be two symposiums on our economic relations with the other industrialized countries, as well as on current problems in the Third World and its integration into international cooperation.

I would be very pleased if you could participate in the discussion on cooperation with the developing countries. Dr. Warnke, Federal Minister for Economic Cooperation, and Dr. Herrhausen, Deutsche Bank, have also been invited. Your participation will be of particular interest for business and political circles in the Federal Republic, as your Institute and its subsidiaries

have given decisive new impetus in recent years to economic cooperation with the Third World, and have played a very important role in coping with the international debt crisis.

We very much hope to receive a positive answer from you.

Sincerely yours,

Jill Nelson

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

RECEIVED
89 NOV -7 PM 11:55

BARBER B. CONABLE
President

November 6, 1989

Dear John:

I wish to acknowledge receipt of your letter requesting information about procedures your brother-in-law should follow to apply for consulting opportunities in procurement. I have forwarded your letter to appropriate staff, with the request that they offer any appropriate assistance.

Charlotte and I send best wishes to you and Eileen.

Sincerely,

Barber Conable

Mr. John E. North
Executive Consultant
International Development Consultants
43 Margate Avenue
Hamilton, Ontario
L8T 1M7
Canada

ROUTING SLIP		DATE:
		Nov. 29, 1989
NAME		ROOM NO.
① Mr. B. Conable, President		
② LM		
③ CP		
<i>logged and 11/29 CP</i>		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	X	PER YOUR REQUEST
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
<p><i>Chitra - Let's hold onto this file copy in case John North comes back to us - Perhaps attached to the Chron copy. L-</i></p>		
FROM:	ROOM NO.:	EXTENSION:
U. Kiermayr, CFSCO	D3059	72441

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

November 29, 1989

Mr. John E. North
Executive Consultant
International Development Consultants
43 Margate Avenue
Hamilton, Ontario L8T 1M7
Canada

Dear Mr. North,

The President has informed me of your interest in obtaining consultant assignments for your brother-in-law under the United Kingdom Consultant Trust Fund.

Under this trust fund agreement the Bank may at its discretion recruit consultants from the United Kingdom for assisting the Bank in its operational work, that is, the preparation, appraisal and supervision of Bank-financed projects and programs. The Consultant Trust Fund Program is driven by the Bank's demand for specialized outside expertise. As any concrete demand for outside expertise is difficult to project or anticipate it is difficult to arrange consultant assignments well ahead of their actual need.

To be considered when there is a need, consultants should be registered with the Bank or should be known to staff members who may at one time have a need for an expert in a particular field.

The best thing to do for your brother-in-law would be to register with the Bank as an individual consultant or as a firm of consultants, whatever applies, or even better visit the Bank and introduce himself to those staff members who may have a potential interest in his expertise. Enclosed is a package for registering as a firm of consultants. For registering as an individual consultant a CV should be sent to the Bank to the attention of Mrs. D.G. Ruivivar, Personnel Department, International Recruitment.

If you wish to visit the Bank on behalf of your brother-in-law, I suggest you to do so in January. I will be happy to assist you in arranging this visit.

Sincerely,



Ullrich Kiermayr
Cofinancing Adviser

Encl.

cc: Mrs. Ruivivar

WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 89/10/16

DUE DATE : 00/00/00

LOG NUMBER : 891025005

FROM : John North

SUBJECT : Writing to confirm some possible dates to meet with Bank staff.

OFFICE ASSIGNED TO FOR ACTION :

ALL OTHER

(Mr. Kiermayr)

P 3-059

ACTION:

APPROVED
 PLEASE HANDLE
 FOR YOUR INFORMATION
 FOR YOUR REVIEW AND RECOMMENDATION
 FOR THE FILES
 PLEASE DISCUSS WITH _____
 PLEASE PREPARE RESPONSE FOR _____ SIGNATURE
 AS WE DISCUSSED
 RETURN TO _____

COMMENTS :Note: Mr. Conable has sent interim reply. Attn. Mr. Kiermayr
Note- per Ms. Ruivivar, for you to handle. Please provide
Mr. Conable a copy of any response.

International Development Consultants
43 Margate Avenue
Hamilton, Ontario
L8T 1M7 CANADA

16 October, 1989

Hon. Barber B. Conable, President
The World Bank
1818 H Street, N.W.
Washington, D. C.
20433 U. S. A.

Dear Mr. Conable:

✓ As you suggested, I am writing to confirm my desire to follow up on your offer to put me in touch with members of your staff who can outline the proper procedure for my brother-in-law to follow when he applies for consulting opportunities financed by the Trust Fund of the British Government.

✓ To give you some time to set the appointments for me, I am proposing a choice of dates for me to come to Washington to do this.

After 7 December when we will have returned from our trip to South Africa.

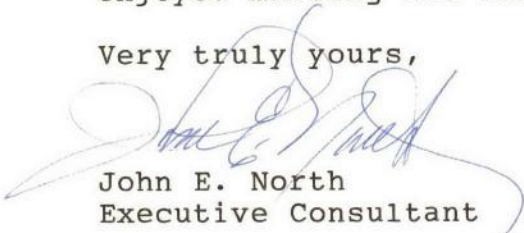
or

Before 21 January when we plan to leave for India and Sri Lanka.

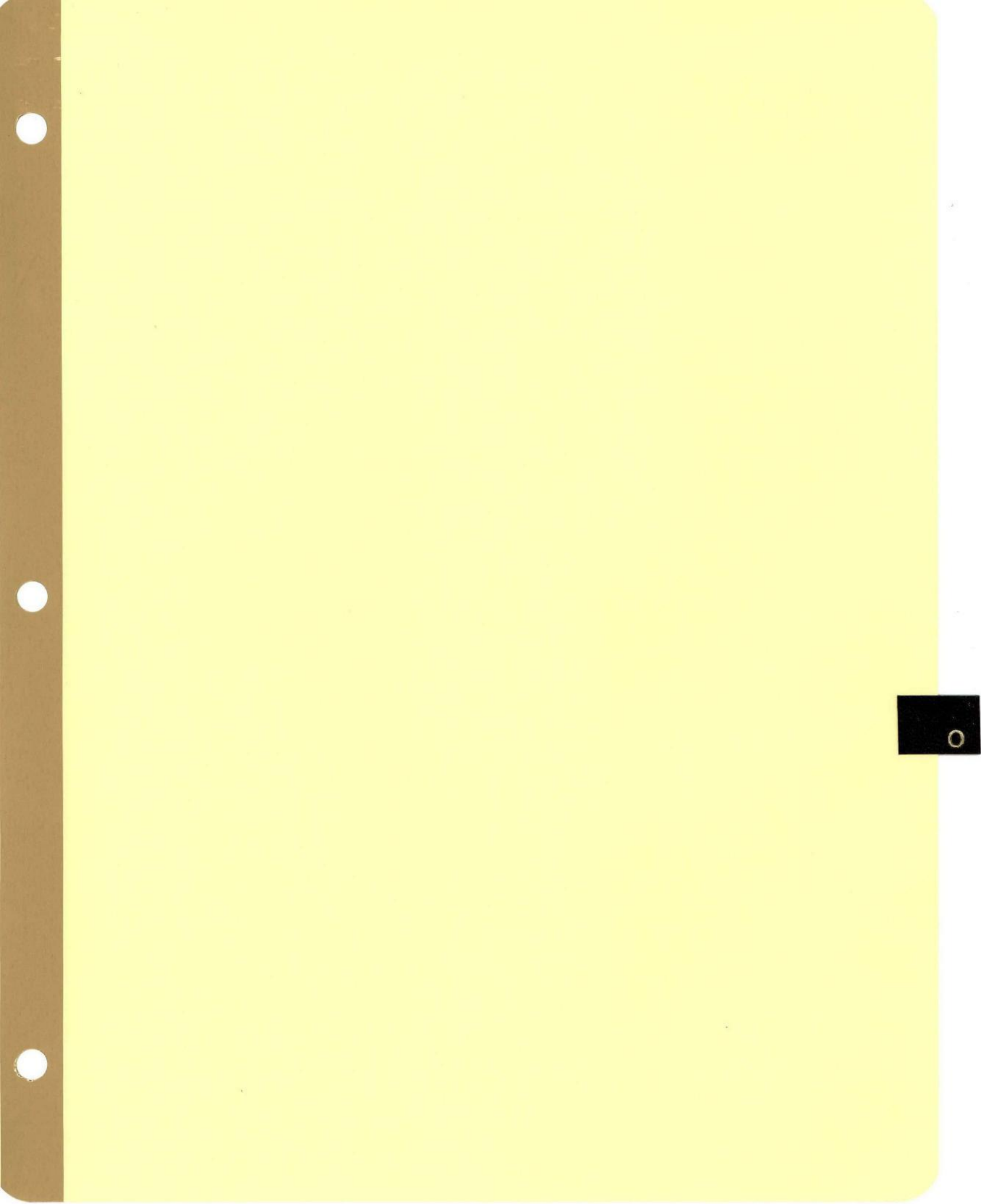
You are most generous to take the time from your busy schedule to do this and I appreciate it very much.

We enjoyed viewing your lovely home and your very impressive collection of early American and Indian antiques and Eileen enjoyed meeting and talking with your wife.

Very truly yours,


John E. North
Executive Consultant

Copy to: Mr. C. J. O'Donnell
QUALITAS assurance and procurement services ltd.
Martin House, 18 Peach Street
Wokingham, Berks.
RG11 1XG, England



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

BARBER B. CONABLE
President

October 23, 1989

Dear General Obasanjo:

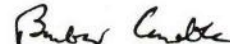
Thank you for your letter of July 31, 1989 and for your concern about African representation on the staff of the World Bank. This is a subject to which I attach great importance and I have had discussions on it with the African Executive Directors on our Board.

Career prospects for Africans constitute one of the major nationality diversification objectives of the World Bank. While management positions are currently severely restricted because of low attrition and a corresponding absence of vacancies, a major effort is underway to provide special development attention to promising African professionals. This effort has been in place for the last two years and I am confident that, in the long run, it will provide the Bank with a larger pool of African managerial candidates.

I do not wish to give the impression that I am completely satisfied with African staff representation at the World Bank, particularly at the executive level. Clearly, this is an issue which deserves continuous attention--and I intend to see that this will happen.

Thank you again for expressing your concern on this important matter. I look forward to discussing this and other issues with you during your next visit to Washington.

Yours sincerely,



General Olusegun Obasanjo
P. O. Box 2286
Abeokuta
Ogun State, Nigeria

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

BARBER B. CONABLE
President

December 13, 1989

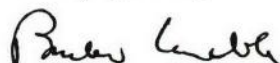
David -
Dear ~~Gongressman~~ ~~Obey~~:

Thank you very much for your letter of November 30,
regarding the arrangements for janitor services at the World Bank.

I am pleased that you find the specifications for the new
contract encouraging, and I appreciate your advice that positive
labor relations are essential to the successful delivery of such
services. We would prefer not to prescribe how the winning
contractor will ensure a harmonious relationship with its employees.
However, we all recognize, and the firms under consideration have
been told, how important it is for a public institution like the
Bank to set an appropriate example in labor relations.

We will expect our eventual contractor to conduct itself
accordingly.

Sincerely yours,



The Honorable David R. Obey
House of Representatives
Washington, D.C. 20515

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

BARBER B. CONABLE
President

December 13, 1989

Mr. Donald G. Ogilvie
Executive Vice President
International Monetary Conference
1120 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Don:

Thank you for your letter inviting me to attend the 1990 International Monetary Conference which will be held in San Francisco, June 3-6.

Unfortunately, I cannot commit to be with you in San Francisco because of a previously planned trip to Europe during this same time period. The issues to be discussed are pertinent to the Bank's work, as you know, and because of this, I have passed along your invitation to our Senior Vice President for Finance, Mr. Ernest Stern, who has attended your Conference in previous years.

Your efforts to include me are appreciated, and I hope that my schedule during 1991 will allow my personal participation. Best wishes for another successful meeting.

Sincerely,

Barber Conable

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

BARBER B. CONABLE
President

November 1, 1989

Dear Mr. Okonkwo:

Thank you for letting me know about your interest to work at The World Bank in a management or staff counsel position.

Because I will be traveling extensively over the next few months, I am unable to meet with you personally. Instead, I have forwarded your material to the Recruitment Division of the Personnel Department, with the request that your qualifications and experience receive prompt consideration. You will be contacted directly about the status of your enquiry.

I appreciate your interest in the Bank's work and your desire to be of assistance.

Sincerely,

Barber Conable

Mr. Emmanuel Okonkwo
P.O. Box 1034
Cambridge, MA., 02238

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

November 6, 1989

BARBER B. CONABLE
President

Dear Norm:

Thank you for inviting me to participate in a panel discussion on December 6th, as part of AEI's annual Public Policy Week. My staff has informed Mark Schmitt that I cannot do this, but I wanted to be sure you understand my reasons.

As President of the World Bank, whose largest shareholder is the United States, I would be restricted in my discussion of the Congress and the nation in the 1990s. The Bank depends on support from the U.S. Congress and the Administration, and my participation in such a discussion could be damaging to that relationship.

I'm sorry not to be able to be with you, dear friend, but trust you understand. Best wishes for a stimulating discussion.

Sincerely,



Dr. Norman J. Ornstein
Resident Scholar
American Enterprise Institute
1150 17th Street, N.W.
Washington, D.C. 20036

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

BARBER B. CONABLE
President

November 29, 1989

His Excellency
Dr. Mohamed Sheikh Osman
Minister of Finance
Ministry of Finance
Somali Democratic Republic

Dear Mr. Minister:

Thank you for letting me know of your high regard for Dr. Ismail Nuh who has played an important role in improving many aspects of Somalia's economy.

Since all personnel matters are handled initially by the Personnel Department, I have forwarded Dr. Nuh's resume to that office with the request that his experience and qualifications be considered, taking into account the Bank's requirements as well as current and anticipated openings. Dr. Nuh will be contacted directly by the Personnel Department about career prospects in his field of expertise.

I appreciate receiving your assessment of qualified individuals who are interested to work at The World Bank.

Sincerely,

Barber Conable

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

BARBER B. CONABLE
President

October 16, 1989

Dear Mr. Minister:

Thank you for letting me know about your support for Mr. Abdirazak Awale who is interested to obtain a senior position at The World Bank. I recall with pleasure meeting Mr. Awale on a previous trip to Africa.

Mr. Awale discussed his career goals with appropriate Bank managers while he was in Washington. In view of his current two-year IFAD assignment in Uganda, it was suggested that he submit an application closer to the time of his availability. In the meantime, as the Uganda project is Bank supervised, Mr. Awale will be in a good position to pursue his interests further.

I appreciate knowing of your high regard for Mr. Awale.

Sincerely,



His Excellency
Dr. Mohamed Sheikh Osman
Minister of Finance
Ministry of Finance
Somali Democratic Republic

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

BARBER B. CONABLE
President

November 20 1989

The Honorable Wayne Owens
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Owens:

Thank you for your letter of November 2 concerning the Sardar Sarovar projects in India.

As I mentioned to Congressman Scheuer in a previous communication on this matter, we share your concerns about the resettlement and environment aspects of the project and have been working very closely with the Indian authorities to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

There have been lapses in implementation. On occasion, performance has not always conformed to the plans. But remedial action has been taken and, on balance, we feel that progress is being made.

As you know, the projects are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981 and the population growth rate is greater than 2% a year.

Several alternatives to a large dam were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, given the enormity of the objective and taking into account technical, economic and other considerations. For example, a series of small dams presents many more potential difficulties than a single large one. Finding appropriate sites for them is very difficult and the cost per hectare irrigated escalates rapidly as one moves from relatively easy to increasingly difficult locations. The percentage of inundated area to command area, which is high even in the better small dam sites, increases rapidly as greater numbers of sites are pursued. Simultaneously, resettlement and environmental problems mount. Then, smaller dams do not provide the kind of power benefits that a large structure affords.

We monitor alleged violations of Bank policy or of the Bank's Loan and Credit agreements on resettlement and environment, and other aspects at least twice a year through on-site visits by Bank staff and consultants. From time to time, an exact deadline for certain actions may not be met fully. Oftentimes, unforeseen circumstances are at work. For example, the Government of India decided, after the projects had been approved, to undertake another detailed environmental assessment and this resulted in an implementation delay of about 18 months. As long as project authorities are making a best effort to implement the project in accordance with legal

agreements and are prepared to take remedial action when necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

Environmental aspects of the project were investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank and a United States consultant completed this before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, forestry and public health. Archeological and water resources aspects are receiving required attention. Terms of reference have been agreed for studies of wildlife management. The project does have some environmental benefits also. For example, it will help wildlife parks, through the provision of more regular water supplies.

On the issue of the Bank's economic analysis, a very comprehensive examination was conducted as part of the appraisal work in 1984/85. Rehabilitation and resettlement requirements were costed as was forest land and land lost to inundation. Public health costs were not included originally since it was not obvious, and is still not, that the assumed health costs will outweigh the health benefits from assured water supplies for drinking and washing. Future levels of siltation were studied and indicated a reservoir life for the SSP dam in the range of 180 to 340 years.

As I noted in my earlier letter to Congressman Scheuer, staff of the Bank's India department have made a preliminary review of Mr. Paranjpye's assessment for the Indian National Trust for Art and Cultural Heritage (INTACH) and have concluded that our original decision to support this project remains sound. While some costs have increased, so have some benefits. For example, benefits from power generation are much greater than originally estimated and the original benefits ascribed to municipal and industrial water were almost certainly undervalued. Overall, we do not think the economic rate of return has changed significantly from the 13 percent calculated in 1985. The INTACH report estimates the return for the SSP project at 10.8% and for the proposed Narmada Sagar project at 12.2%.

While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26 this year the legislative assembly of Gujarat, after a two-hour discussion of the issues, unanimously passed a resolution affirming support for the projects, which have been described as "lifelines" for that state.

In closing, I would like to emphasize how very much concerned I am about the potential environmental consequences of all our development projects. I would also like to underscore the importance of IDA to poor countries such as India. As you know, one of the original motivations behind the creation of IDA was to help India grow out of a very dismal economic condition. The United States Congress was the principal instigator for this decision and in many different ways the success of IDA can be seen in India today. For example, the country, which in the 1960s had to import massive quantities of food grains, is now self sufficient, thanks in large part to IDA assistance, which supplemented India's very impressive effort, particularly in developing irrigated agriculture.

We believe this performance can be duplicated in the future -- in India and elsewhere -- as we continue the battle against global poverty through sustainable development.

Sincerely,



Barber B. Conable
President

WDIAL
.EM1CO
OINFO

-SUBJECT: PRESIDENT OZAL: CONGRATULATIONS
-DRAFTED BY: SHADLER:FLS EXT: 32765
-AUTHORIZED BY: BARBER B. CONABLE *Barber*
-CC/CW: MESSRS. KOPP (EM1DR), THALWITZ (EMNVP), QURESHI (SVPOP)
-CC: MR. CHAFFEY (EM1TU)

- 821 42110 -
- HIS EXCELLENCY TURGUT OZAL, BASBAKANLIK, ANKARA, TURKEY

BT

WASHINGTON DC - NOVEMBER 2, 1989

HIS EXCELLENCY TURGUT OZAL. MY WARMEST CONGRATULATIONS ON YOUR RECENT ELECTION AS PRESIDENT OF THE REPUBLIC OF TURKEY. I LOOK FORWARD TO CONTINUING OUR PRODUCTIVE RELATIONSHIP IN ASSISTING TURKEY IN ITS DEVELOPMENT EFFORTS OVER THE COMING YEARS. WITH WARM REGARDS, BARBER B. CONABLE, PRESIDENT, WORLD BANK.

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

BARBER B. CONABLE
President

November 20, 1989

The Honorable Frank Pallone, Jr.
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Pallone:

Thank you for your letter of November 2 concerning the Sardar Sarovar projects in India.

As I mentioned to Congressman Scheuer in a previous communication on this matter, we share your concerns about the resettlement and environment aspects of the project and have been working very closely with the Indian authorities to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

There have been lapses in implementation. On occasion, performance has not always conformed to the plans. But remedial action has been taken and, on balance, we feel that progress is being made.

As you know, the projects are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981 and the population growth rate is greater than 2% a year.

Several alternatives to a large dam were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, given the enormity of the objective and taking into account technical, economic and other considerations. For example, a series of small dams presents many more potential difficulties than a single large one. Finding appropriate sites for them is very difficult and the cost per hectare irrigated escalates rapidly as one moves from relatively easy to increasingly difficult locations. The percentage of inundated area to command area, which is high even in the better small dam sites, increases rapidly as greater numbers of sites are pursued. Simultaneously, resettlement and environmental problems mount. Then, smaller dams do not provide the kind of power benefits that a large structure affords.

We monitor alleged violations of Bank policy or of the Bank's Loan and Credit agreements on resettlement and environment, and other aspects at least twice a year through on-site visits by Bank staff and consultants. From time to time, an exact deadline for certain actions may not be met fully. Oftentimes, unforeseen circumstances are at work. For example, the Government of India decided, after the projects had been approved, to undertake another detailed environmental assessment and this resulted in an implementation delay of about 18 months. As

long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

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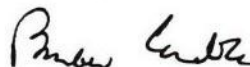
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In closing, I would like to emphasize how very much concerned I am about the potential environmental consequences of all our development projects. I would also like to underscore the importance of IDA to poor countries such as India. As you know, one of the original motivations behind the creation of IDA was to help India grow out of a very dismal economic condition. The United States Congress was the principal instigator for this decision and in many different ways the success of IDA can be seen in India today. For example, the country, which in the 1960s had to import massive quantities of food grains, is now self sufficient, thanks in large part to IDA assistance, which supplemented India's very impressive effort, particularly in developing irrigated agriculture.

We believe this performance can be duplicated in the future -- in India and elsewhere -- as we continue the battle against global poverty through sustainable development.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

November 20, 1989

Dear Prime Minister:

I have learned of your reappointment as Governor for The Bahamas on the Boards of Governors of The World Bank Group. I realize this is incident to your responsibilities in your own Government, but I hope you will again be in a position actively to participate in the affairs of the Bank Group, as well.

The Executive Directors, Officers and Staff of The World Bank Group believe very strongly in its development mission and in the battle against poverty. We look forward to continue working with you to make the Bank Group even more effective during the coming years. Congratulations on your reappointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send by best personal wishes.

Sincerely,

Barber B. Conable

The Right Honourable
Sir Lynden O. Pindling
Prime Minister and Minister of Finance
Office of the Prime Minister
P.O. Box N.7147
Churchill Building, Rawson Square
Nassau, N.P., The Bahamas

INTERNATIONAL MONETARY FUND
THE WORLD BANK

Washington, D.C. 20431

November 28, 1989

Herrn Karl Otto Pöhl
Präsident
Deutsche Bundesbank
Wilhelm-Epstein-Straße 14
6000 Frankfurt am Main 50
Federal Republic of Germany

Sehr geehrter Herr Pöhl!


Wir danken Ihnen nochmals für die Teilnahme Ihrer Organisation an dem Gehaltsvergleich, den Hay Associates im Frühjahr 1989 für den Internationalen Währungsfonds und für die Weltbank durchführten. Diese jährlichen Erhebungen sind sehr wichtig für unsere Institutionen, da sie uns ermöglichen, unser Gehaltssystem international wettbewerbsfähig zu erhalten.


Der Zeitpunkt für eine Wiederholung dieser Erhebung ist gekommen, und wir bitten Sie erneut um Ihre Unterstützung. Nach Abschluss der Datenerhebung werden Sie einen Bericht erhalten, der Ihnen Informationen zurückvermittelt, von denen wir hoffen, daß sie auch für Sie und Ihren Personalbereich von Interesse sein werden.

Hay Associates, unsere Berater für diesen Gehaltsvergleich, würden sich gern in Kürze mit Ihrem Personalbereich in Verbindung setzen, um die erforderlichen Daten zu sammeln. Alle Gehaltsinformationen werden natürlich streng vertraulich behandelt. Wir wären Ihnen dankbar, wenn Sie die zuständige Abteilung in Ihrer Organisation beauftragten, Hay Associates die erforderlichen Daten zur Verfügung zu stellen.

Wir danken Ihnen im voraus für Ihre Unterstützung.

Hochachtungsvoll


Barber B. Conable
Präsident
Die Weltbank


Michel Camdessus
Geschäftsführer
Internationaler Währungsfonds

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

BARBER B. CONABLE
President

November 3, 1989

Mr. N. F. Potter

Re: Budget Process

Frank:

The Budget Process Task Force, chaired by David Hopper, has completed its work.

The prior deliberations of the Committee on Cost Effectiveness and Budget Practices and in particular, the Committee's memorandum of July 14, 1989, provided a useful analytical framework for the Task Force. The attached transmittal note of the Task Force Chairman relates each of the topics the Committee raised to relevant sections in the report.

I will take into account your Committee's views before submitting a report to the Executive Directors. Any advice you may wish to provide to help simplify and streamline budget practices related to Board involvement would be appreciated.

While the planning and budgeting process has improved significantly since the reorganization, further strengthening of the budget system as a management tool is desirable -- taking full account of the unique characteristics of our institution. Implementation of the Task Force recommendations will make a major contribution toward this objective.

To avoid "missing" the FY91 cycle, I have asked my senior managers (with assistance of PBD) to begin implementation of the managerially-oriented recommendations of the report. Any further adjustment resulting from the forthcoming consultations with your Committee could be put into effect before the FY92 cycle is initiated.

I have asked David Hopper and Bob Picciotto to make themselves available to your Committee and to keep me informed of progress. I look forward to receiving your advice and your Committee's response to the attached document.

Barber Conable

Attachment (package with attachments with MH & AK)

Mr. N. F. Potter, EDS07
World Bank

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

BARBER B. CONABLE
President

October 13, 1989

Dear Seely:

Thank you for your letter inviting me to be the main speaker at LeRoy Rotary Club's 50th Anniversary dinner on the evening of June 9, 1990.

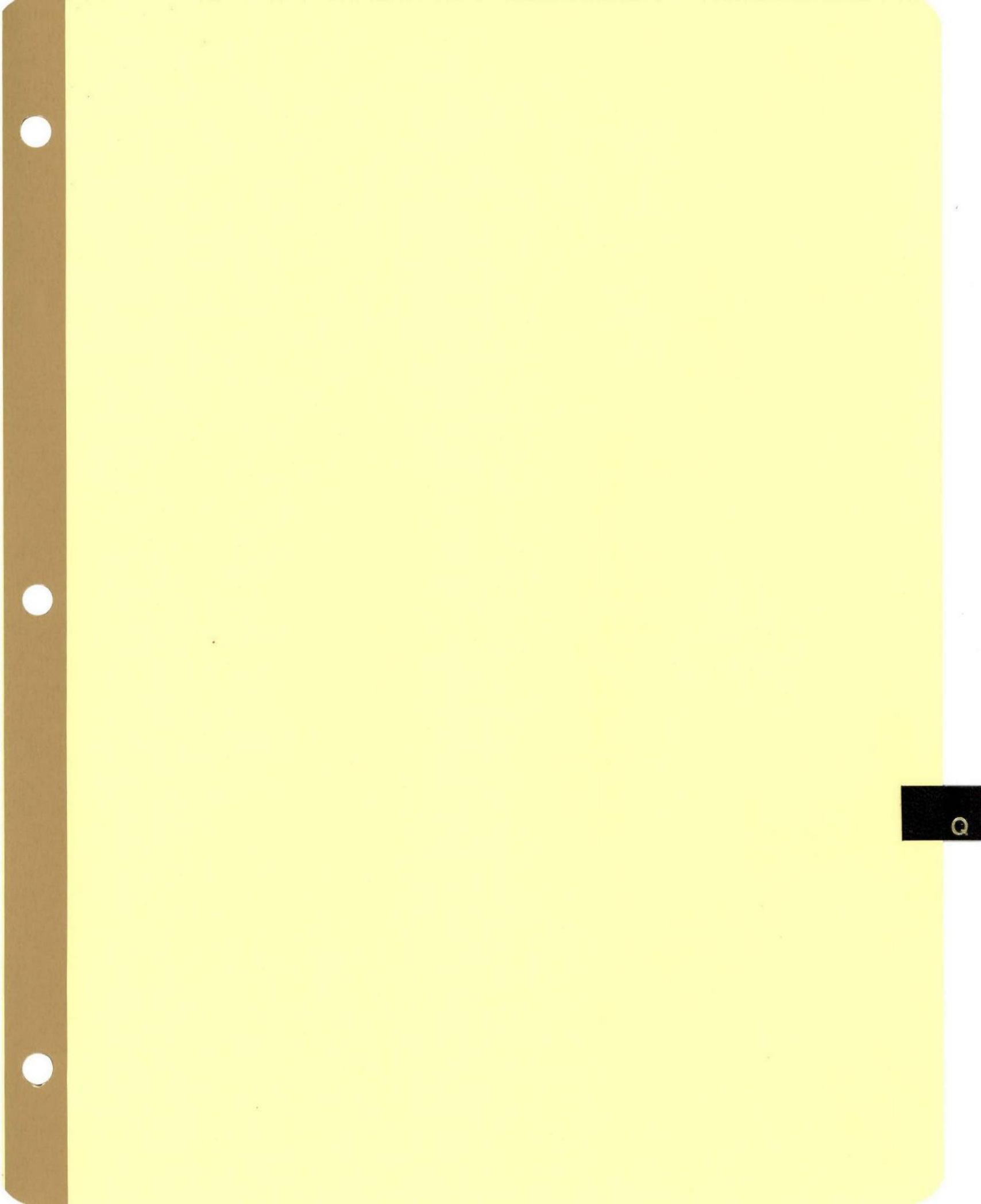
At the present time, I am scheduled to be in Europe during mid-June to participate in a major industrial conference in Germany. For this reason, I must decline your invitation.

As you know, the Rotary is special to me and I'm sorry to have to miss this 50th Anniversary celebration for the LeRoy Club. Best wishes for a memorable and pleasant evening.

Sincerely,

Barber Conable

Mr. Seely F. Pratt, Jr.
109 East Main Street
LeRoy, New York 14482



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

BARBER B. CONABLE
President

December 14, 1989

Mr. Moeen A. Qureshi

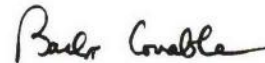
Re: Yemen Arab Republic CSP

Moeen:

I agree with you that, unless major policy action materializes in YAR, the IDA levels should be reduced more drastically than the low-level scenario proposed by the Region. This would send a clear signal to the YAR Government.

The CSP envisages IDA lending through FY94 at least. This is too long a period and you should plan for graduation earlier.

I would also prefer a more focussed operational program. Given the relevance in YAR of several of the Bank's areas of special emphases, a coherent program around one or more of these themes merits consideration.



cc: Members, President's Council
Mr. Stoutjesdijk

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

BARBER B. CONABLE
President

December 14, 1989

Mr. Moeen A. Qureshi

Re: Egypt CSP

Moeen:

At this stage, I will endorse only a "core" lending program of around \$100-125 million per annum for Egypt, given its marginally creditworthy status and still uncertain adjustment prospects. The question of a higher lending level for FY90 is moot because the Region informed us that only \$85 million can be achieved this fiscal year.

As we had agreed earlier, the Region should continue its work on the possible structural adjustment loan and we should maintain close coordination with the IMF. Please keep me informed on the progress of our dialogue with the Government and any other developments of significance. In any case, I would like the President's Council to review our operational program and country strategy for Egypt again within twelve months.

I trust you will ensure that the ESW effort is commensurate with our expected program and appropriately focussed on the needs of our immediate policy dialogue and relevant areas of institutional priority.

Barber Conable

cc: Members, President's Council
Messrs. Fischer, Picciotto, Stoutjesdijk

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

BARBER B. CONABLE
President

December 14, 1989

Mr. Moeen A. Qureshi

Re: Lesotho CSP

Moeen:

I have taken note of the plans for Bank lending for the Lesotho Highlands Water Project as outlined in the CSP and Mr. Karaosmanoglu's memorandum of December 1, 1989 on the subject. Please ensure that the project's environmental, as well as macroeconomic, impacts are rigorously assessed and that the conditionality is appropriately structured and timed to minimize, if not obviate, the risks to the Bank and Lesotho. I particularly support the creation of a fund to segregate the water royalties and ensure that they are used only for development purposes.

Within the constraints posed by Lesotho's unusual circumstances, as well as our own resources, I wonder if we could mount a more concerted effort in the areas of our institutional priority, e.g., environment/agriculture and poverty reduction.

Barber Conable

cc: Members, President's Council
Messrs. Fischer, Jaycox, Picciotto, Sandstrom

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

BARBER B. CONABLE
President

December 14, 1989

Mr. Moeen A. Qureshi

Re: Madagascar CSP

Moeen:

The Bank's assistance strategy for Madagascar appears to be sound. The focus on assisting the Government to continue the adjustment process and to ensure the social and environmental sustainability of development is appropriate. I endorse the shift initiated last year towards investment lending and institutional development. The Region's efforts in areas of our institutional priority are commendable.

Since the value of IDA and staff resources devoted to Madagascar is likely to be significant, I trust we will monitor progress and make any needed adjustments in a timely manner.

I commend the Region for a well-written CSP.

Barber Conable

cc: Members, President's Council
Messrs. Fischer, Jaycox, Picciotto, Isenman

Chion

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

BARBER B. CONABLE
President

December 13, 1989

Mr. Moeen A. Qureshi

Re: Poland

Moeen:

I have lost track of the amount and number of lending operations you are planning for Poland this and next fiscal year.

Could we get together and review what operations we are preparing and what the different parties expect from us. I would like to meet with you tomorrow, but if that's not possible, sometime before the Camdessus lunch on Tuesday.

Barber Conable

cc: Messrs. Stern and Thalwitz

BBC Chron

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

BARBER B. CONABLE
President

December 12, 1989

Mr. Moeen A. Qureshi

Moeen:

During your absence, I told Attila that:

- o first, I would like to take the first two projects sometime near the end of January, depending on my travel schedule, but definitely later than January 18; and
- o second, thereafter I do not wish to bunch projects, as proposed, on a weekly basis.

Could you please ask your staff to make a proposal for the entire remaining FY90 program. I would like to see both the number of projects and amounts you are scheduling for the remainder of the year. A total of 19 projects is just out of the question.

Barber Conable

OFFICE MEMORANDUM

DATE: December 1, 1989

TO: Mr. Barber B. Conable

FROM: Attila Karaosmanoglu *AK*

EXTENSION: 72283

SUBJECT: CHINA: Projects to the Board

1. This is with reference to our discussion this morning regarding the resumption of World Bank lending to China. I would suggest the following schedule for Board presentation:

Thursday: January 18

- o Jiangxi Agricultural Development Project Cr. \$ 60.0 m
- o Earthquake Reconstruction Project Cr. \$ 25.0 m

Tuesday: January 23

- o Jiangsu Provincial Transport Project Ln. \$100.0 m
- Cr. \$ 50.0 m

Tuesday: January 30

- o Yanshi Thermal Power Project Ln. \$180.0 m

Tuesday: February 6

- o Medium Sized Cities Development Project Ln. \$ 79.4 m
- Cr. \$ 80.8 m
- o Third Technical Cooperation Project Cr. \$ 30.0 m

Tuesday: February 13

- o Shanghai Industrial Development Project Ln. \$150.0 m
- o Vocational and Technical Education Project Cr. \$ 50.0 m

2. As indicated above, our plan is to start with a project that addresses the problems faced by China's poor. Jiangxi is one of the poorest provinces of China; Jiangxi Agriculture Project supports productive activities by small private pig and duck farmers, aquaculture, agroprocessing, rehabilitation of low-yielding tea plantations and establishment of pine forests for timber and resin. It is located in the mountainous areas and low-lying wastelands of the province, where average per capita incomes are only 85-90% of the national average. On the same day, we would like to present the Earthquake Reconstruction Project. The project is being currently appraised; we intend to negotiate it in mid-December and then send documents to the Board in time for January 18 presentation.

Mr. Conable

December 1, 1989

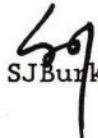
- 2 -

3. We would like to follow Jiangxi Agriculture and Earthquake Reconstruction Project with Jiangsu Provincial Transport. This is an innovative project in the sense that it finances priority investments in rural areas of Jiangsu, a coastal province where small-scale township and village industries have experienced their most rapid growth in China. The project supports rehabilitation of secondary roads, the improvement and clean-up of part of the Grand Canal and improved transport planning with special emphasis on intermodal issues and expansion of highway transport, a field in which private truckers are increasingly active.

4. The fourth project to be presented to the Board is Yanshi Power Project which has some unique environmental components. The pollution control equipment to be financed in this project meets not only Chinese standards, but also World Bank Guidelines for ground level concentration of sulphur dioxide, dust particulates, and stack emission. There is a substantial training program to upgrade the technical, financial and management skills of the provincial power corporation, including reinforcement of existing training schools. A tariff study will be undertaken with the aim of bringing electric tariff close to long run marginal cost for producing it.

5. According to this schedule, therefore, three of the seven outstanding projects would clear the Board in January while the remaining four will be presented in the 2nd and 3rd week of February.

cc: Mr. Moeen A. Qureshi (o/r)
Mr. Burki


SJBurki:fvf

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

BARBER B. CONABLE
President

December 11, 1989

Mr. Moeen A. Qureshi

Moeen:

I am extremely pleased with all the work you and your staff have undertaken to present to me your suggestions on "fine tuning." I know the changes you are proposing are not easy, but I appreciate your thorough attempt to improve on the way in which we handle our internal management.

Before going into specifics, I would like to recall a number of basic principles against which any of the organizational solutions and new managerial processes must be judged.

First, is the proposed "fine tuning" budget neutral or does it imply "direct" or "indirect" demands for additional resources? Particularly, after the budget discussion last week, budget neutrality must be a top objective.

Second, does the fine-tuning exercise ensure increased flexibility to redeploy resources across CD's and Vice Presidencies? The need for year-to-year redeployment and even redeployment within a budget year are clear in view of the uncertainties surrounding lending in an increasing number of countries, the need to integrate new subsectors and cross-sectoral issues in our base program and the budget realities.

Third, do the proposals ensure that professionalism, our ability to give advice in a local and global context is maintained and enhanced over time for all sectors?

Fourth, do the proposals enhance the Bank's ability to address more effectively crucial development issues, i.e. the transition from fast disbursing macro-policy lending to investment and sector lending, operational initiatives to bring about financial sector reform, private sector development and restructuring, high quality lending and advice on environment and human resource development, etc?

I would appreciate if you and your staff re-examine and review the proposed actions and, in particular, Issues 5, 7 and 8 in light of these objectives.

I have taken the basic decision that it would not be in the institutional interest at this point to transfer from PPR the positions and people for the 40 staff-years of cross support you have in your budget. I wish to give Wilfried Thalwitz a chance to familiarize himself with PPR before considering whether the issue of cross support needs to be reopened. I am also satisfied that a change of the status quo of collaboration between PPR and OPS on policy and review work is not an immediate priority.

I would like to meet with you and your RVPs on Tuesday to get a better feel for the trade-offs implicit in the three options discussed for the Technical Department and the Recommendations under Issues 5, 7 and 8.

First, and foremost, I wish to explore the interrelationship between the above four principles and objectives to the proposed recommendations. In addition, there are a number of more specific queries, such as:

- How much critical mass and "esprit de corps" must be maintained in the TD's to ensure the creation of "centers of excellence" and the operational impact of TD staff? The need for team spirit is given importance for SOD, and is equally needed in TDs.
- How will we ensure the global perspective of a larger SOD staff? Is reliance on rotation every 5-7 years enough?
- Is a TD limited to regional studies, innovative approaches/subsectors, collaboration with PPR on sector and research activities and "cluster staff" appropriate? Can we assure sufficient quality, global advice to all our Borrowers by excluding TD's from normal project work (appraisal and supervision)? How much overlap with PPR will be created?
- Why are critical mass issues in the SODs addressed through transfer of TD staff only? The Bank has 19 CODs with 330 people and 80 SODs with 800 people. The SODs have taken on important project processing functions from the former Country Programs Divisions. To what extent should the critical mass issue also be remedied through COD transfers?
- Could you elaborate on the peer review systems in place at present?
- The lack of sufficient technical/specialist skills is considered by many the crucial problem. At first glance, Option 2 appears to merely shift the problem or make it even worse, as scarce skills are concentrated in one.

- What are the implementation issues (budgets, space planning, staff selection, options, timing of transfers) associated with Option 1 or Option 2?

In the final analysis, we need to question whether we concentrate available resources on our objectives, focus them in a coherent and determined way on the important issues, develop an "esprit de corps" and build capabilities both on an individual and a team basis.

The attached note summarizes my comments and raises some queries on the individual issues you addressed and which require no or limited follow up discussion.

We should also agree on the type of presentation your Complex intends to make and the issues to be discussed at the December 20 meeting. My office should receive the material by noon this Friday to finalize the agenda and distribute all material to participants before the weekend.

Barton L. Cable

Issue Specific Comments

Issue 1: I accept, in principle, your presentation regarding the need for the EAS and COD functions. The budgetary requirement will remain to be confirmed in light of the business plans on a year-by-year basis.

Issue 2: You have seen my separate note on "resource mobilization - fine tuning."

On the proposed coordination mechanism for Financial Technical Assistance (FTA) I would like to explore further with you, either before the December 20 meeting or as part of the December 20 discussion the need and justification for the coordinating mechanism. The basic principle of the reorganization was the need to give full responsibility and accountability to the Country Director. He would decide from "where" he would buy specialized experience and coordinate all inputs. Why is Financial Technical Assistance different and requires central coordination?

Issue 3: EXT has been transferred to PRE and PRE will explore further the issues you raised. OPS needs to work closely with PRE to ensure better services to the SVP and better coordination between the central and decentralized External Relations teams. PRE will present and address this issue on December 20.

Issue 4: The recommendation and Action Plan is clear and meets our immediate needs. I believe, however, we have to go beyond process and reporting mechanisms. Management incentives, explicit encouragement must be given to address swiftly institutional priorities -- even if this requires redeployment, skill mix changes and pulling together staff across organizational boundaries.

In this context -- but only as one among many signals which are needed -- I plan to establish Presidential Awards for the teams which have addressed issues of institutional concerns in an exemplary fashion.

Issue 6: I have asked EAA to address specifically your concerns in their submission -- and the December 20 discussion.

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

BARBER B. CONABLE
President

December 7, 1989

Mr. Moeen A. Qureshi

Re: Trust Funds

We had agreed earlier this year that Trust Fund agreements exceeding \$10 million would be reviewed by me and discussed in the President's Council.

I understand that negotiation on the \$300 million Japanese Trust Fund announced during the Annual Meetings is now underway. A Trust Fund of such magnitude will, of course, set precedents for all future Trust Fund arrangements. I would therefore like to review at the very early stage of negotiations the issues involved.

Could you please prepare a note for me and the President's Council summarizing the main negotiating points, any deviations from past practices, and inter alia, address:

- (a) the relative roles of the Bank and the bilateral donor in deciding on the use of these funds initially and during the course of fund allocation;
- (b) internal management issues; and
- (c) the cost of managing the Trust Funds of such proportions.

Let us meet as soon as possible.

Barber Conable

cc: Members, President's Council
Mr. Kashiwaya

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

BARBER B. CONABLE
President

November 21, 1989

Mr. Moeen A. Qureshi

Moeen:

Mr. Benachenhou visited me today and told me that he continues to have severe problems receiving basic information on the countries for which he is responsible. This issue is particularly acute for Algeria, Morocco and Tunisia.

He believes he has spoken to Mr. Dervis five times, to Mr. Thalwitz twice, and to you once, and each time he was assured that the matter would be looked into carefully. His particular concerns are:

- (a) he is not informed about missions and delegations;
- (b) he does not receive papers, such as yellow cover reports which are shared with the Borrowers; and
- (c) he has no knowledge about major issues discussed with Borrowers, the development of the pipeline, and studies underway.

He believes that his effectiveness is seriously undermined as delegations perceive him to be totally out of touch with the Bank's program in countries which he represents. I told him that I would look into the matter, ask you to give him a commitment in writing that information will be made available to him regularly and follow-up provided in the future.

Could you please ask your staff to prepare a careful letter for my signature next week. I would also appreciate your talking to Mr. Benachenhou during your upcoming trip, as he is very concerned.

Barber

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

BARBER B. CONABLE
President

November 6, 1989

Mr. Moeen A. Qureshi

Re: Costa Rica

Moeen:

You mentioned to me that, in my absence, you plan to put an information note on the Costa Rica debt restructuring paper to the Board. I would appreciate your reviewing the draft paper in the Operations Committee/President's Council.

Barber Conable

cc: Mr. Thahane

Chon

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

BARBER B. CONABLE
President

October 30, 1989

Mr. Moeen Qureshi

Moeen:

Re: Reorganization - Fine Tuning

Thank you so much for your suggestions and suggested modifications to the terms of reference. I have several comments.

First, please let me know who will replace Wilfried as the leader of your working group.

Second, I want you to provide me with options to deal with the various issues of concern.

Third, the feedback we have received from staff to date indicates a certain anxiety about how management will resolve the acknowledged problems. This must be an honest attempt to deal with the perceived shortcomings of not only the organizational structure, but also the evolving management practices and staffing issues. While I am convinced that you and your managers have approached the exercise in this spirit, we must make sure that staff actually shares the perception that this is not a perfunctory exercise.

The terms of reference on page 2 touch on an important broader issue which you will address in consultation with PPR, i.e., an overall assessment of how much review and evaluation PPR/OPS need to do in order to assure appropriate quality control within the Bank. I had hoped that you would undertake the review of the Senior Vice President/Regional Vice President front offices with the explicit objective to streamline and free staff resources which then could be used for direct operational work, policy or research activities. I did not wish to establish new Vice President positions, but to consolidate and combine review and evaluation functions between PPR and OPS. I sincerely hope that such streamlining can be achieved.

You have interpreted point (c) of the TOR on managerial accountability much narrower than intended. It is more than a review of "management process to evaluate the adequacy in assessing the accountability and performance of country directors". The reorganization and the large-scale decentralization can only be defended if the objective has been matched with actual and perceived accountability of the country directors, division chiefs and task managers. There is no doubt that the output and quality across regions, sectors and departments has varied greatly. I would like your group to assess how accountability has manifested itself over the last two years in specific personnel and management actions.

Is there agreement among managers and non-managers alike that accountability has been achieved and how does this manifest itself to staff and borrowers?

I am attaching the revised terms of reference for your information.


Barber B. Conable

Attachment

SVP - OPERATIONS

Major Issues and Context:

Ensuring the effectiveness of the Bank's operations. This includes: (i) responsiveness of our operational (lending, ESW and technical assistance) program to client needs; (ii) high-quality output; and (iii) leadership (intellectual or organizational) in vigorously addressing major developmental issues, especially in areas of priority identified by the President, e.g., poverty, environment, human resources, debt.

While there is general agreement on the desirability and effectiveness of the country focus facilitated by the reorganization, several concerns have been expressed and perceptions persist regarding: (i) serious fragmentation of valuable and scarce skills in too many small units or divisions; (ii) deterioration in the quality of lending operations after the reorganization; and (iii) slow, superficial or sub-optimal operational responses in certain areas of institutional priority.

The specific issues to be addressed must include:

- (a) Operational responsiveness to institutional priorities - ways to improve it; including a review of skills-mix changes and an assessment of resource and staff redeployment mechanisms across departments and regions;
- (b) Specialized Expertise and Technical Departments:
 - size, structure and organizational location of "specialist" expertise (including, but not only technical); and
 - role, size, number and structure of Technical Departments as well as their level/type of specialization and staffing profiles.

(c) Country Departments:

- need for critical mass within divisions in the CDs. Possible options to be considered should also include reduction in number of CDs,
- need, if any, for multidisciplinary teams in CDs to address broad strategic issues, e.g., environment, private sector development and financial sector reforms and poverty alleviation, etc.,
- role and relative size of country operations divisions, and
- management practice to ensure accountability and assess performance of CDs with respect to country strategy formulation, program execution and cost consciousness.

(d) Size and function of SVP/RVP Front Offices: Every effort must be made to streamline front offices and integrate staff resources into operational work. In this context, it is important to review:

- relative roles and organization of the SVP/RVP Front Offices and PPR in undertaking the country, sector and policy review functions;
- relative roles and organization of the OPNSV Central staff and Regional staff in undertaking their quality control functions.

I expect that this review will be undertaken with the specific objective to free resources and is part of the joint OPS/PPR review mentioned in page 2 (a) of my memorandum of October 16.

(e) Mechanisms for quality assurance, quality control and dissemination of information: What experience has been gained with procedures put in place, and what management practices have evolved to assist and hold accountable the responsible manager?

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

BARBER B. CONABLE
President

October 25, 1989

Mr. Moeen A. Qureshi

Moeen,

Re: Environmental Assessment

I am concerned that we keep our promise and implement the new Environmental Assessment guidelines effective October 15. Therefore, in addition to the 10 positions which I have allocated to Operations last week, I have instructed PBD--ahead of the first quarter review--to make a dollar allocation of \$1.5 million out of my contingency to help cover the incremental budgetary requirements of environmental assessment work in Operations.

Obviously, I expect the contribution from my contingency to lead to staffyears inputs for environmental work incremental to the levels already incorporated in the agreed budget plan for Operations. I also expect the allocation to yield substantial strengthening of the operations program.

When I met with you and your Vice Presidents on this topic, I was impressed by your joint commitment to pursue these institutional priorities--through sound policy frameworks and well prepared operations. I would now like the program for forestry and the environment to be put on paper for the balance of the fiscal year--and, to the extent feasible, FY91.

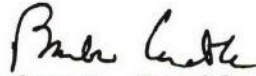
No elaborate presentation is required. Please let me know simply what your Regions plan to do in terms of sector work, project preparation (including environmental assessments), lending and supervision in each of the four Regions in the current and the forthcoming fiscal year. A simple extract from your Regional Business Plan will suffice.

To ensure maximum impact, please consult with PPR in deciding on the mix of skills needed and their distribution across units. In turn, PPR is expected to consult with you about the research, policy and development training work which they will undertake to support the intensification of our environmental and forestry activities.

Please note that should Operations be able to justify an even higher level of quality work in environment and forestry, I am prepared to consider additional allocations out of my contingency. But the acid test for this (as well as other contingency allocations) has got to be the level of high quality Operations' services likely to be delivered to clients in special emphases areas--over and above the levels we promised to the Board.

Regarding process, I ask that any budgetary request be fully discussed and hopefully agreed with PBD, before being submitted to me.

I understand that the number of forestry projects currently stands at six in FY90 and the number of free-standing environmental projects at three. This level of output, if correctly stated, is only a modest start. I trust that the FY91 and FY92 environmental and forestry lending programs will be larger, that project components dealing with the environment will be significant and systematically tracked and that your managers will redouble their efforts to lay the foundation for a more substantial effort--through focussed country dialogues, sector work and pipeline development.



Barber B. Conable

cc: Mr. W. David Hopper
Mr. Robert Picciotto

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

BARBER B. CONABLE
President

October 17, 1989

Mr. Moeen A. Qureshi

Moeen:

As I mentioned to you earlier, we want to handle debt reduction packages quickly, and with a minimum of bureaucratic delay. On the other hand, if and when major decisions are taken or implied by commitment to the Board, I would like to make sure that Finance, PPR and the Legal Department, at the senior level, know about these decisions and have a chance to bring any concerns to your and my attention.

I would, therefore, appreciate your consulting with either the senior staff or the Operations Committee prior to communication to the Board if decisions of a basic nature, such as the size and type of loan, the form of lending and materiality test, etc., are entailed.

Barber Conable

cc: Messrs. Stern, Hopper/Fischer, Shihata

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

BARBER B. CONABLE
President

October 17, 1989

Mr. Moeen Qureshi

Moeen,

We spoke about Mr. Milongo's visit to me. He was particularly concerned about getting the French translation of the PFPs of his constituency prior to the Board meetings. Could you please see what can be done to accommodate Mr. Milongo.

Barber Conable

cc: Messrs. Thahane and Jaycox

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

BARBER B. CONABLE
President

October 16, 1989

Mr. Moeen A. Qureshi

Re: Philippines

Moeen:

Can we briefly discuss the conditionality envisaged for this loan after the President's Council meeting?

Am I correct that you do not envisage any additional conditionality for either the first or the second tranche of this freestanding debt loan over and above the compliance with the IMF program and our on-going SECALs?

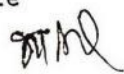
Barber B. Conable

cc: Messrs. Stern, Shihata, Fischer

OFFICE MEMORANDUM

DATE: October 13, 1989

TO: Mr. Barber B. Conable

THROUGH: Mr. Moeen Qureshi 

FROM: Mr. Shahid Burki 

EXTENSION: 72571

SUBJECT: PHILIPPINES: The Philippine Commercial Bank Financing Package Current Status

1. For your approval, here is a paper to be sent to the Board describing the Philippine Commercial Bank Financing Package Current Status.

October 13, 1989

Mr. Moeen A. Qureshi, Senior Vice President, Operations

Moeen:

re: Philippines

As we discussed, I attach the draft note describing the Philippine request and our proposal to move forward with a stand-alone operation.

It incorporates comments from Finance, Operations, and Legal. We received no comment from Research. Discussions of matters relating to the fund have been cleared with the Fund.


Shahid Javed Burki

cc: A. Karaosmangolu (o/r); K. Ikram, G. Kaji (o/r)

**The Philippine Commercial Bank Financing Package
Current Status**

In a note distributed on September 11 [SecM89-1168], we informed the Executive Directors about the preliminary agreement between the Philippine authorities and their commercial bank creditors. On October 11, the Philippine authorities distributed the final term sheet for the country's 1989-90 commercial bank financing and debt-reduction program.

The term sheet indicates that the Philippine Government intends to raise new money in the form of bonds and loans. New money will have a 15 year tenor, eight years of grace, and a spread of 13/16 of 1 percent over LIBOR. While commercial bank participation in new money is voluntary, Philippine authorities have indicated that \$1 billion in new money is necessary for successful conclusion of the deal. The term sheet also indicates that existing agreements between the Philippines and commercial banks will be amended to permit the Philippines to use up to \$1.5 billion derived directly and indirectly from official sources for cash buyback transactions or for credit support for debt exchanges. The Philippines would also be permitted to use up to \$300 million a year from any source for such purposes, in certain circumstances. In addition, the Philippines would be permitted to use up to \$200 million a year of assets, revenues, or receivables for credit support for new money borrowings. In conjunction with this operation, the Philippine Government is offering to repurchase, for cash, up to \$1.3 billion of certain categories of commercial debt at 50 percent of their face value. Such a purchase would generate a total cash requirement of up to \$650 million. Commercial banks have until November 10, 1989 to accept the offer and the purchase is scheduled to take place on January 3, 1990. Philippine authorities contemplate concluding these transactions by early January.

On September 14, we had briefed the Board on the results of the earlier market sounding conducted by the commercial bank advisory group. At that time, we informed the Executive Directors that the Philippine authorities had requested flexibility by the Bank in allocating set-aside and supplemental funds between debt and debt-service reduction operations. In light of comments made by the Executive Directors, we have informed the Philippine authorities that changes in the guidelines are not in prospect. We have been working with them to devise modes of Bank support based on existing guidelines.

In view of these discussions, the Philippine authorities have modified their request, so as to tap only set-aside funds at this time. They envision a two-stage operation. For the first stage, they have requested a \$200 million loan "set aside" from the agreed three-year lending program of about \$2 billion to support the buyback offer component of the financing package. In a second stage, the Philippine

authorities have indicated that they may request funds from multilateral institutions, including the Bank, for interest support for further debt and debt-service reduction operations.

In view of the strength of the Philippine program and the need to make this portion of our overall support available quickly, staff are currently examining a stand-alone operation.

The Philippine economy has undergone extensive and substantial structural reform over the past years, in several programs undertaken with the active cooperation of the Bank and the Fund. Bank strategy now envisions, however, a shift away from new adjustment lending in the Philippines. The planned shift to investment lending is desirable because the importance for Philippine growth of the quality and allocation of investment has risen in its importance relative to overall macroeconomic policy issues and broad macroeconomic conditionality.

With the debt operation occurring toward the end of a major series of adjustment operations, and with this shift to greater investment lending envisioned, we believe that the most appropriate vehicle for making available Bank financial support is a stand-alone operation. The provision of such support would be made available contingent on continued compliance with conditionality established under the Economic Recovery Program, and under the two ongoing operations: Reform Program for Government Corporations and the Financial Sector Adjustment Loan. In addition, the loan would require compliance with conditions similar to those under the Extended Fund Arrangement currently in force with the International Monetary Fund. This would ensure that the debt operation would be nested in a broad set of macroeconomic and structural policy conditions most likely to produce a successful workout.

Against the proposed background of broad conditionality, the operation itself would be justified, as envisioned in the current guidelines, by examining the impact of the package's new money and debt restructuring on the prospects for resuming sustained Philippine growth, following its rapid economic recovery, and from improvement in its creditworthiness.

The proposed operation of \$200 million would be tranching so that \$150 million would be available at the outset. This front-loading is needed to support the completion of the buyback offer on January 3, 1990, in accordance with the offer made by the Central Bank. The timing and conditions of release of the second tranche remain undecided and would be set out in the report we will later send to the Board.

We are coordinating closely with the Fund in preparing a definite proposal for the Board, and the debt operation requested by the Philippines authorities presumes that Bank and Fund would continue to move in tandem. Under the extended arrangement of the Fund, the Philippines would have available two set-asides in a total amount of about \$60 million following the first program review, which is scheduled

to be completed by the end of December 1989. The Philippines has also requested advancing to December 1989 the disbursement of the set-asides associated with the two purchases scheduled for 1990. This request will be considered at the time of the December review. Should this request be granted, the Philippines would then have drawn, at the current SDR/dollar rate, approximately \$120 million of \$210 million available over the three years. This would place tranching by the Bank and the Fund about in step if the Bank and the Fund approve the proposals set out above. The Philippine authorities are currently pursuing other sources to assist them in the task of obtaining funds for the proposed debt reduction operation, including the Export-Import Bank of Japan.

A description of the economic impact of the proposed buyback operation on the Philippine economy's development and investment prospects, which is required by the operational guidelines approved by the Board, will be given in a fully-documented report when the further details now obtained by the Bank have been analyzed, and a definitive proposal for Bank support of the operation has been formulated. At that time, if the circumstances justify, the final approval by the Executive Directors would be sought for the provision of financing to support such operation.

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

BARBER B. CONABLE
President

November 30, 1989

His Excellency Colonel Victor Ramahatra
Prime Minister
Democratic Republic of Madagascar
Antananarivo, Madagascar

Dear Mr. Prime Minister:

I was pleased to meet you and your Cabinet during my recent visit to Madagascar, and to see first-hand the degree of openness in the high council of Government. This freedom of expression is a fundamental prerequisite for sound economic management. I appreciated having the opportunity to reiterate the basic principles for our cooperation with your Government and to share my views on the challenges ahead in the fight against poverty.

Mrs. Conable and I are especially grateful to you for hosting the State dinner in our honor. As I stated that evening, your speech was most memorable, and I wanted to share it with others here at the Bank and respond in more detail.

As you know from my remarks at the dinner and in my meeting with the Council of Ministers, there is a congruence of views between you and me personally, and between your Government colleagues and my World Bank colleagues. Rather than repeat here the points on which we agree, I wish only to make a few friendly amendments to your remarks. In all cases, these comments echo points you have stressed on other occasions.

A crucial point you made was that the key to Madagascar's development lies in the free efforts of its men and women. This complements what I have stressed, in Madagascar as elsewhere, as the underlying purpose of the World Bank's activities -- the fight against poverty. An important step toward improving the quality of life for people in the developing world is the reduction of the rapid growth in population so there can be a deeper investment in human capital and a greater and more sustainable increase in incomes. I know that population is a very sensitive issue, as are a number of elements of your reform program, such as reform of higher education or of the public enterprise sector. I am impressed with the willingness of your Government to address these latter sensitive but vital issues, and am optimistic that you will address the population issue as well. What I saw on my field trip in Madagascar reinforced my feeling that there is a strong link between slowing population growth and what you so eloquently referred to as preserving for the children of your country the environmental heritage received from their ancestors.

November 30, 1989


Another important point you made was the need to build upon the achievements of the adjustment process and put greater emphasis on growth and on attainment of social objectives. Our analysis confirms that the more painful phase of compressing demand and public expenditure to sustainable levels is now behind you. I find it encouraging that public investment is now increasing and, for the first time in a great many years, per capita incomes are rising. Declaring victory in macro-economic management at this time, however, would be premature. Vigilance and prudence, in public finances in particular, are vital to maintaining the pace of progress. The damage from prolonged economic decline and the extreme poverty of so many of your people will demand sustained efforts over a long time.

As we move into the growth phase of the adjustment process, another issue you stress -- the need for transparency and for widening the circle of beneficiaries -- becomes increasingly relevant. During my visit to the knitting factory, your first large-scale export enterprise, I understood that the involvement of people with strong political contacts was useful in clearing away some of the bureaucratic controls which still stand in the way of investment and cloud the investment climate. It is essential that political and other such factors play a minimal role in the success of these ventures so that a wide group of entrepreneurs, particularly smaller investors, on farms and in cities, are able to use their capital and their energies to increase Madagascar's employment and economic output.

I enjoyed your very apt references to Madagascar's folk wisdom. One need not be Malagache to appreciate Malagache proverbs. To repeat a proverb which you cited, you can count on us to be at your side to aid you and the Malagache people "to build the house that cannot be built by a single person". I will continue to follow your program with great interest, and have asked my staff to keep me informed of progress and problems encountered in our joint efforts.

Your beautiful country, its smiling and courageous people, your deep commitment to reform, and the warm and generous hospitality toward us during our visit will remain in our minds for a very long time. Our warm thanks and best wishes.

Sincerely,



Barber B. Conable
President

Chiron

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

BARBER B. CONABLE
President

October 20, 1989

Dear Mr. Secretary-General:

Thank you for your letter of September 25, summarizing the main points of the Commonwealth Finance Ministers' discussions in Kingston. I appreciate your bringing these to my attention. The views expressed by the Ministers contributed greatly to the conclusions reached a few days later at the Development Committee.

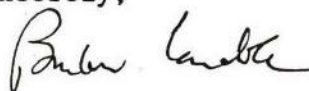
On adjustment, debt, the private sector, women in development, and the environment, the Ministers' views coincide with the ideas we have been fostering within the Bank.

I particularly appreciate the Ministers' concurrence on the importance of an early and substantial Ninth Replenishment of IDA. As we move into the final stages of the negotiations, such a strong endorsement from a group of Ministers from both developed and developing countries can only encourage donors to act to ensure that IDA will have the resources to meet the growing development challenges of adjustment, poverty reduction and the environment.

I know that you have been personally supportive of a substantial IDA Replenishment, for which I am most grateful.

Best personal wishes.

Sincerely,



Mr. Shridath S. Ramphal
Secretary-General
Office of the Commonwealth Secretariat
Marlborough House
Pall Mall
London SW1Y 5HX, England

— Multilateral Investment Guarantee Agency —

Washington, D.C. 20433, U.S.A.

BARBER B. CONABLE
President

October 10, 1989

Dear Mr. Minister:

It gives me great pleasure to welcome your appointment as the first Alternate Governor for the People's Republic of Angola on the Council of Governors of the Multilateral Investment Guarantee Agency. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Agency, as well.

On behalf of the Directors, Officers and Staff, I congratulate you on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

Barber Conable

His Excellency
Dumilde das Chagas Simoes Rangel
Minister of Commerce
Ministry of Commerce
Praca da Luanda
Luanda, Angola

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

BARBER B. CONABLE
President

November 30, 1989

His Excellency Didier Ratsiraka
President of the Democratic Republic of Madagascar
Antananarivo, Madagascar

Dear Mr. President:

I want to thank you again for your warm welcome and hospitality on our recent visit to Madagascar. Mrs. Conable and I were delighted to have been able to see so much of your Country, to meet so many people from various walks of life, and to gain a better appreciation of the challenges ahead for Madagascar.

I was impressed by your Country's human and physical diversity and its development potential. Your commitment to stay the course of reform and to build on the encouraging, though fragile, signs of recovery gave me renewed confidence in Madagascar's ability to realize this potential.

There is still much to be done to make the recovery last and to ensure sustainable growth and the equitable distribution among the Malagasy people of the dividends of development. Madagascar can count on the World Bank to continue providing support through all our available instruments.

In the near term, we would like to support your efforts to create a policy environment which will foster creative energies of all, particularly by promoting private enterprise and by redirecting Government towards a supportive role in the economy. This requires rapid withdrawal from involvement by the Government in productive activities while strengthening the emphasis on education, health, and the provision of other essential services.

In addition to helping you tackle this immediate challenge, we are also ready to provide assistance to address decisively the long-term issues of population, poverty and their environmental consequences. I have directed my staff to work closely with your Government in these areas.

His Excellency Didier Ratsiraka

- 2 -

November 30, 1989

I am confident that, under your leadership and with the help of your many international partners in development, Madagascar will succeed in improving the quality of life for all its people.

Once again, Mrs. Conable and I are most grateful for a memorable visit and for the special memento of your wonderful Country.

Sincerely,

Bonnie Conable

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

BARBER B. CONABLE
President

October 10, 1989

Dear Mr. President:

Thank you for your letter dated September 19, 1989, informing us of the reappointment of Mrs. Danielle de St. Jorre, Minister of Planning and External Relations, as Governor for Seychelles on the Boards of Governors of The World Bank Group.

We look forward to continue working closely with the Minister in the coming years.

Sincerely,



His Excellency
France Albert Rene
President of the
Republic of Seychelles
State House
Mahe, Seychelles

— Multilateral Investment Guarantee Agency —

Washington, D.C. 20433, U.S.A.

BARBER B. CONABLE
President

November 20, 1989

Dear Minister:

It gives me great pleasure to welcome your appointment as the first Governor for Ireland on the Council of Governors of the Multilateral Investment Guarantee Agency. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Agency, as well.

On behalf of the Directors, Officers and Staff, I congratulate you on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

Barber B. Conable

The Honourable
Albert Reynolds
Minister for Finance
Department of Finance
Government Buildings
Upper Merrion Street
Dublin 2, Ireland

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

BARBER B. CONABLE
President

November 30, 1989

His Excellency H. Jean Robiarivony
Minister of Economy and Plan
Democratic Republic of Madagascar
Antananarivo, Madagascar

Dear Mr. Minister:

I was pleased to have the opportunity to meet you again, this time in Madagascar. Your personal efforts in preparing a very interesting and informative program for Mrs. Conable and me were greatly appreciated, as was the time you devoted to accompany us on the field trip.

You have played a key role in shaping the program of economic reforms and social actions for your country, and in conducting the dialogue with our institutions. It is through your personal determination that some success has been achieved in these endeavors. We in the World Bank will do all we can to work with you in the crucial years ahead.

Thank you, once again, for all the courtesies extended to us during our very enjoyable visit to your wonderful country.

Sincerely,

Barber Conable

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

BARBER B. CONABLE
President

October 10, 1989

Dear Mr. Minister:

I have learned of your appointment as Alternate Governor for Haiti on the Boards of Governors of The World Bank Group. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Bank Group, as well.

The Executive Directors, Officers and Staff of The World Bank Group believe very strongly in its development mission and in the battle against poverty. We look forward to working with you to make the Bank Group even more effective during the coming years. Congratulations on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

Barber Conable

Son Excellence
Monsieur Theophile Roche
Ministre de la Planification
et de la Cooperation Externe
Palais des Ministeres
Rue Monseigneur Guilloux
Port-au-Prince
Haiti

INTERNATIONAL MONETARY FUND
THE WORLD BANK

Washington, D.C. 20431

November 28, 1989

Herrn Dr. Wolfgang Röller
Sprecher des Vorstandes
Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
6000 Frankfurt am Main 11
Federal Republic of Germany

Sehr geehrter Herr Dr. Röller!

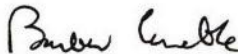
Wir danken Ihnen nochmals für die Teilnahme Ihrer Organisation an dem Gehaltsvergleich, den Hay Associates im Frühjahr 1989 für den Internationalen Währungsfonds und für die Weltbank durchführten. Diese jährlichen Erhebungen sind sehr wichtig für unsere Institutionen, da sie uns ermöglichen, unser Gehaltssystem international wettbewerbsfähig zu erhalten.


Der Zeitpunkt für eine Wiederholung dieser Erhebung ist gekommen, und wir bitten Sie erneut um Ihre Unterstützung. Nach Abschluss der Datenerhebung werden Sie einen Bericht erhalten, der Ihnen Informationen zurückvermittelt, von denen wir hoffen, daß sie auch für Sie und Ihren Personalbereich von Interesse sein werden.

Hay Associates, unsere Berater für diesen Gehaltsvergleich, würden sich gern in Kürze mit Ihrem Personalbereich in Verbindung setzen, um die erforderlichen Daten zu sammeln. Alle Gehaltsinformationen werden natürlich streng vertraulich behandelt. Wir wären Ihnen dankbar, wenn Sie die zuständige Abteilung in Ihrer Organisation beauftragten, Hay Associates die erforderlichen Daten zur Verfügung zu stellen.

Wir danken Ihnen im voraus für Ihre Unterstützung.

Hochachtungsvoll


Barber B. Conable
Präsident
Die Weltbank


Michel Camdessus
Geschäftsführer
Internationaler Währungsfonds

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

BARBER B. CONABLE
President

November 6, 1989

Dear Ms. Root:

I am pleased to provide some basic information about The World Bank for your study project for the Women's Study Club of Medina. I hope this information is of interest.

Best wishes for success with your study project.

Sincerely,

Barber Conable

Enclosures

Ms. Lorraine Root
12595 West Lee Road
Albion, New York 14411

October 25, 1989

Mr. Barbie Lonahel, Pres.
World Bank
700 N Hampton St. N.W
Washington, D.C. 20037

Dear Sir,

Our women's study club
in Medina, N.Y. is studying
"Money" this year and
my topic is The World Bank.

It is something I know
very little about, and hope
your office might have
some helpful information.

Thank you.

Lorraine Post
12595 W. Lee Rd
Albion, N.Y. 14411

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

BARBER B. CONABLE
President

October 10, 1989

Mr. Yves Rovani

Yves:

I know you wish to distribute the Annual Report on OED to the JAC today.

I have no problem, but have made some changes in the margin of the report. These suggested modifications reflect my belief that:

- (a) The Annual Report is not the place to make a case for additional resources and budget allocation. If more funds are needed to process additional PCRs, I will consider the matter after Bob has reviewed the detailed request and relative priorities of other OED activities; and
- (b) The primary responsibility for the dissemination of operational experience, whether generated within OPS, PPR or OED, is clearly with the SVPOPS. I expect him to have put in place processes and systems which uses both the annual development effectiveness, sector reviews and special studies undertaken by PPR and the longer-term and project-by-project evaluations produced by OED. The report indicates several times that the responsibility for dissemination has now - after the reorganization - shifted to OED or others outside OPS. This is clearly not the case. While I welcome the cooperation shown by OED staff to work effectively with all concerned in the reorganized Bank, the report gives the impression that the lines of responsibilities are so confused that OED will only be heard if they actively "market" and target their studies to interested groups.

I continue to worry about the likely repercussions of publishing the Annual Performance Evaluation Report. As soon as I have received Willi Wapenhans' assessment, I would like to review the matter with you personally.

My office will set up a meeting after my return from Minnesota.

Barber Conable



Record Removal Notice

File Title President Barber Conable Chronological Records - Outgoing - Correspondence - M-Z - October 1 - December 31, 1984	Barcode No. 1782797
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Document Date Sep 29, 1989	Document Type Report
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Correspondents / Participants

Subject / Title
Annual Report on Operations Evaluation (FY89)

Exception No(s).

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 Prerogative to Restrict

Reason for Removal
Information Restricted Under Separate Disclosure Regimes and Other Investigative Information - Operations Evaluation Group (OED) / (IEG)

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date Aug 11, 2014
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THE WORLD BANK
Washington, D.C. 20433
U.S.A.

BARBER B. CONABLE
President

Oct. 31, 1989

Dear Onno,

It is my understanding that you are about to return to the private sector, after your long public service to your country and the world. I feel as though a dependable and thoughtful support for the better initiatives of the World Bank is lost to me, but my disappointment cannot overshadow the sense of personal gratitude I feel to you for your constant kindness to me.

Dear friend, I salute you personally, and as representative of an institution which has benefitted greatly from your counsel.

You and Renée will always be welcome with the Conables.

Sincerely
Barber

His Excellency
H.O. Ruding
Wilhelmina Plein 5
2243 HE Wassenaar
The Netherlands

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

BARBER B. CONABLE
President

December 7, 1989

Mr. Edouard Saouma
Director General
Food and Agriculture Organization of the United Nations (FAO)
Via delle Terme di Caracalla
00100 Rome, Italy

Dear Mr. Saouma:

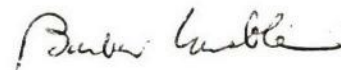
Thank you for your letter of October 23, regarding the progress of the special Programmes of Action adopted by the 1984 FAO World Conference on Fisheries Management and Development. It is most gratifying to note that the Committee on Fisheries and the FAO Council have expressed their satisfaction at the progress achieved by the Programmes in the improvement of international assistance for the sustained development and rational management of the world's fishery resources.

I am pleased to know that the response of the donor community has gone beyond the original expectations. This clearly reflects your success in the implementation of the Programmes and justifies the extension beyond 1989 as a means for sustaining and reinforcing the past work.

We value highly the close working relationship between our institutions which is currently evident in our collaboration on the Study of International Fisheries Research Needs for Developing Countries. As you know, the Bank and FAO jointly formulated the terms of reference for the Study and, together with the CEC and UNDP, make up the Study's Steering Committee. This Study, with financial support from seventeen donors, is being successfully implemented. The report, which will be submitted to the Second Fisheries Donor Consultation in early July next year, is expected to have a substantial impact on the provision of aid to developing countries for the strengthening of their capabilities in fisheries and aquaculture research.

I wish to take this opportunity to express our appreciation for the significant contributions of the FAO Fisheries Department to the implementation of the Study. We look forward to continued collaboration with FAO in the follow-up to the Study both because of FAO's recognized competence in the field of fisheries research and because of the opportunity that will be provided by the Study to improve technical assistance to developing countries.

Sincerely yours,



Chron

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

BARBER B. CONABLE
President

Le 27 octobre 1989

Monsieur le Président,

J'ai l'honneur d'accuser réception de votre lettre du 14 courant et de vous en remercier. Cela me permet de vous rendre compte des progrès réalisés lors des entretiens tripartites tenus en marge des dernières Assemblées Annuelles entre la France, le Fonds Monétaire et la Banque Mondiale sur la question de la dette congolaise. Ces contacts ont en effet permis à la Banque de relancer la discussion interne sur la préparation de nouveaux prêts en faveur de la République Populaire du Congo et en appui aux efforts de réformes économiques et financières que votre Gouvernement a déjà entrepris avec beaucoup de courage et de détermination.

Si le Gouvernement en était d'accord, la Banque dépêcherait une mission à Brazzaville en Décembre prochain à la suite de la mission du Fonds prévue pour Novembre. L'objet principal de cette mission de la Banque serait de discuter avec les Autorités du cadre macro-économique à moyen terme, y compris des voies et moyens susceptibles de déboucher sur un profond réaménagement de la dette commerciale. Cela permettrait alors aux services de la Banque de définir un programme d'appui aux efforts de relance économique du Gouvernement. A ce moment-là, nous serions en mesure d'arrêter ensemble les objectifs et le calendrier d'une conférence des bailleurs de fonds.

Pour finir, Monsieur le Président, je voudrais vous assurer de notre entière disponibilité et de notre volonté d'apporter à votre Gouvernement le concours nécessaire à la mise en pied et à l'exécution de son programme d'ajustement économique et financier.

Je vous prie de croire, Monsieur le Président, en l'assurance de ma haute et déférente considération.

Barber B. Conable

Son Excellence Monsieur Denis SASSOU-NGUESSO
Président de la République
Chef du Gouvernement
Brazzaville
République Populaire du Congo

October 27, 1989

Dear Mr. President,

Thank you for your letter of October 14. It gives me the opportunity to report to you the progress achieved during the tripartite meetings that were held during the Annual Meetings between France, the International Monetary Fund and the World Bank on the Congolese debt. The outcome of these meetings has made it possible for the Bank to reopen the internal discussions on the resumption of lending to Congo in support of the economic and financial reforms that your Government has already undertaken with courage and determination.

If agreeable with the Government, the Bank would send a mission to Brazzaville next December following the IMF's mission scheduled for November. The main purpose of this Bank's mission would be to hold discussions with the authorities on the medium term macro economic framework, including an assessment of commercial debt reduction. This would then allow the services of the World Bank to define a program in support of the resumption of economic growth. We will then be able to determine both objectives and timing of a donor's conference.

In closing, Mr. President, let me assure you of my commitment to spare no effort to assist your country in its efforts to implement its program of economic and financial adjustment.

Sincerely,

Barber B. Conable

Son Excellence Denis Sassou-Nguesso
Président de la République
Chef du Gouvernement
Brazzaville
République Populaire du Congo

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

BARBER B. CONABLE
President

November 20, 1985

The Honorable James H. Scheuer
U.S. House of Representatives
Washington, D.C. 20515

Dear Jim:

My November 1 letter to you addressed a number of your concerns about the Sardar Sarovar (Narmada) projects in India and may have crossed the letter of November 2 from you and the other Members.

A few additional points may be helpful to understanding why the Bank continues to support these projects despite some complex resettlement and environmental issues.

The issue of alternatives to a large dam was examined by the special Narmada Water Disputes Tribunal which was established by the Government of India in the 1970s. It was investigated again by the Bank's appraisal team in 1984. The alternatives were essentially a series of smaller dams, or a large dam with total height less than the one under construction. None of these alternatives was found to meet the basic objective, in the most technical and economically effective way, as does the large SSP dam. The objective, as I mentioned in my earlier letter, is to help improve standards of living for millions of very poor people in one of the most drought-prone areas of India; this is being done through the provision of water for crops, for humans and livestock, for industry and electricity. Smaller dams, for example, (and, incidentally, the Bank is helping to finance many such dams in other parts of India where the water resources and demand requirements are very different from Narmada) provide assured water supplies for only a few months of the year. Thus the benefits are not as great. Smaller dams, collectively, generally inundate much more area and their cost per hectare irrigated tends to increase rapidly as one moves from relatively easy to increasingly difficult sites.

We monitor alleged violations of Bank policy or of the Bank's Loan and Credit agreements on resettlement and environment, and other aspects at least twice a year through on-site visits by Bank staff and consultants. From time to time, an exact deadline for certain actions may not be met fully. Oftentimes, unforeseen circumstances are at work. For example, the Government of India decided, after the projects had been approved, to undertake another detailed environmental assessment; this resulted in an implementation delay of about 18 months. As long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

Environmental aspects of the project were investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank, and a United States consultant completed this study before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, forestry and public health. Archeological and water resources aspects are receiving required attention. Terms of reference have been agreed for studies of wildlife management.

On the economic analysis, as I mentioned in my November 1 letter, we have reviewed Mr. Paranjpye's assessment and have concluded, for reasons explained in my previous letter, that our original decision to support the project remains sound. Siltation also was examined by engineers in the project preparation stages and they estimated a reservoir life for the Sardar Sarovar project in the range of 180 to 340 years.

I do not wish to underestimate the difficult resettlement and environmental issues associated with these projects. However, we are working closely with project authorities and others, including non-governmental agencies, to deal with them fairly and thoroughly. In time, we feel that the projects will prove to be of enormous benefit to the people and the economy of the area.

Sincerely,



Barber B. Conable
President

Chron

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

BARBER B. CONABLE
President

November 1, 1989

The Honorable James H. Scheuer
U.S. House of Representatives
Washington, D. C. 20515

Dear Jim:

Thank you for your letter of October 25 regarding the Sardar Sarovar projects in India, which the Bank is helping to finance.

As you know, the projects are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone states of Western India. However, there are environmental and social costs associated with the effort. Consequently from the beginning of our involvement, we have tried to make sure that policies and programs to mitigate these costs are carefully formulated and implemented by the state governments.

Mrs. Conable and I visited Gujarat, where the dam is being built, during our trip to India in November 1987; we discussed the resettlement and rehabilitation programs at length with state and project authorities. In addition, I met separately in Delhi with Ms. Patkar and other representatives of non-governmental organizations. I regret that my schedule did not permit a meeting with Ms. Patkar and her associates last week, but I understand she met with several members of the Bank's Board of Executive Directors and their staffs.

On the issue of reappraisal of the costs and benefits associated with the projects, staff of the Bank's India Department have made a preliminary review of Mr. Paranjpye's assessment and have concluded that our original decision to support this project remains sound. The economic rate of return is viable, in our view. While some costs have increased, so have some benefits. For example, benefits from power generation are much greater than originally estimated. Overall, we do not think the economic rate of return has changed significantly from the 13 percent calculated in 1985.

While the Narmada projects have produced a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26, 1989 the legislative assembly of Gujarat, after a two-hour discussion of the issue, unanimously passed a resolution affirming support for the projects, which have been described as "lifelines" for the state. The Bank intends to continue working with the responsible agencies and institutions to assure that all aspects of the agreed projects are implemented, including suitable resettlement and rehabilitation provisions.

Suggested development alternatives do not deal adequately with the scale of the problems addressed by these projects. The rural population alone living in the Sardar Sarovar command area was estimated in 1981 to be almost five million. Modest alternatives would be inadequate in helping to meet the basic needs of a population that large, particularly a population growing at a rate of more than 2 percent a year. Nor would modest alternatives do much to the degradation of soils and forest areas, or the loss of substantial water resources afforded by the Narmada river.

I am very much concerned about the potential environmental consequences of all our development projects. I believe the World Bank has a special responsibility to help developing nations better integrate the management of natural resources into development planning and involvement. Without question, the battle against global poverty is also the fight for a sustainable environment.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

November 20, 1989

The Honorable Claudine Schneider
U. S. House of Representatives
Washington, D.C. 20515

Claudine —

Dear ~~Representative~~ Schneider:

Thank you for your letter of November 2 concerning the Sardar Sarovar projects in India.

As I mentioned to Congressman Scheuer in a previous communication on this matter, we share your concerns about the resettlement and environment aspects of the project and have been working very closely with the Indian authorities to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

There have been lapses in implementation. On occasion, performance has not always conformed to the plans. But remedial action has been taken and, on balance, we feel that progress is being made.

As you know, the projects are designed to bring irrigation, electricity and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981 and the population growth rate is greater than 2% a year.

Several alternatives to a large dam were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, given the enormity of the objective and taking into account technical, economic and other considerations. For example, a series of small dams presents many more potential difficulties than a single large one. Finding appropriate sites for them is very difficult and the cost per hectare irrigated escalates rapidly as one moves from relatively easy to increasingly difficult locations. The percentage of inundated area to command area, which is high even in the better small dam sites, increases rapidly as greater numbers of sites are pursued. Simultaneously, resettlement and environmental problems mount. Then, smaller dams do not provide the kind of power benefits that a large structure affords.

We monitor alleged violations of Bank policy or of the Bank's Loan and Credit agreements on resettlement and environment, and other aspects at least twice a year through on-site visits by Bank staff and consultants. From time to time, an exact deadline for certain actions may not be met fully. Oftentimes, unforeseen circumstances are at work. For example, the Government of India decided, after the projects had been approved, to undertake another detailed environmental assessment and this resulted in an implementation delay of about 18 months. As long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when necessary, our position is that we should

continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

Environmental aspects of the project were investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank and a United States consultant completed this before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, forestry and public health. Archeological and water resources aspects are receiving required attention. Terms of reference have been agreed for studies of wildlife management. The project does have some environmental benefits also. For example, it will help wildlife parks, through the provision of more regular water supplies.

On the issue of the Bank's economic analysis, a very comprehensive examination was conducted as part of the appraisal work in 1984/85. Rehabilitation and resettlement requirements were costed as was forest land and land lost to inundation. Public health costs were not included originally since it was not obvious, and is still not, that the assumed health costs will outweigh the health benefits from assured water supplies for drinking and washing. Future levels of siltation were studied and indicated a reservoir life for the SSP dam in the range of 180 to 340 years.

As I noted in my earlier letter to Congressman Scheuer, staff of the Bank's India department have made a preliminary review of Mr. Paranjpye's assessment for the Indian National Trust for Art and Cultural Heritage (INTACH) and have concluded that our original decision to support this project remains sound. While some costs have increased, so have some benefits. For example, benefits from power generation are much greater than originally estimated and the original benefits ascribed to municipal and industrial water were almost certainly undervalued. Overall, we do not think the economic rate of return has changed significantly from the 13 percent calculated in 1985. The INTACH report estimates the return for the SSP project at 10.8% and for the proposed Narmada Sagar project at 12.2%.

While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26 this year the legislative assembly of Gujarat, after a two-hour discussion of the issues, unanimously passed a resolution affirming support for the projects, which have been described as "lifelines" for that state.

In closing, I would like to emphasize how very much concerned I am about the potential environmental consequences of all our development projects. I would also like to underscore the importance of IDA to poor countries such as India. As you know, one of the original motivations behind the creation of IDA was to help India grow out of a very dismal economic condition. The United States Congress was the principal instigator for this decision and in many different ways the success of IDA can be seen in India today. For example, the country, which in the 1960s had to import massive quantities of food grains, is now self sufficient, thanks in large part to IDA assistance, which supplemented India's very impressive effort, particularly in developing irrigated agriculture.

We believe this performance can be duplicated in the future -- in India and elsewhere -- as we continue the battle against global poverty through sustainable development.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

December 21, 1989

General Brent Scowcroft, USAF (Ret.)
Assistant to the President
National Security Council
Old Executive Office Building
Washington, D.C. 20506

Dear Brent:

I tried to call you the other day, not knowing of your total involvement with Panama. I now understand why you were not in a position to take the call.

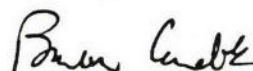
I was calling to ask you about the intentions of the President with respect to certification of possible China loans by the World Bank beginning in late January. In order for the Bank to consider at the end of January a possible China loan, it would be necessary for the certification to be moved very quickly after the first of January. Treasury has prepared such a certification and is awaiting approval from your staff to send it for the President's signature.

We need to know about this as soon as possible, because documentation has to be forwarded to our Board at least three weeks in advance of its consideration of such a loan. This notice is clearly needed in the case of China, because extensive consultation will have to be undertaken with representatives of the various countries under our weighted voting procedures.

If you are prepared to move ahead with Presidential certification, all that is needed is notification to Mr. Dallara's office at Treasury. It would be helpful to me if I could be informed, as well, so that I will know what to expect. I will be at my home in Western New York (telephone 716 - 591-1233).

Best wishes to you for the Holidays.

Sincerely,



cc: Mr. E. Patrick Coady
bcc: Messrs. Qureshi and Stern

INTERNATIONAL MONETARY FUND
THE WORLD BANK

Washington, D.C. 20431

November 28, 1989

Herrn Dr. Walter Seipp
Vorsitzender des Vorstandes
Commerzbank Aktiengesellschaft
Neue Mainzer Strasse 32-36
6000 Frankfurt am Main 1
Federal Republic of Germany

Sehr geehrter Herr Dr. Seipp!


Wir danken Ihnen nochmals für die Teilnahme Ihrer Organisation an dem Gehaltsvergleich, den Hay Associates im Frühjahr 1989 für den Internationalen Währungsfonds und für die Weltbank durchführten. Diese jährlichen Erhebungen sind sehr wichtig für unsere Institutionen, da sie uns ermöglichen, unser Gehaltssystem international wettbewerbsfähig zu erhalten.

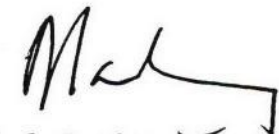
Der Zeitpunkt für eine Wiederholung dieser Erhebung ist gekommen, und wir bitten Sie erneut um Ihre Unterstützung. Nach Abschluss der Datenerhebung werden Sie einen Bericht erhalten, der Ihnen Informationen zurückvermittelt, von denen wir hoffen, daß sie auch für Sie und Ihren Personalbereich von Interesse sein werden.

Hay Associates, unsere Berater für diesen Gehaltsvergleich, würden sich gern in Kürze mit Ihrem Personalbereich in Verbindung setzen, um die erforderlichen Daten zu sammeln. Alle Gehaltsinformationen werden natürlich streng vertraulich behandelt. Wir wären Ihnen dankbar, wenn Sie die zuständige Abteilung in Ihrer Organisation beauftragten, Hay Associates die erforderlichen Daten zur Verfügung zu stellen.

Wir danken Ihnen im voraus für Ihre Unterstützung.

Hochachtungsvoll


Barber B. Conable
Präsident
Die Weltbank


Michel Camdessus
Geschäftsführer
Internationaler Währungsfonds

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

BARBER B. CONABLE
President

October 16, 1989

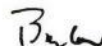
Dear John:

Thank you for your kind letter of October 3, complimenting me on my Annual Meetings and Tokyo speeches, and forwarding a copy of ODC's new policy volume, "Environment and the Poor: Development Strategies for a Common Agenda."

While I haven't yet read this new ODC publication, the message sounds familiar and I thank you for sending me a copy. No doubt there will be interest by others here at the Bank, as well.

Best personal wishes.

Sincerely,



Mr. John W. Sewell
President
Overseas Development Council
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036

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

BARBER B. CONABLE
President

December 1, 1989

Mr. Ibrahim F.I. Shihata

Ibrahim:

Thank you for sending me the correspondence on the new group on "Common Action - A Global Response to the Challenge of Perestroika".

I do prefer that neither you nor Mr. Thalwitz be considered a member of the group, but that, as in the case of earlier requests, the Bank should be prepared to provide selected inputs. I believe Mr. Thalwitz should coordinate such inputs.

Barber Conable

cc: Mr. Thalwitz

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

BARBER B. CONABLE
President

Nov. 3, 1989

Dear Hugh -

Thanks for coming to lunch yesterday
and for your patience in listening to my
gripes.

I meant to give you a copy of a speech my
wife recently gave, from which you can get
something of the flavor of the concerns we have
felt since the World Bank experience exposed
us to conditions in the rest of the world.

Best wishes -

Barber

Mr. Hugh Sidey
Time Magazine
Suite 850
1050 Connecticut Avenue, NW
Washington, D.C. 20036

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

BARBER B. CONABLE
President

October 17, 1989

Dear Paul:

Many thanks for your note on Poland. As you well appreciate from your recent visit to Poland, things are moving rapidly there and concerted assistance from many parties will be very important in supporting these developments.

We agree that the linchpin in this whole process is the Government's program to stabilize the economy and establish a supportive macroeconomic and institutional environment, to enable the liberalized systems to operate effectively. These are the issues on which we have been focussing our consultations with the Polish authorities since they rejoined the World Bank three years ago. We were encouraged by our discussions with the new Government during the Annual Meetings and we look forward to supporting a strong and credible Polish program.

Encouraging foreign direct investment from the outside is, of course, an important aspect of the external assistance needed to support this process. With the proper incentives, private capital flows from many sources, including possibly East Asia as well, could play an important part.

I am pleased to note that the Government of Poland has taken a number of measures to facilitate this, through improved joint venture regulations as well as legislation putting all sectors (socialized, cooperative and private) on equal footing. Poland's membership in the Multilateral Investment Guarantee Agency (MIGA)--the Bank Group's recent member--also provides another vehicle to reduce the risks for private capital. We are pleased to note that there are some important signals that such measures and the prospects of a sound stabilization program are renewing interest in private capital flows, including a possible capital investment fund for East and Central Europe equities being developed by European banking circles.

Should you wish further information about these measures and other aspects of the Government's program, please let me know.

Your interest is greatly appreciated.

Sincerely,



The Honorable Paul Simon
United States Senator
United States Senate
Washington, D.C. 20510

WDI
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OINFO

-SUBJECT: CONGRATULATIONS PM
-DRAFTED BY: STALBOT:ZJ EXT: 76803
-AUTHORIZED BY: BARBER B. CONABLE *BBB*
-CC: MESSRS. QURESHI, KARAOSMANOGLU, ALISBAH, KRASKE

953 3166175 =
-GOVERNMENT OF INDIA
-NEW DELHI, INDIA
-ATTN: MR. V.P. SINGH

BT
WASHINGTON D.C. 20-DEC-1989

DEAR PRIME MINISTER, ON BEHALF OF THE STAFF OF THE WORLD BANK AND IFC, I SEND YOU OUR WARMEST CONGRATULATIONS ON YOUR APPOINTMENT. WE IN THE WORLD BANK TAKE PRIDE IN OUR CONTINUING ASSOCIATION WITH THE GOVERNMENT OF INDIA IN ITS EFFORTS TO IMPROVE THE COUNTRY'S ECONOMIC DEVELOPMENT.

INDIA HAS ALREADY ACHIEVED MUCH SUCCESS IN THESE EFFORTS, BUT CLEARLY MANY CHALLENGES REMAIN. I TAKE THIS OPPORTUNITY TO PLEDGE THE FULLEST COOPERATION OF THE WORLD BANK IN THE ENDEAVORS OF THE GOVERNMENT TO DEAL WITH THESE CHALLENGES.
WITH WARMEST REGARDS, BARBER B. CONABLE, PRESIDENT, WORLD BANK.

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

BARBER B. CONABLE
President

December 15, 1989

Dear Mr. Minister:

I have learned of your appointment as Governor for Norway on the Boards of Governors of The World Bank Group and MIGA. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Bank Group and MIGA, as well.

The Executive Directors, Officers and Staff of The World Bank Group and MIGA believe very strongly in its development mission and in the battle against poverty. We look forward to working with you to make the Bank Group and MIGA even more effective during the coming years. Congratulations on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

(Signed) Barber B. Conable

His Excellency
Arne Skauge
Minister of Finance
Ministry of Finance
P.O. Box 8008, Dep.
Akersgaten 42
0030 Oslo 1, Norway

cc: Mr. Haralz
Mr. Terasawa
Mr. Lari
Mr. Gustafson

^{ETS}
ETSanidad/sr

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

BARBER B. CONABLE
President

December 6, 1989

The Honorable Arlen Specter
United States Senate
Washington D.C. 20510

Dear Senator Specter:

Thank you for your November 24 letter telling me about Mrs. Rabia Bhuiyan's interest to work at The World Bank.

Because the Personnel Department has better knowledge of the staff requirements of the institutions and current available positions, your letter and Mrs. Bhuiyan's resume have been forwarded to that office with the request that her qualifications and experience receive consideration. She will be contacted directly about the prospects of openings in her area of expertise.

I appreciate receiving information on qualified individuals who are interested to become involved in the work of the Bank.

Best wishes for the New Year.

Sincerely,



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

BARBER B. CONABLE
President

October 13, 1989

Dear Gus:

Thank you for your letter of September 26, 1989 with which you enclosed a copy of the report entitled "Natural Endowments: Financing Resource Conservation for Development." The study findings are most interesting and indeed, as you suggested, should help stimulate debate on the options for financial assistance for conservation activities in developing countries.

As you know, several arrangements and facilities for funding environmental activities have been proposed on various occasions recently. We are studying these proposals with a view to identifying how best to ensure that the environmental objectives we share are met in an effective and coordinated manner. In this respect, the funding facilities proposed and other suggestions made in "Natural Endowments" introduce some new and useful ideas, which we will fully take into consideration in our work.

With regard to resource conservation itself, we are undertaking a number of initiatives to support the types of action proposed in the report. Indeed, a number of these initiatives are being developed in collaboration with environmental colleagues in other agencies and organizations, including your own. Forestry sector operations, generally linked to the Tropical Forestry Action Plan, are being undertaken in several countries, and we are expanding our efforts at a more general conservation of biodiversity and other natural resources. We look forward to continuing to collaborate with you in these and other endeavors.

With best regards,

Sincerely,



Mr. Gus Speth
President
World Resources Institute
1709 New York Avenue, N.W.
Washington, D.C. 20006

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

BARBER B. CONABLE
President

November 2, 1989

Dear Mr. Srivastava:

Thank you for your kind letter of October 12, 1989, informing me of your retirement at the end of this year as Secretary-General of the International Maritime Organization (IMO), and the appointment of Mr. W. A. O'Neil, President of the St. Lawrence Seaway Authority, as your successor. You have had a distinguished record of service with IMO. Through your personal interest and support, Bank/IMO cooperation has expanded and strengthened for which we are most grateful. We look forward to continuing close relations with IMO under its new Secretary-General.

My colleagues join me in extending to you our very best wishes.

Sincerely,

Barber Conable

Mr. C.P. Srivastava
Secretary-General
International Maritime Organization
4 Albert Embankment
London SE1 7SR
England

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

BARBER B. CONABLE
President

October 16, 1989

Dear Elmer:

Thank you for your letter about
Marty Fitzgerald's interest in Bank employment.

Marty's letter arrived the same day. Because the
Personnel Department has better knowledge of the staff
requirements and possible openings, it was sent to that
Department with the request that his qualifications and
experience be reviewed. Your letter will be helpful in
that review. The Personnel Department will contact Marty
directly about opportunities in his area of expertise.

I appreciate knowing about your high regard for
Marty. Best personal wishes.

Sincerely



Mr. Elmer B. Staats
5011 Overlook Road, NW
Washington, D.C. 20016

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

BARBER B. CONABLE
President

December 13, 1989

Mr. Ernest Stern

Ernie:

Thank you for your Fine-Tuning submission. I plan to follow your suggestion on the fine-tuning of the Resource Mobilization function and will discuss this further with Messrs. Qureshi and Thalwitz.

Regarding the Controller's Department, I am pleased with the attention you and your staff have given to managing the Controller's function. You propose the reestablishment of one Director, the Director of Accounting. I wonder whether reestablishing layers is a high priority at a time when technological advances would seem to indicate the need for fewer layers. If you feel strongly that the Controller's Vice Presidency could not be managed adequately without this Directorship, I would agree, although reluctantly. You will have to carry the burden of explanation with the Board, both when the Director is appointed and during the Board's Reorganization Review.

Regarding the systems architecture being developed in support of the accounting decentralization, I reconfirm the architecture I approved in April 1988. This instruction already includes your authority to resolve disputes about what is, or is not, consistent with the approved systems architecture. It implies that if you feel issues are not being resolved expeditiously, they should be brought to my attention forthwith.

The 1987 Reorganization Report assigned resources and functions to the Management Information Division in the Controller's Department, which will now be undertaken by PBD, i.e., the analytical reviews of budget expenditures; the tracking of efficiency indicators; and special budget evaluation studies. I realize that, for a variety of reasons, this part of the Management Information Division's mandate has not been implemented. I ask that you and Mr. Picciotto get together to review the interface of your respective functions and agree on the staffing implications and the appropriate level and timing of resource transfers from FINCOM to PBD.

Would you please have your staff put together an information note on the agreed Fine-Tuning measures for Resource Mobilization, the structure of the Controller's Department, and the systems architecture. This note will be distributed to participants of our December 20 meeting, and I would appreciate it if you and/or your staff would make a presentation regarding these measures.

Please let me know if there are any problems.

Barber Conable

cc: Messrs. Qureshi, Thalwitz, Picciotto

INTERNATIONAL MONETARY FUND
THE WORLD BANK

Washington, D.C. 20431

November 28, 1989

Herrn Hermann J. Strenger
Vorsitzender des Vorstandes
Bayer Aktiengesellschaft
Bayerwerk
5090 Leverkusen 1
Federal Republic of Germany

Sehr geehrter Herr Strenger!

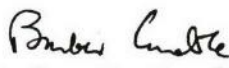
Wir danken Ihnen nochmals für die Teilnahme Ihrer Organisation an dem Gehaltsvergleich, den Hay Associates im Frühjahr 1989 für den Internationalen Währungsfonds und für die Weltbank durchführten. Diese jährlichen Erhebungen sind sehr wichtig für unsere Institutionen, da sie uns ermöglichen, unser Gehaltssystem international wettbewerbsfähig zu erhalten.


Der Zeitpunkt für eine Wiederholung dieser Erhebung ist gekommen, und wir bitten Sie erneut um Ihre Unterstützung. Nach Abschluss der Datenerhebung werden Sie einen Bericht erhalten, der Ihnen Informationen zurückvermittelt, von denen wir hoffen, daß sie auch für Sie und Ihren Personalbereich von Interesse sein werden.

Hay Associates, unsere Berater für diesen Gehaltsvergleich, würden sich gern in Kürze mit Ihrem Personalbereich in Verbindung setzen, um die erforderlichen Daten zu sammeln. Alle Gehaltsinformationen werden natürlich streng vertraulich behandelt. Wir wären Ihnen dankbar, wenn Sie die zuständige Abteilung in Ihrer Organisation beauftragten, Hay Associates die erforderlichen Daten zur Verfügung zu stellen.

Wir danken Ihnen im voraus für Ihre Unterstützung.

Hochachtungsvoll


Barber B. Conable
Präsident
Die Weltbank


Michel Camdessus
Geschäftsführer
Internationaler Währungsfonds

Multilateral Investment Guarantee Agency

Washington, D.C. 20433, U.S.A.

BARBER B. CONABLE
President

October 17, 1989

His Excellency
J.B. Sumarlin
Minister of Finance
Ministry of Finance
Jalan Lapangan
Banteng Timur No. 4
Jakarta
Indonesia

Dear Minister Sumarlin:

Freeport McMoRan Copper Co., Inc. ("FM") has applied to the Multilateral Investment Guarantee Agency ("MIGA") for coverage with respect to a proposed expansion of the Freeport Indonesia Incorporated's ("FI") Ertsberg project, a copper, gold and silver mine located in Irian Jaya, Indonesia. MIGA's guarantee is sought against the war risk and the risk of default by Indonesia if a final arbitral award is issued in favor of FI or its parent FM under the 1967 Contract of Work between the Government of Indonesia and FI. In this regard, I refer to the exchange of communications on this matter between Secretary-General Soegito Sastromidjojo and Mr. Jürgen Voss of MIGA. I understand that your Government has no objection to MIGA providing coverage as explained in Mr. Voss's letter to Mr. Sastromidjojo of July 5, 1989.

MIGA is in the process of finalizing negotiations with FM and would like to submit the project to MIGA's Board before the Annual Meetings. However, MIGA's Legal Department has raised concerns with respect to the enforceability in Indonesia of foreign arbitral awards (other than those rendered under the ICSID Convention). In particular, it has questioned whether Indonesian courts grant recognition and enforcement to such awards in accordance with the 1958 New York Convention on the Enforcement of Foreign Arbitral Awards.

I am required by the MIGA Convention to assure the Board that "the investment conditions in the host country, including the availability of fair and equitable treatment and legal protection for the investment" are satisfactory. I am also required by MIGA's Operational Regulations, in case there is no bilateral investment treaty between the host country and the investor's country, to assure the Board that adequate legal protection is available for the investment "in the light of the consistency of the law and practice of the host country with international law."

Given the above, and the fact that there is no bilateral investment treaty between Indonesia and the U.S., I shall be prepared, subject to the outcome of contract negotiations, to proceed with the submission of a guarantee proposal to MIGA's Board after I receive from

Your Excellency the assurance that in the event a final arbitral award were issued against the Government of Indonesia in favor of FI or FM and MIGA succeeded to rights under such award upon payment of a claim, the Government will honor its obligations toward MIGA under such a final award consistently with its practice.

Your early answer will be appreciated as further action on our part will depend on this answer.

Please accept, Excellency, the assurance of my highest consideration.

Sincerely yours,



Barber B. Conable
President

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

BARBER B. CONABLE
President

Dec. 5, 1989

Dear Governor -

Enclosed is a note I sent Nick Bondy today about IDA, which is still not resolved solely because of US delays. If this is not resolved today, I will have to ask for an appointment with the President tomorrow, much as I hate to bother him.

I should see him soon, anyway, to discuss with him a possible role the World Bank is planning in Eastern Europe.

Sincerely
Barber Conable

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

BARBER B. CONABLE
President

October 25, 1989

Dear Jobarah:

It gives me great pleasure to forward a presentation photograph taken on the occasion of your farewell from the Bank.

Your efforts in support of the Bank's objectives and in representing Saudi Arabia have been greatly valued.

I join my colleagues in sending best wishes for your future endeavors.

Sincerely,



Enclosure

Mr. Jobarah E. Suraisry
International Economic Cooperation
Ministry of Finance and National Economy
Riyadh 11177
Saudi Arabia

The World Bank
Washington, D.C. 20433
U.S.A.

BBC
(F/1)

JOBARAH E. SURAISRY
Executive Director

October 10, 1989

fla-fji for
note w. pix

Dear Colleagues,

It has been a great privilege to have had the opportunity to work with you at the Bank. I will leave Washington on the 15th of October, 1989 but I can be reached at:

The Ministry of Finance and National Economy
Riyadh 11177, Saudi Arabia

Tel. 966-1-401-6022

Please stay in touch. Best wishes for continued success.


Jobarah Suraisry

Chron

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

BARBER B. CONABLE
President

October 17, 1989

Mr. Yoshio Terasawa

Terry,

I continue to be concerned about MIGA's ability to establish a record of activities. I would like to discuss with you next week the detailed agenda for the Board Meeting now scheduled for December 6.

I presume the agenda will include the three projects you mentioned to me. I would like to know in greater detail next week where negotiations stand for these three projects and whether you envisage any major deviations from the Operational Guidelines or Statutes.

We have to provide the Executive Directors with a full reporting of the efforts made by you and your staff to broaden the membership of MIGA.

In addition, I expect an assessment of MIGA's on-going technical assistance activities.

I would also like to know next week where we stand on the selection of MIGA's auditors. I presume you have begun the technical work on revising the Terms of Reference to allow re-bidding. Can and should this be done before a new Board committee is in place? Is it really appropriate to wait for the establishment of a new Board committee before taking any action? How long will it take to establish a new committee, and when at the earliest will we have a new auditor selected?

I am glad that Mr. Doderio is finally on board. Please make sure that he gets a full briefing from Mr. Shihata so that MIGA's work can proceed expeditiously.

Barber Conable

cc. Mr. Thahane

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

BARBER B. CONABLE
President

December 11, 1989

Mr. Wilfried Thalwitz:

Wilfried:

Welcome back.

As you know, I much appreciated the personal interest you took in the Environmental Initiative in the Mediterranean -- and the push you gave to the Initiative.

There are three major points I would like to resolve this week regarding PPR's ongoing fine tuning exercise.

- (a) First, the new Planning and Budgeting Vice Presidency becomes effective January 1. I hope you and Bob have made progress in defining the corporate planning/organizational planning functions which need to transfer to P & B. I am aware that this is a difficult exercise. While these functions and associated staff resources had been transferred fully or partially to PPR after the reorganization, I know the complex has focussed these resources on other activities which have their own justifications. In view of PPR's large overall budget envelope and access to trust funds, I hope you can look at this issue from an institution-wide perspective and can agree with Bob on the staffing needed. If there remain any issues, I wish to resolve them this week.
- (b) Second, I understand Munir Benjenk is advising you on the External Affairs function. I am interested in the results of this review and hope we can discuss your preliminary thinking and the options you are considering for the integration of EXT.
- (c) Third, we have to clarify the type of issues and background information on PPR you and your staff wish to prepare and present on Wednesday, December 20. For example, the issue of integration of decentralized External Relations teams and support to SVPs might merit some exploration.

Let's discuss as soon as you are ready.

Barber Conable

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

BARBER B. CONABLE
President

December 12, 1989

Mr. Leo Tindemans
Mr. Mamadou Diop
Co-Presidents
ACP-EEC Joint Assembly
Luxembourg

Dear Mr. Tindemans and Mr. Diop:

Thank you for forwarding to me the Resolution on structural adjustment which was adopted by the ACP-EEC Joint Assembly.

I have read the Resolution with interest. It is important that we preserve the consensus which is apparent from the attitudes of most African Finance Ministers, and focus on the similarities between your Resolution and other reports on adjustment in Africa. Poverty alleviation, reducing the burden of debt service, food security, endogenous development, and free trade are all priority concerns of the World Bank. I reaffirmed the importance of these issues in my annual address to the Governors of the World Bank in September, and enclose copies of that address for you.

We must not to confuse the malady -- the economic crisis and depression that Africa has experienced in the 1980s -- with the remedy, which usually includes structural adjustment. It is important also to give credit to the majority of Sub-Saharan countries which have adjustment programs underway and rightly consider these programs to be their own, not those of outsiders. In all recent structural adjustment efforts, we have collaborated with the concerned governments to put a strong emphasis on the social dimensions of adjustment and development.

The World Bank recently published an extensive report on long-term perspectives in Africa. This report, "Sub-Saharan Africa: From Crisis to Sustainable Growth", was prepared in close collaboration with African development specialists and regional organizations, including the African Development Bank and the Economic Commission for Africa. The report serves as the basis for the further evolution of World Bank assistance in Sub-Saharan Africa. Copies of the report are enclosed, and, if members of your Joint Assembly would like, copies can be provided to each of them.

Sincerely,



Enclosures

— Multilateral Investment Guarantee Agency —

Washington, D.C. 20433, U.S.A.

BARBER B. CONABLE
President

October 10, 1989

Dear Mr. Deputy Minister:

I have learned of your appointment as Governor for Hungary on the Council of Governors of the Multilateral Investment Guarantee Agency. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Agency, as well.

On behalf of the Directors, Officers and Staff, I congratulate you on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

Barber Conable

Mr. Istvan Tompe
Deputy Minister of Finance
Ministry of Finance
P. O. Box 481
Jozsef Nador ter 2/4
H-1055 Budapest V
Hungary

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

BARBER B. CONABLE
President

November 6, 1989

Dear Charley:

Thank you for your letter of October 26th. Bill Stanton had told me of your concerns and of your conversation over dinner.

I worry a great deal about the relationship of the United States to the World Bank. As the Bank's largest shareholder, the U.S. must be willing to continue to provide leadership in support of the Bank's important programs.

As I am sure Bill told you, our current problem is in getting a commitment from the U.S. for the Ninth replenishment of IDA. At this point, our problem is not so much with the Congress as it is with the Administration which is troubled by budgetary constraints. I am confident that the U.S. eventually will commit to a replenishment of IDA9 at least as large in real terms as IDA8, because of the importance of IDA to the poorest of the poor, but U.S. leadership is critical now.

The Bretton Woods Institution helps a great deal with legislative support. If you are interested, I'd be glad to initiate that contact for you. Clearly, we need all the friends we can get.

Thank you, Charley, for your concern and for your friendship. Best personal wishes.

Sincerely,

Barber

The Honorable Charles Vanik
Squire, Sanders & Dempsey
P.O. Box 407
Washington, D.C. 20044

Best to Betty, too.

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

BARBER B. CONABLE
President

October 13, 1989

Dear Mr. Von Hoffmann:

Bill Ryrie has passed on to me your letter regarding the effects on resident aliens of the TAMRA of 1988.

As you know, this is a matter of great concern to the World Bank Group because of its impact on the staff of international organizations. Having information about other outside efforts to deal with this issue will be most helpful as we continue to seek legislative remedy.

Sincerely,

Barber Conable

Mr. Laszlo Von Hoffmann
2501 Foxhall Road, N.W.
Washington, D.C. 20007

MH
*LM

WORLD BANK OTS SYSTEM
OFFICE OF THE PRESIDENT

CORRESPONDENCE DATE : 89/10/10

DUE DATE : 89/10/13

LOG NUMBER : 891010006

FROM : Mr. Ryrie

SUBJECT : Conveying a message from Mr. von Hoffmann, former EVP of IFC
re-- U. S. Estate Tax Law.

OFFICE ASSIGNED TO FOR ACTION : Mr. Shihata (E-7071)

Conable

ACTION:

- _____ APPROVED
- _____ PLEASE HANDLE
- _____ FOR YOUR INFORMATION
- _____ FOR YOUR REVIEW AND RECOMMENDATION
- _____ FOR THE FILES
- _____ PLEASE DISCUSS WITH _____
- _____ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- _____ AS WE DISCUSSED
- _____ RETURN TO _____

COMMENTS : cc: Messrs. Ryrie, Wapenhans, Shihata and Stanton (for information)

EXPEDITE

International Finance Corporation

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

(202) 477-1234
Cable Address: CORINTFIN

Sir WILLIAM RYRIE
Executive Vice President

October 10, 1989

Mr. Barber B. Conable

Barber

Mr. Laszlo von Hoffmann, a predecessor of mine as EVP of IFC (in the 1970s), has been taking a close interest in the question of the U.S. Estate Tax. He is a resident, and therefore affected, although not a G-4 visa holder now. He has talked to both Willi Wapenhans and me about it occasionally.

The attached letter, which he asked me to pass on to you before we look at these questions in the President's Council, is self-explanatory. Laszlo seems to be under the misapprehension that we are considering asking for some kind of exemption, which is not what Willi is proposing. But I have explained to him that the Bank must concern itself with the interest of its staff and not with the universe of people who are affected by the change in the law last year.

Bill
—

Attachment.



Record Removal Notice

File Title President Barber Conable Chronological Records - Outgoing - Correspondence - M-Z - October 1 - December 31, 1984		Barcode No. 1782797		
Document Date Oct 5, 1989	Document Type Letter			
Correspondents / Participants To : Mr. Barber B. Conable, Jr. - President From : L. Von Hoffman				
Subject / Title Estate and Gift Tax provisions				
Exception No(s). <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input checked="" type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"> <tr> <td>Withdrawn by Chandra Kumar</td> <td>Date Aug 11, 2014</td> </tr> </table>	Withdrawn by Chandra Kumar	Date Aug 11, 2014
Withdrawn by Chandra Kumar	Date Aug 11, 2014			

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

BARBER B. CONABLE
President

December 15, 1989

Dear Mr. Minister:

I have learned of your appointment as Alternate Governor for Norway on the Boards of Governors of The World Bank Group and MIGA. I realize this is incident to your responsibilities in your own Government, but I hope you will be in a position actively to participate in the affairs of the Bank Group and MIGA, as well.

The Executive Directors, Officers and Staff of The World Bank Group and MIGA believe very strongly in its development mission and in the battle against poverty. We look forward to working with you to make the Bank Group and MIGA even more effective during the coming years. Congratulations on your appointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,

(Signed) Barber B. Conable

His Excellency
Tom Vraalsen
Minister of Development Cooperation
Ministry of Development Cooperation
P.O. Box 8142 Oslo Dep.
Victoria Terrasse 7
0033 Oslo 1, Norway

cc: Mr. Haralz
Mr. Terasawa
Mr. Lari
Mr. Gustafson

ETS
ETSanidad/sr

INTERNATIONAL MONETARY FUND
THE WORLD BANK

Washington, D.C. 20431

November 28, 1989

Herrn Theo Waigel
Bundesfinanzminister
Bundesministerium der Finanzen
Graurheindorfer Strasse 108
5300 Bonn 1
Federal Republic of Germany

Sehr geehrter Herr Minister!


Wir danken Ihnen nochmals für die Teilnahme Ihrer Organisation an dem Gehaltsvergleich, den Hay Associates im Frühjahr 1989 für den Internationalen Währungsfonds und für die Weltbank durchführten. Diese jährlichen Erhebungen sind sehr wichtig für unsere Institutionen, da sie uns ermöglichen, unser Gehaltssystem international wettbewerbsfähig zu erhalten.


Der Zeitpunkt für eine Wiederholung dieser Erhebung ist gekommen, und wir bitten Sie erneut um Ihre Unterstützung. Nach Abschluss der Datenerhebung werden Sie einen Bericht erhalten, der Ihnen Informationen zurückvermittelt, von denen wir hoffen, daß sie auch für Sie und Ihren Personalbereich von Interesse sein werden.

Hay Associates, unsere Berater für diesen Gehaltsvergleich, würden sich gern in Kürze mit Ihrem Personalbereich in Verbindung setzen, um die erforderlichen Daten zu sammeln. Alle Gehaltsinformationen werden natürlich streng vertraulich behandelt. Wir wären Ihnen dankbar, wenn Sie die zuständige Abteilung in Ihrer Organisation beauftragten, Hay Associates die erforderlichen Daten zur Verfügung zu stellen.

Wir danken Ihnen im voraus für Ihre Unterstützung.

Hochachtungsvoll


Barber B. Conable
Präsident
Die Weltbank


Michel Camdessus
Geschäftsführer
Internationaler Währungsfonds

Standard Letter to CEOs of 6 German Comparators
-to be signed by Messrs Conable and Camdessus-

Dear _____,

We appreciated your organization's participation in the 1988/89 compensation survey which Hay Associates conducted for the International Monetary Fund and the World Bank. These annual surveys are very important to our institutions in that they enable us to maintain the international competitiveness of our salary system.

The time has come for an update of this past survey and we are asking again for your support. Once the survey has been completed, there will be a feedback report which should provide you with comparative data which we hope will also be of interest to you and your personnel staff.

Hay Associates will be contacting your personnel staff to collect the necessary salary data which will, of course, be treated in strictest confidence. We would appreciate your authorizing the release of the data that will be needed.

Thank you very much for your continued cooperation.

Very truly yours,

BBC Chae

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

BARBER B. CONABLE
President

December 12, 1989

Mr. Willi A. Wapenhans

I presume you put together the necessary documentation for the issue mentioned in the attached note.

When will you be ready for a meeting together with the other SVPs?

Barber Conable

cc: Messrs. Qureshi, Stern & Thalwitz

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

BARBER B. CONABLE
President

CONFIDENTIAL

December 4, 1989

DECLASSIFIED
AUG 08 2014
WBG ARCHIVES

Messrs. Qureshi, Stern, Wapenhans, Thalwitz

As I mentioned to you, I would like to sit down with you as soon as possible after Moeen's return to review senior management changes in the wake of the recent appointments.

In addition to the openings in Finance and Asia, I would like to review any cross-Complex transfers you might suggest for either now or the coming year.

Barber Conable

cc: Mr. Alisbah

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

BARBER B. CONABLE
President

December 12, 1989

Mr. Willi A. Wapenhans

Willi:

The Staff Association has raised a question regarding the terms and conditions under which staff on fixed-term appointments would be released for full-time service as Chairman of the Staff Association. I understand that an individual on a fixed-term appointment is running in this year's election. I have no objection to providing this staff member with an automatic institution-wide reentry guarantee and extension of this staff member's fixed-term appointment for the duration of the term served as Chairman.

This decision is not intended to establish a precedent for the future. I leave it to you and your successor to provide the Staff Association with a broader policy clarification, if and when necessary.

Barber B. Conable

cc: Ms. Hammond
Mr. Alisbah

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

BARBER B. CONABLE
President

December 11, 1989

Mr. Willi A. Wapenhans

Willi:

Thank you so much for your note on reorganization fine tuning.

This is a clear, concise presentation of major issues. There is only one point which I raised and is not addressed sufficiently, i.e. Personnel's ability to deliver and implement in a timely manner.

To give two examples:

- We agreed on introducing a bilingual language premium in line with the Fund several months ago -- I understand the premium has yet to be implemented.
- We discussed the broad principles for a modified part-time policy in early September -- No follow up has reached the President's Council, me or staff to date.

I would appreciate if your group, specifically, address the "delivery" issue. What are the standards Personnel has adopted and is accountable for? The quality, quantity and timeliness of Personnel Department services must be made more transparent. We must set and communicate expectations to ensure that the existing gulf between expectations and results can be bridged institution-wide.

I would like to spend the first 1 - 1 1/2 hours of our December 20 meeting on the issues of fine tuning of the Personnel function.

I would hope you and your staff could prepare for a brief presentation and a substantial discussion. I am attaching the relevant chapter on the Personnel function from OPS. Could your staff put together a discussion paper for the December 20 meeting, including your recommendations, the task force report, a more explicit discussion of the above issue, and any other issues you wish to address.

Please, have 25 copies transmitted to my office by noon Friday, December 15.

Barber Conable

ISSUE NO. 6:

Effectiveness of the personnel function in the reorganized Bank including strengthening the Institutional focus in people management and ensuring consistent application of personnel policies/standards and procedures.

Brief Discussion

My Vice Presidents are unanimous in their view that one of the greatest successes of the Reorganization has been the creation of the decentralized Personnel Teams. They consider the support the Chief Personnel Officers and their staff have provided "instrumental" in enabling them to discharge their managerial responsibilities in the area of people management. At the same time the Personnel Officers have been more readily available to meet individual staff and address their concerns in a timely manner.

However, at the time of the reorganization, it was also envisioned that there would be a strong central Personnel staff. This has not materialized. A strong VPPER should have taken the lead in HR policy development and implementation, in providing the institutional framework for Bank HR practices and decisions and in providing strong professional support to managers in recruitment and training.

Overall, the OVPs consider the results of the VPPER's efforts sub-standard. Although correctly conceived in 1987, there has been a lack of true leadership in central Personnel (much "spinning of wheels," ill-conceived initiatives and unnecessary paper writing) combined with a lack of delivery of professional services. Except in the compensation area, there is the impression that VPPER has been out-of-touch with the real needs of the institution.

These observations lead us to make several recommendations which, if implemented, will strengthen the overall personnel function, and at the same time keep managers accountable for people management in accordance with the Bank's institutional priorities, policies, and standards.

Recommendation

1. A VP Personnel should be appointed and the role and structure of the Central Personnel function needs to be clarified and streamlined.
2. Central Personnel's skills mix and level of professional expertise need to be strengthened in support of its explicit institutional role.
3. Senior Line Managers (SVPs) must accept personal accountability for ensuring an Institutional focus in people

management and consistent application by subordinate line managers of personnel policies, standards, procedures as well as Complex-specific processes.

4. While the Chief Personnel Officers (CPOs) are fully accountable to their Senior Line Managers, a clear functional relationship must exist between the CPOs and the VP of Personnel as Head of the Function.
5. These CPOs along with senior managers from Central Personnel, under the chair of PERVP should constitute the Personnel Function Steering Group which prepares and updates for consideration by the President's Council, and your approval, an explicit Human Resource (HR) Framework of Values, Policies, Ethics, Processes, and Programs for the Institutions. This Group also identifies the institutional priorities, subject to endorsement by the President and PC. It sets the standards and criteria against which the line managers as well as the Personnel staff are evaluated in people management. The Group would also scan the "horizon" in the Bank and anticipate HR issues needing management attention.
6. CPOs will continue to provide full operational support and policy advice to their senior line managers on HR issues.
7. The OPD function for the Institution should be explicitly defined and located as a small staff unit in the Office of PERVP in order to provide specialized support to line managers on organizational matters.

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

BARBER B. CONABLE
President

December 11, 1989

Mr. Willi A. Wapenhans

Re: Records Management

I have approved in substance the Records Management and Archives Improvement Program you sent me on November 2, 1989.

The allocation of additional resources for a one-time effort (estimated cost \$500,000) should be considered in the context of eliminating the backlog in processing the archival materials as part of the mid-year budget review.

The incremental costs of establishing two new information service centers and strengthening the existing centers should come out of the base budgets of the respective management units.

Please finalize the Administrative Manual statement on this subject.

Barber B. Conable

cc: Members, President's Council
Messrs. Fischer, Picciotto, Kohli

BBC Chre

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

BARBER B. CONABLE
President

December 7, 1989

Mr. Willi A. Wapenhans

Re: Records Management

I have approved in substance the Records Management and Archives Improvement Program you sent me on November 2, 1989.

The allocation of additional resources for a one-time effort (estimated cost \$500,000) should be considered in the context of eliminating the backlog in processing the archival materials as part of the mid-year budget review.

The incremental recurrent costs of establishing two new information service centers and strengthening the existing centers should come out of the base budgets of the respective management units.

Please finalize the Administrative Manual statement on this subject.

Barber Conable

cc: Members, President's Council
Messrs. Fischer, Picciotto, Kohli

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

BARBER B. CONABLE
President

November 30, 1989

Mr. Willi A. Wapenhans

Re: Economists' Training

I agree that the funding of the Economists' Training Program should be considered as one of the priority items in the Medium-term Budget Review.

In the future, I expect the economists' training expenditures to be absorbed by the basic training program.

Barber Conable

cc: Members, President's Council
Messrs. Fischer, Picciotto

Chvorn

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

BARBER B. CONABLE
President

November 6, 1989

Mr. Willi A. Wapenhans

Re: Human Resources Strategy Update

Willi:

The Human Resource Update paper contains an impressive amount of valuable information and analysis.

As we discussed at our meeting last week, the paper needs editing to contain fewer open-ended questions or presentations and less jargon. In addition, the paper should clearly reflect the central institutional role of the Central Personnel Department to define and supervise personnel policies and practices where service functions have been decentralized. The attached minutes should be helpful when editing the paper.

The paper makes several references to morale problems which are attributed to the reorganization two years ago or explained by work pressure and stress on efficiency. I believe managers have a vital responsibility for the morale of their staffs while implementing essential institutional objectives.

The report refers to a transfer of the salary budget to the Personnel Department. I do not visualize a transfer of the institutional salary budget function from PBD to Personnel. Nevertheless, Personnel has primary responsibility for providing PBD with reliable and transparent assessments of budget requirements associated with proposed compensation policies, external benchmark movements, institutional comparatio and grade management standards, benefits policy changes and the other components of salary and benefits budgets. I view these budget analyses and estimates as integral to the planning and monitoring responsibilities of the central Personnel function.

With specific reference to nominal salary budgeting, I refer you to the decisions I have made regarding the Hopper Task Force recommendations (see copy of attached note sent to David Hopper). I expect Personnel to play an important role in the design, monitoring and evaluation of the pilot. I will rely heavily on your advice before considering Bank-wide application of nominal salary budgeting.

Barber Conable

Attachment

cc: Members, President's Council
Mr. Picciotto

OFFICE MEMORANDUM

DATE: November 6, 1989

TO: Files

FROM: Marianne Haug, EXC

EXTENSION: 73585

SUBJECT: Minutes of the President's Council Meeting - November 1, 1989

Members Present

Messrs. Conable, Qureshi, Ryrie, Shihata, Thahane, Wapenhans

Acting Members

Messrs. Rajagopalan, Roth

Other Staff

Messrs. Calderisi, de Capitani, Fischer, Hanton, Hume,
Obidegwu, Sagasti, Stanton, Vergin

Staff Association

Mmes. Gray, Hammond, Searle

HUMAN RESOURCES STRATEGY

In his opening remarks, Mr. Conable said that the paper is much improved from last year's version and congratulated EAA for their effort. However, he noted that the paper was excessively bureaucratic and full of human resources jargon and suggested that the policies be more clearly expressed. He felt that the role of central Personnel should not be that of an interested observer recording Bank personnel practices as they evolve. Central Personnel should not be merely a support function, but should take an activist approach in shaping personnel policies, and must take responsibility for implementing them, with the cooperation of the other complexes. He asked why a training policy has not been formulated despite basic agreement on policy.

In response, Mr. Wapenhans said that the point on the language of the paper was well taken. He pointed out that since the paper is also intended for the Board, it could not be very specific on many issues. The paper tried to reflect many of the issues concerning

employment which should form the basis for a HR strategy. The main strategic issues relate to the size of the staff; the need for continuity to preserve institutional memory; this need has to be balanced by the necessity for changes in the mix of skills; the operational difficulties of the reassignment system, including re-entry from field assignment; the role of central Personnel in the decentralized personnel system; and training.

Staff Association. At this point, Ms. Ann Hammond of the Staff Association (SA) addressed the meeting. She found the paper an improvement from last year's but noted that it falls short of a strategy. She suggested that the objectives be clearly stated, as well as how to get there. There is also a need for systematic monitoring and evaluation to show where the Bank is going. In the absence of clear quantitative and qualitative analysis, the paper is fuzzy on these issues. The HR plan is too aggregative and is not laid out in an operational way. There is no disaggregation between complexes, functions and staff levels which would be necessary because the needs could be different.

Ms. Hammond said that the paper contains untested assumptions, regarding for example, staff mix and mobility, promotion rate, turnover ratio and managerial flexibility. The paper identified some important priorities, but it is hard to conclude these are the right ones in the absence of a clear analytical framework. The paper does not specify the functions of central Personnel and decentralized personnel teams. She noted that no justification is provided for the recommendation to move the salary budgeting from PBD to PER and the paper does not present any new ideas on training, nor does it adequately address support staff issues and staff/management relations. It also takes a timid approach to the status of women. Ms. Hammond welcomed the emphasis on career development and suggested that the impediments to advancement at certain grade levels should be removed. Mr. Conable thanked Ms. Hammond for her remarks.

Staff Association concerns. Mr. Hume addressed the concerns raised by the SA. He accepted the criticism that the analysis is overly aggregative, but was surprised at the call for more qualitative and quantitative analysis. He noted that the paper was never set out as a plan of action, and he thought the paper dealt extensively with staff management relations. Staff development has been a difficult issue for a long time, and turnover ratio is a sensitive parameter for which it is difficult to establish desired benchmarks. PER is in the process of collecting turnover ratios of private groups for comparison. In response to a question by Mr. Roth on the work of the Support Staff Action Group (SSAG), Mr. Hume said that the SA comments about the lack of information are not wrong but the stage of the work by the SSAG does not permit a greater flow of information. Mr. Wapenhans added that some support staff see the work of the SSAG as a threat to them rather than an instrument of positive change. The lack of information increases the anxiety. Mr. Shihata agreed with many of the concerns of the Staff Association. He suggested that the paper should be written with a concern for the stability and

predictability of personnel policies. Mr. Qureshi said that this paper should not be a plan of action, and there was no need for a quantitative and qualitative assessment of human resource issues. What is needed is a framework to air the issues for management and the Board and the paper fulfills this function.

Central Personnel functions. Mr. Hume said that the centralized personnel system has created a new approach for the performance of the personnel function. Of the three aspects of personnel management--provision of support service, development and maintenance of policies, and the control function, central Personnel has responsibility for the last two, and only the service function has been decentralized. The new decentralized personnel function has allowed central Personnel to develop an analytic capability that has not existed before. Mr. Thahane asked what instruments central Personnel has to convert decisions of long-term consequence. Mr. Hume said that managers need to be aware of the institutional implications of their actions. Mr. Wapenhans, however, felt that central Personnel does not have operational presence in the decentralized system and suggested that this is an issue which needs to be resolved in the organizational fine-tuning exercise. Mr. Qureshi agreed with Mr. Hume on the role of the central personnel function. He felt that the control function should be one of oversight. He disagreed with the notion of the lack of operational presence by central Personnel and pointed out that the VP Personnel has a seat on the OPMG. It is also agreed that VP Personnel has a right to insist on reassignment cases which have to be taken up. He sees the personnel function as working very well in the decentralized way. Mr. Ryrle was concerned about the excessive central control in the personnel function.

Reassignment. Mr. Wapenhans pointed out that the problem with reassignment is not new. Good performers tend to stay on their jobs for a short time, while marginal performers stay too long. Mr. Conable noted that the paper's proposal on reassignment is weak and has not taken advantage of the experience. Mr. Wapenhans responded that the problems relate to the roles of central Personnel and the internal market. The internal market does not function well and central Personnel lacks operational presence.

Training. Mr. Wapenhans said that EAA is preparing a very comprehensive training plan dealing with the priorities of the various complexes. At present, there exist many committees dealing with the issue of training. However, there are no mechanisms for resolving the conflicts that might arise from the various efforts. The training advisory group will advise the EAASV on training priorities. Mr. Shihata said that the basic issues regarding training have not been resolved and wondered whether there is a bias towards economists' training. He suggested the cost of training be addressed.

Staffing issues. Mr. Shihata said the paper attacks the staff rules although these rules were prepared by PER. Policy statements should not undermine the rules or they will be seen as a

way to escape from the rules. Mr. Wapenhans responded that the staff rules are out of date and should be reviewed. Mr. Roth said he was struck by the low proportion of women in high grades in the Bank. Bank management should make a clear statement on how to deal with this problem as well as the problem of field staff. Mr. Qureshi said that more emphasis should be given to professional and career development than on management practices. What is needed is a blueprint on how to develop better managers rather than one for what the functions are and how they are performed. He added that the paper's position on complement control is not clear. He felt that the Bank cannot do away with it and that complement control should be driven by work programs, thus, there is a need to examine the issue regularly. Mr. Qureshi added that, from the standpoint of a manager, turnover, which includes all staff moves, is about 15% which is healthy. Mr. Ryrie said much of the paper has to do with the Bank and the problems of other units are not recognized. Turnover is a serious problem for IFC, he added.

On the question of how often to update the HR strategy, Mr. Shihata felt that it should not be done annually since an examination of the subject tends to raise anxiety among the staff. Mr. Roth, however, thought an annual update is fine but Mr. Qureshi preferred a two-year cycle.

Salary budget. Mr. Hume said that since PER is the custodian of the data underlying the salary budget, it is best placed to make the projections for preparing the budget, thus it makes sense to transfer the activity to it. Mr. Roth thought the transfer made sense, but Messrs. Shihata and Qureshi would not support it if it led to cost increases.

Board presentation. Members felt changes should be made to the paper before it is presented to the Board. Mr. Qureshi suggested the paper should be edited and made leaner and the conclusions should not raise open-ended questions. Mr. Ryrie agreed with Mr. Qureshi and expressed discomfort with a detail-laden paper with open-ended questions going to the Board. Mr. Shihata suggested that the paper should not be presented to the Board for a decision, but rather for general endorsement. Mr. Thahane said that the Board is concerned with how the personnel function is working and the paper should concentrate on this issue. The information in the current paper is mainly for management rather than the Board. Mr. Rajagopalan agreed with Mr. Thahane, stating that the Board wants assurance that sound personnel policies are in place and are being implemented fairly.

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

BARBER B. CONABLE
President

November 2, 1989

Mr. W. David Hopper

David,

Re Budget Process Task Force Report

I reiterate my satisfaction with the Task Force's work and its excellent report. The managerial consensus reached on the bulk of the recommendations is most encouraging.

I had hoped that a simpler and less staff-intensive process would emerge, but expect that streamlining will be possible during the implementation phase.

Based on the PC discussion of the report and my decisions, please arrange for the Task Force report to be prepared for distribution to managers and circulation to the Committee on Cost Effectiveness and Budget Practices. In case some members wish to add minority views, these should be added to the report.

In the interactions you and other senior managers will have with the Board Committee, you should respond to the issues they raised, ascertain their views on the role of the Board, and explore the extent of simplification in Board budget processes which would be acceptable to the Executive Directors.

I will take account of the Committee's views on the Task Force report before the budget process report is distributed to the Executive Directors. Accordingly, a transmittal note addressed to Mr. Potter should be prepared for my signature.

This having been said, the recommendations arising out of Task Force work should be implemented forthwith. In particular, I look to PBD to oversee timely and effective implementation of the plan attached to the report. If further adjustments in processes are needed as a result of CEBP and Board consideration of the Task Force report, they will be implemented for the FY92 cycle.

Based on the elements presented in the report--and the discussion of the President's Council--you should finalize the report and proceed along the following lines with respect to the issues raised in your note of October 18, 1989:

- Managers should treat the budget as a ceiling. This is crucial for the credibility of management vis-a-vis the Board.

- Flexible budget management should be encouraged so that resources are actively redeployed in the institutional interest.

- A contingency should be included in the budget to help me fund otherwise unbudgeted and unanticipated high-priority requirements in a timely and non-disruptive fashion.

- Improved and more transparent price forecasting and budgeting should be implemented, along the lines suggested in the report. In particular, if we do not proceed to nominal budgeting, it is important that managers are made aware of nominal costs, including overhead/benefits, of activities in their units and across the Bank.

- The Director of PBD will have authority to decide on budget issues of less than \$100,000.

Regarding the nominal budgeting issue, I am concerned that the proposed system will be extremely cumbersome to implement, and will raise major issues regarding the human resource management system in place, while neither meeting Board objectives nor contributing in a major way to the effectiveness of our work. I have no objection if you wish to extend the pilot phase to more VP units, but Bankwide application would depend on the results, a sound human resource management system and further review of likely advantages.

There is no doubt that the full menu of Task Force recommendations will, in the short run, put extra burdens on managers, on PBD and on Units' planning/budgeting staff. As the process matures and data systems improve, I fully expect substantial reductions in the costs associated with the budget process. Accordingly, I have asked PBD to further review the topic and make it an integral element of the FY90 institutional budget retrospective.

Complementary measures in terms of organization and planning processes should also be considered. This forms part of the fine-tuning exercise. In the light of the Budget Process Task Force recommendations, Bob Picciotto will consult with the members of the President's Council and let me have a proposal.

Barry Conable

cc: Mr. R. Picciotto



Record Removal Notice

File Title President Barber Conable Chronological Records - Outgoing - Correspondence - M-Z - October 1 - December 31, 1984	Barcode No. 1782797
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Document Date Oct 30, 1989	Document Type Memorandum
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Correspondents / Participants
To : Mr. Willi A. Wapenhans
From : Barber B. Conable

Subject / Title
Re : Mr. Wolfgang Siebeck

Exception No(s).
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Reason for Removal
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Chandra Kumar	Date Aug 11, 2014
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THE WORLD BANK
Washington, D.C. 20433
U.S.A.

October 24, 1989

BARBER B. CONABLE
President

Mr. Willi A. Wapenhans

Willi:

Thank you for your useful comments on the Terms of Reference for the Reorganization Fine-Tuning exercise.

Before we meet tomorrow, I would like to give you my immediate reaction, so that we can discuss the matter further tomorrow.

I had asked you to take charge of the review of the effectiveness of the Personnel function in the Bank. This is of highest priority for me and a very visible subject vis-a-vis the Board. Some of the SVPs have pointed out in their comments to me that many of the personnel issues raised are not suitable for an exclusive review by EAA and cannot be considered effectively without the full participation of a broad group of staff from all complexes.

I was aware of this, but believe that only your leadership of such a group would assure the institutional perspective and necessary follow-up in the Board and within the organization.

Accordingly, could you once more review the composition of your working group. I would assume that it must include senior managers from all complexes and be headed by a manager who has first-hand experience with the issues which need to be resolved. I have grave doubt that the Director of the General Services Department would bring to this job both the complex-wide familiarity with the issues and difficulties and the credibility to lead senior staff from other complexes.

Regarding point (e) of the Terms of Reference, clearly, I do not wish you to reexamine the substance of on-going policy work, i.e. part-time, training priorities. I would, however, ask that you review the reasons for the unacceptable delays and excessive follow-up which has had to be put in place, and agree with top managers about basic institutional policies. Training priorities, part-time policy, records management are only some examples of the basic problem. I would therefore expect you to analyze the basic problems which create the delays we have experienced and propose standards and improvements for the future.

I want to discuss these and other issues you raised in your note.

Barber Conable

Chon

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

BARBER B. CONABLE
President

November 14, 1989

H.E. Juergen Warnke
Federal Minister for Economic Cooperation
Federal Ministry for Economic Cooperation
Karl Marx Strasse 4-6
Postfach 120322
5300 Bonn 1
Federal Republic of Germany

Dear Mr. Minister:

I am writing to you to ask for your assistance in bringing the IDA-9 negotiations to a successful conclusion. The help of the Federal Republic will be crucial to this.

As you know, the IDA Deputies met in Kyoto last week. Agreement was reached on the outstanding policy issues so that the report of the Deputies is now close to its final form. However, it did not prove possible to reach agreement on the financing. One major problem, on which Mr. Fischer will have reported to you, was the inability of the U.S. to make a firm commitment. However, all donors, including the U.S., have now officially endorsed an IDA-9 replenishment of SDR 11.67 billion. This will maintain the real value of the resources currently available to IDA.

Although the U.S. could not make a firm commitment, they indicated that the Treasury had recommended \$1060 million as an annual contribution. Assuming this number will be confirmed, most other countries have indicated their willingness to participate in the IDA replenishment at levels which will make it possible to reach the target of SDR 11.67 billion.

In the original proposals by the management, we indicated a share for Germany in IDA-9 of 11%. The shares of some other countries also were reduced slightly from the IDA-8 level. However, early in the discussions, the IDA Deputies emphasized that, barring exceptional circumstances, the starting point for considering contributions should be a country's share in IDA-8. All other major donors have indicated that, despite the decline in the U.S. share, they would maintain their IDA-8 shares. Germany is the only major donor, other than the U.S., which is proposing to reduce its share.

Based on indications from the IDA donors, and assuming that the U.S. will confirm the commitment expected of it, a gap will remain due to a number of factors, including exchange rate movements, the reduced capacity of many of the developing country donors to contribute, and the changed circumstances of Saudi Arabia and Kuwait. In order to close this gap, we have sought

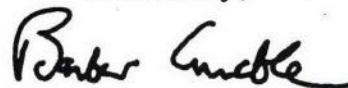
voluntary contributions from a number of donors. Japan has already indicated its willingness to make a substantial contribution, in addition to its share, provided it is joined by others. Other countries, especially EEC donors, are understandably reluctant to make additional contributions when the largest and strongest EEC economy is not willing even to maintain its share. In some cases, they have explicitly tied their potential additional contributions to Germany's maintaining the 11.5% share of IDA-8.

Without participation by the Federal Republic at its IDA-8 level, contributions of other donors, in addition to their IDA-8 share, will not be available. We would, therefore, fall far short of the goal of maintaining IDA-8 in real terms. I am convinced, Mr. Minister, that this is not a result the Federal Republic would wish. It would deprive the low-income countries of a substantial portion of their concessional financing with the impact falling most heavily on Africa.

The World Bank group is being asked to do many things, including a more active role in the environment and expanded operations in Eastern Europe. We have made major strides in coordinating the large volume of resources which are provided bilaterally to Africa, and we continue to work actively with the Fund to help resolve the debt problem of both the low and middle-income countries. If, in this environment, we cannot reach agreement on an IDA-9 which will at least maintain the real value of resources currently available, it would be a signal to the developing countries that all the additional objectives being given to the World Bank are not supported by the necessary financial resources. I would personally consider that as a major failure of international cooperation and most regrettable. I hope that you can help us avoid such an outcome.

We have scheduled another meeting on December 14 in Washington at which, with your support, we should be able to complete the negotiations successfully.

Sincerely,



Barber B. Conable
President

INTERNATIONAL MONETARY FUND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D.C. 20431

November 2, 1989

The Honorable James D. Watkins
Secretary of Energy
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Mr. Secretary:

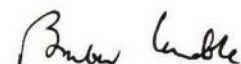
The World Bank and the International Monetary Fund have recently adopted a revised compensation system for their higher level and support level staff in Washington, DC. As you are aware we need to recruit and retain multinational staff of high quality with diverse financial, economic, and technical backgrounds. We are writing to you to seek your cooperation in a limited data collection exercise within the US Federal Civil Service which is one of our comparator sectors.


Following an initial survey, using OPM data, which was intended to be the basis for our future system, we have had some problems in validating our grading equivalences with those of OPM. We wish, therefore, to check our conclusions with a stratified sample within a selected number of US Federal Civil Service Agencies so as to ensure a proper grade matching of Bank and Fund grade levels with those of the USFCS, thereby enabling us to use OPM data in the future. In addition we wish to collect data on a sample of SES positions within your Department in order to provide data for comparison at higher grade levels.

Hay Management Consultants have been retained by us to conduct this study and Mr. Abe Zwany of their Washington, DC office will be responsible for contacting the relevant office in your organization in due course.

We hope very much you will help us in this important study.

Yours sincerely,


Barber Conable
President
The World Bank


Michel Camdessus
Managing Director
International Monetary Fund

cc: Messrs. J. Merle Schulman
Douglas L. Wood
Ms. Claudia Cross

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

BARBER B. CONABLE
President

December 21, 1989

Dear Director-General:

Thank you for your telex dated December 20, 1989, informing us of the death of The Rt. Honourable Herbert Blaize. We are very sorry to hear of this and would appreciate if you could convey to his family and friends the deepest sympathy of the Executive Directors, Officers and Staff of The World Bank Group and MIGA.

We take note of the appointment of The Honourable Ben Jones, new Prime Minister and Minister of Finance, as Governor for Grenada on the Boards of Governors of The World Bank Group and MIGA. Our records have been amended accordingly. We look forward to working closely with the Prime Minister in the coming years.

Sincerely,

Barber B. Conable

Mr. Lauriston F. Wilson, Jr.
Director General (Finance)
Ministry of Finance, Trade,
Industry and Planning
and Energy
St. George's, Grenada

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

BARBER B. CONABLE
President

October 10, 1989

Dear Minister:

I have learned of your reappointment as Governor for Canada on the Boards of Governors of The World Bank Group. I realize this is incident to your responsibilities in your own Government, but I hope you will again be in a position actively to participate in the affairs of the Bank Group, as well.

The Executive Directors, Officers and Staff of The World Bank Group believe very strongly in its development mission and in the battle against poverty. We look forward to continue working with you to make the Bank Group even more effective during the coming years. Congratulations on your reappointment and thank you for your willingness to take on this additional responsibility.

I look forward to meeting you in the near future, and send my best personal wishes.

Sincerely,



The Honourable
Michael H. Wilson
Minister of Finance
Department of Finance
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5
Canada

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

BARBER B. CONABLE
President

December 6, 1989

The Honorable Timothy E. Wirth
United States Senate
Washington, D.C. 20510

Dear Timothy:

Thank you and Senator Heinz for your letter of November 16 concerning the Sardar Sarovar projects in India.

We share your concerns about the resettlement and environment aspects of the project. The Bank has been working closely with the Indian authorities for a number of years to ensure that policies and programs to deal with these aspects are formulated and implemented with the utmost care.

As you know, the projects are designed to bring irrigation, electricity, and drinking water to millions of people in several drought-prone states of western India. The task is formidable yet vitally important to this part of the country; about five million people were estimated to be living in the rural sections of the Sardar Sarovar command area alone in 1981. By the time these projects are completed the total population positively affected by the project may approach 15 million. The scanty and erratic rainfall in the benefitting areas does not provide a reliable basis for productive modern agriculture; water for domestic and animal consumption is frequently in extremely short supply; and the availability of electric power continues to be a major constraint to non-agricultural economic growth in the region.

Several alternative development options were investigated by the special Narmada Water Disputes Tribunal that was set up by the Government of India in the 1970s. These alternatives included a series of smaller dams, as well as varying heights to the large dam. The conclusion was that the dam currently under construction offered the best solution, taking into account technical, economic and other considerations. A smaller dam, or series of dams, would result in higher costs, greater submergence in relation to irrigation development, and far less potential power benefits. Multiple small dams with a similar storage capacity to that now proposed would have greatly increased the loss of fertile valley-bottom land, and simultaneously, as the submerged area increases, the resettlement and environmental problems would mount. The selected configuration is such that the area submerged will be less than 2% of the area benefitting from irrigation—an unusually low ratio.

As you have pointed out, the construction of the dam will necessitate the resettlement of a large number of people. The provisions to be made for families whose land and homes will be affected by the project were the subject of very extensive discussion between the Bank and the Indian authorities. The ruling of the Narmada Tribunal, together with agreements reached with the Government of India and the participating states as conditions for Bank support to the project provide a comprehensive resettlement plan which will ensure that those families whose land and homes are affected by the dam will be appropriately compensated. The program will ensure that all affected persons will at least regain their previous economic status, and that many will be significantly better off. All those wishing to continue to derive their livelihood from agriculture will be able to do so. Due attention to other aspects of their rehabilitation—for example, by resettling villages as far as possible in contiguous groups—is also provided for under our agreements with the implementing agencies. Bank staff have met, and will continue to meet, Non-Governmental Organizations who are active in the project area to ensure that the information available is as complete and representative as possible.

The environmental impact of the project was investigated carefully by the Water Disputes Tribunal and again by the Bank appraisal mission. A special environmental study was commissioned by the Bank, and a United States consultant completed this study before project implementation began. In addition, several specific studies and work programs are underway relating to fisheries, forestry and public health. Archeological and water resources aspects are also receiving attention. The most recent report from the field, prepared by a Bank Environmental Specialist indicates significant progress in all these areas over the last few months.

On the issue of the Bank's economic analysis, a very comprehensive examination was conducted as part of the appraisal work in 1984/85. Rehabilitation and resettlement requirements were costed as was forest land and land lost to inundation. Public health costs were not included originally since it was not obvious, and is still not, that the assumed health costs will outweigh the health benefits from assured water supplies for drinking and washing.

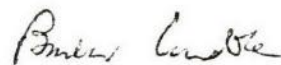
Staff of the Bank's India Department have made a preliminary review of Mr. Paranjpye's recent assessment for the Indian National Trust for Art and Cultural Heritage (INTACH) and have concluded that our original decision to support this project remains sound. While some costs have increased, so have some benefits. For example, benefits from power generation are much greater than originally estimated and the original benefits ascribed to municipal and industrial water were almost certainly undervalued. Overall, we do not think the economic rate of return has changed significantly from the 13 percent calculated in 1985. The INTACH report estimates the return for the SSP project at 10.8% and for the proposed Narmada Sagar project at 12.2%.

While the Narmada projects have generated a great deal of concern and criticism in some quarters, there is also considerable support for them in India. On September 26 this year the legislative assembly of Gujarat (which includes the elected representatives of areas in Gujarat, which constitute a small but significant proportion of the affected people submerged by the reservoir, as well as areas which will benefit from the project) unanimously passed a resolution affirming support for the projects, which was described as the "lifeline" for the state.

We monitor compliance with Bank policy and the Bank's Loan and Credit agreements on resettlement and environment, and other aspects of project implementation at least twice a year through on-site visits by Bank staff and consultants. As long as project authorities are making a best effort to implement the project in accordance with legal agreements and are prepared to take remedial action when necessary, our position is that we should continue to support the project. However, where this commitment is not evident and where there has been a clear violation of an agreement, the Bank is not averse to taking appropriate action, including suspension of disbursements, and this has been done in other projects in India.

I do not wish to underestimate the difficult resettlement issues associated with these projects. However, we are working closely with project authorities and others, including non-governmental agencies, to deal with them fairly and thoroughly. In time, we feel that the projects will prove to be of enormous benefit to the people and the economy of the area.

Sincerely,



Barber B. Conable
President

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

BARBER B. CONABLE
President

December 7, 1989

Mr. R. James Woolsey
USDEL/CFE
c/o The American Embassy/Vienna
APO New York, New York 09108

Dear Jim:

Congratulations on your recent assignment as U.S. Ambassador to the negotiations on Conventional Forces in Europe. It's an exciting time to be involved in such an undertaking, and, once again, the President has selected the right person for the job. You can be sure that if I come to Vienna within the next year, I will let you know.

Every good wish for success in this important endeavor.

Sincerely,

Barber Conable

LM
BBC

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036-1872

R. JAMES WOOLSEY
DIRECT LINE
(202) 828-2096

TELEPHONE: (202) 828-2000
CABLE ADDRESS: "SANDG"
TELEX: 89-2399
TELECOPIER: (202) 828-2148

November 6, 1989

The Honorable Barber B. Conable, Jr.
President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Barber:

I have been appointed to be the U.S. Ambassador to the negotiations on Conventional Forces in Europe between the NATO and Warsaw Pact countries. I'll be leaving for Vienna shortly. Sue and the boys will stay here for now while we see about the talks' duration -- the President has set an objective of concluding them in six months to a year.

I'll look forward to our getting caught up when I get back, or sooner if you're in Vienna in the near future.

Sincerely,

Jim
R. James Woolsey

Jim - Congratulations on your recent assignment as US Amb. to the negotiations on Conventional forces in Europe. It's an exciting undertaking, and you can be sure that if I come to Vienna within the next year, I will let you know. Every good wish for success in this important endeavor.

the right person for the job.

*Usdel/CFE
C/Oth Am. Embassy - Vienna
APO NY
09/08*

INTERNATIONAL MONETARY FUND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D.C. 20431

November 2, 1989

The Honorable Clayton E. Yeutter
Secretary of Agriculture
Department of Agriculture
14th and Independence Avenue, S.W.
Washington, DC 20250

Dear Mr. Secretary:


The World Bank and the International Monetary Fund have recently adopted a revised compensation system for their higher level and support level staff in Washington, DC. As you are aware we need to recruit and retain multinational staff of high quality with diverse financial, economic, and technical backgrounds. We are writing to you to seek your cooperation in a limited data collection exercise within the US Federal Civil Service which is one of our comparator sectors.


Following an initial survey, using OPM data, which was intended to be the basis for our future system, we have had some problems in validating our grading equivalences with those of OPM. We wish, therefore, to check our conclusions with a stratified sample within a selected number of US Federal Civil Service Agencies so as to ensure a proper grade matching of Bank and Fund grade levels with those of the USFCS, thereby enabling us to use OPM data in the future. In addition we wish to collect data on a sample of SES positions within your Department in order to provide data for comparison at higher grade levels.

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We hope very much you will help us in this important study.

Yours sincerely,


Barber Conable
President
The World Bank


Michel Camdessus
Managing Director
International Monetary Fund

cc: Messrs. William J. Riley, Jr.
Joseph Ellis
Ms. Brenda Johnson

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

BARBER B. CONABLE
President

November 20, 1989

Dear Mr. Minister:

Thank you for your letter dated September 21, 1989, which was forwarded to us by Mr. Bazyli Samojlik, informing us of the appointment of Mr. Wladyslaw Baka, President of the National Bank of Poland, as Governor for the Polish People's Republic on the Board of Governors of the World Bank Group. Our records have been amended accordingly.

We look forward to working closely again with the President in the coming years.

Sincerely,

Barber B. Conable

Mr. Spraw Zagranicznych
Minister of Foreign Affairs
Ministry of Foreign Affairs
00-580 Warsaw
Polish People's Republic