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**WHORM Subject File Code:** IT108

(International Organizations –  
International Fund for Agricultural Development)

**Case file Number(s):** 300000-END

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THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

IT108

INCOMING

DATE RECEIVED: JULY 19, 1985

NAME OF CORRESPONDENT: THE HONORABLE BILL HEFNER

SUBJECT: URGES SUPPORT FOR A 60/40 FUNDING FORMULA  
FOR THE INTERNATIONAL FUND FOR AGRICULTURAL  
DEVELOPMENT

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
M. B. OGLESBY		ORG	85/07/19	MO A	85/07/24
	REFERRAL NOTE:				
99 AID			85/07/29		85/07/25
	REFERRAL NOTE: after Kelly Kammerer				
JA Ogle			A 85/07/31	AB	85/08/01
	REFERRAL NOTE:				
	REFERRAL NOTE:				
	REFERRAL NOTE:				

COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1230  
MAIL USER CODES: (A) (B) (C)

- \*ACTION CODES: \*DISPOSITION \*OUTGOING \*
- \*A-APPROPRIATE ACTION \*A-ANSWERED \*CORRESPONDENCE: \*
- \*C-COMMENT/RECOM \*B-NON-SPEC-REFERRAL \*TYPE RESP=INITIALS \*
- \*D-DRAFT RESPONSE \*C-COMPLETED \* OF SIGNER \*
- \*F-FURNISH FACT SHEET \*S-SUSPENDED \* CODE = A \*
- \*I-INFO COPY/NO ACT NEC\* \*COMPLETED = DATE OF \*
- \*R-DIRECT REPLY W/COPY \* \* OUTGOING \*
- \*S-FOR-SIGNATURE \* \* \*
- \*X-INTERIM REPLY \* \* \*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE  
(ROOM 75, OEOB) EXT-2590  
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.

29 12 43 PM '85

EXECUTIVE SECRETARIAT  
THE WHITE HOUSE OFFICE

REFERRAL

JULY 29, 1985

TO: AGENCY FOR INTERNATIONAL DEVELOPMENT  
ATTN: KELLY KAMMERER

ACTION REQUESTED:  
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 318261  
MEDIA: LETTER, DATED JULY 17, 1985  
TO: PRESIDENT REAGAN  
FROM: THE HONORABLE BILL HEFNER  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON DC 20515

SUBJECT: URGES SUPPORT FOR A 60/40 FUNDING FORMULA  
FOR THE INTERNATIONAL FUND FOR AGRICULTURAL  
DEVELOPMENT

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

512375

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

JUL 25 1985

The Honorable William G. Hefner  
House of Representatives  
Washington D.C. 20515

Dear Congressman Hefner:

Thank you for your letter of July 17th concerning the International Fund for Agricultural Development (IFAD).

Let me begin by assuring you that United States policy toward IFAD has been one of strong support and active participation. The U.S. leadership role in the second replenishment negotiations now underway demonstrates the constructive approach the United States has followed:

- The United States was the first donor to announce a prospective pledge to the second replenishment (\$150 million over three years or 17% of the total);
- when negotiations bogged down on a number of occasions, the U.S. communicated with OECD and OPEC donors outside of the formal negotiating process in an effort to explore acceptable solutions and maintain progress on replenishment issues;
- the United States has continually expressed a willingness to be flexible with respect to the overall level of replenishment in recognition of OPEC financing constraints;
- the United States has agreed to stretch the OECD contribution level to the maximum amount possible within the 42% OPEC - 58% OECD burden-sharing ratio;
- the United States Agency for International Development undertook an evaluation of IFAD in late 1984 to assess the effectiveness of the organization, at a time when little independent information was available and the donors wanted an objective view of IFAD for funding deliberations.

This review indicated that IFAD is providing cost-effective agricultural development assistance to the smaller farmers in the poorest regions of the world.

Negotiations on a second replenishment for IFAD have been protracted due to two points: the inability of the OPEC donors

to indicate a firm level of contribution to the second replenishment and the issue of burden-sharing ratios between the OPEC and OECD donors.

After two years of debate, the OPEC donors are still unable to commit to a firm level of contribution to the second replenishment. They have said they would agree to aggregate levels that result implicitly in a 40% OPEC - 60% OECD burden-sharing ratio. Until the OPEC donors can indicate how much they are willing to contribute, further progress is unlikely.

The OECD nations believe that the OPEC donors should be held to the original principle that the contributions of the two groups be "as close as possible." The U.S. believes that this principle prescribes 50-50 burden-sharing. However, in recognition of OPEC's current economic difficulties, the United States is willing to accept a higher OECD share up to the 58 percent share of the last replenishment.

Furthermore, the U.S. believes that the principle of burden-sharing can be maintained while accommodating changes in OPEC's economic circumstances by reducing the amount of OPEC's contribution and consequently the overall replenishment level.

Regarding the proposed special fund for Africa within IFAD, this concept was suggested by the Government of Niger at the October 1984 IFAD Governing Council. IFAD's Executive Board has reviewed management's proposal for the special program and has authorized IFAD to further develop the proposal and the prospects for voluntary contributions to this program. IFAD management will report back to the September session of the Executive Board with the results of their effort.

We have, moreover, suggested that IFAD management also study other ways of generating additional funds for projects in Africa -- such as additional cofinancing, improved multilateral donor coordination, and a temporary diversion of funds from other regions of the world to Africa.

I thank you for your interest in these important issues. If I or my staff can be of further assistance, please do not hesitate to contact me.

Sincerely,

James T. O'Meara

*for* Kelly C. Kammerer  
Director  
Office of Legislative Affairs

Cleared:

PPC/DC/MFI:BUpton (draft)  
PPC/DC:JDudik-Gayoso (draft)  
State/IO:LTamlyn (phone)  
State/EB:BSamuel (phone)  
LEG:PTheil

PPC/DC/MFI:NGallup:7/22/85

July 24, 1985

Dear Bill:

Thank you for your July 17 letter to the President enclosing a copy of the correspondence you received from the Reverend E. Hampton Morgan, Jr., with respect to the famine situation in Africa.

We appreciate your interest in bringing Reverend Morgan's concerns to our attention. On your behalf, I have shared his specific recommendation on a formula for International Fund for Agricultural Development funding with the President's key advisers in this area. I am certain that his views will be taken into consideration.

With best wishes,

Sincerely,

M. B. Oglesby, Jr.  
Assistant to the President

The Honorable W. G. (Bill) Hefner  
House of Representatives  
Washington, D.C. 20515

cc: w/copy of inc to Kelly Kammerer, Cong  
Affrs, AID - for DIRECT response

cc: w/copy of inc to Will Ball, Cong Affrs, ✓  
State - FYI

MBO:KRJ:hlb

# 318261

W. G. (BILL) HEFNER  
8TH DISTRICT, NORTH CAROLINA

2161 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-3715

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

DISTRICT OFFICES:  
P.O. BOX 385  
101 UNION STREET, SOUTH  
CONCORD, NORTH CAROLINA 28025  
(704) 933-1615 or 786-1612  
  
P.O. BOX 4220  
HOME SAVINGS AND LOAN BLDG.  
507 WEST INNES STREET, SUITE 225  
SALISBURY, NORTH CAROLINA 28144  
(704) 636-0635  
  
P.O. BOX 1503  
202 EAST FRANKLIN STREET  
ROCKINGHAM, NORTH CAROLINA 28379  
(919) 997-2070

COMMITTEES:  
COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON DEFENSE  
CHAIRMAN: SUBCOMMITTEE ON MILITARY  
CONSTRUCTION  
COMMITTEE ON THE BUDGET

July 17, 1985

President Ronald Reagan  
The White House  
Washington, NC 20500

Dear Mr. President:

My constituent, Rev. E. Hampton Morgan, Jr., has advised me of his recent letter to you appealing for your support for a 60/40 funding formula for the International Fund for Agricultural Development.

I share Rev. Morgan's very deep concern for the plight of the starving people of Africa, and I have consistently supported sending all the aid we can spare to these desperate people.

IFAD is an important contribution to famine relief in Africa, and I respectfully request your support for our continued participation.

With kindest regards, I am

Sincerely yours,



BILL HEFNER  
Member of Congress

BH/sl  
Enclosure

E. HAMPTON MORGAN, JR.

ROUTE 4, BOX 139 • ADVANCE, NORTH CAROLINA 27006

July 11, 1985

RECEIVED

JUL 15 1985

The Honorable William G. Hefner  
U.S. House of Representatives  
Washington, D.C. 20515

BILL HEFNER, M.C.  
WASHINGTON, D.C.

Dear Bill:

Thank you for your reply of June 25 to my letter requesting your support of H.R. 2080, the Food Assistance and Africa Agriculture Act of 1985. I do appreciate your expression of concern for the famine situation in Africa, and your desire for a long-term solution to the agricultural crisis on that continent.

I, too, am persuaded that our efforts need to be directed toward long-term solutions. The continent of Africa was once self-sufficient in food production. Experts feel that the right kind of agricultural development can help the continent regain this former status. The International Fund for Agricultural Development [IFAD], has had a commendable track record in helping the poorest of the world's poor move positively toward agricultural self-sufficiency. Yet IFAD is in danger of an untimely demise due to the Administration's unwillingness to agree to a new funding formula of 60/40--60% of IFAD's support coming from the Western nations, and 40% from OPEC.

I have written to Mr. M. Peter McPherson of the U.S. Agency for International Development; Undersecretary of State, Mr. William Schneider, Jr.; Secretary of the Treasury, Mr. James Baker III; and President Reagan. To each I have expressed my hope that the Administration would quickly agree to continue funding IFAD, but according to the new formula.

As you know, H.R. 2080 provides \$100 million for the special Africa account of IFAD. I'm afraid that if the U.S. does not continue its support, IFAD will not survive, and millions more in Africa will be doomed to a hungry future.

May I request that you follow up my letters with personal contacts with the Administration officials I have mentioned above? Your outspoken support of IFAD could make a difference, just as I believe my letters can also make a difference. May I also request again that you become a cosponsor of H.R. 2080?

Sincerely,



9  
NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

343768

IT108

5891

August 5, 1985

FG342-03

FG006-12

MEMORANDUM FOR RICHARD C. MEYER  
Executive Secretary  
Agency for International Development

SUBJECT: IFAD Negotiations

In view of the high level U.S. government interest in the negotiation of the second IFAD replenishment, and increasing public and diplomatic pressure to bring the negotiation to a successful conclusion, it is important that the U.S. position on the negotiation be reviewed.

The Agency for International Development is requested to call a meeting of all concerned agencies to review the status of the negotiation and to plan a strategy for its successful resolution.

*William F. Martin*

William F. Martin  
Executive Secretary

NSC # 8505891

MEMORANDUM

NATIONAL SECURITY COUNCIL

5891

ACTION

August 2, 1985

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: HELEN E. SOOS *H. Soos*

SIGNED

SUBJECT: IFAD Negotiation

The International Fund for Agricultural Development (IFAD) was formed in the mid 1970's by OPEC and OECD countries. IFAD is popular among developing countries, because they have a greater voice in the utilization of resources than in other organizations such as the World Bank. It also has a good reputation with elements of the development community because it has succeeded in helping poor farmers through credit, marketing and other activities which major donors consider too risky to undertake.

For two years, OECD and OPEC countries have been negotiating the IFAD replenishment for 1985 - 1987. There has been an impasse for five negotiating sessions, because the U.S. holds that OPEC countries must reveal their pledges before it agrees to a reduction in the overall OPEC contribution from 42% to 40%. All other OECD countries have agreed to this reduction.

I have contacted the major players to elicit their views. Aside from issues of principle (e.g. when to cave and how tough to be with the Arabs), the key determinant to each agency's position appears to revolve around the issue of whether IFAD should continue to exist. Within State, both IO and EB appear to be supportive of IFAD and willing to agree to the 40% OPEC contribution; only the budget office (Security Assistance) in State is against agreement on the 40% OPEC contribution, on the grounds that IFAD's work could be carried out by other institutions. Treasury has been against caving on the negotiations, owing both to opposition to IFAD and the fact that OPEC was originally to have contributed 50% and they perceive the U.S. position eroding; however, they would not resist if the political rationale for continuing assistance to IFAD were a major factor. OMB has views similar to Treasury, and would probably not take a strong opposing stand. AID and USDA have long supported agreement so that the second replenishment could go forward. Thus, a consensus appears to be emerging, helped along by the recent progress in obtaining a firm indication of what OPEC countries plan to contribute and Libya's agreement to pay its arrears. The other delinquent OPEC countries, Iran and Iraq, have dropped out of IFAD.

The IFAD appropriation is in the AID budget, and AID has been coordinating this issue. AID has experienced unsurmountable difficulties in resolving the issue, owing to intransigent views by Treasury, OMB and Security Assistance in State. However, owing to recent progress in obtaining OPEC contributions and payment of arrears, a consensus appears to be emerging.

The resolution of this issue is now becoming urgent and the NSC should intervene to help to break the logjam. The Vice President has raised this issue for over three months, and has received expressions of concern from foreign diplomats and the King of Belgium. The very existence of IFAD is at issue if the logjam is not broken, because IFAD will soon be without funds. Since there is support for IFAD among various U.S. agencies, the U.S. public (which has written letters of support and concern) and the Vice President's office, as well as OECD, OPEC and developing countries, the U.S. should now move to complete negotiations on the second replenishment. If the negotiations fail and IFAD collapses, the primary blame would fall on the U.S., and our allies in OECD, OPEC and the Third World would be upset. Both OECD and developing countries look to the U.S. to break the logjam in the negotiation. The total U.S. contribution to the second replenishment is about \$90 million over three years; saving this paltry amount is not worth the fall-out that the demise of this relatively effective development institution would invoke.

*PR* *DW* *R*  
Phil Ringdahl, Dave Wigg and Richard Levine concur.

RECOMMENDATION: That you authorize Bill Martin to sign the attached memo to AID, requesting that AID call a meeting to resolve the IFAD issue.

APPROVE

*mm*

DISAPPROVE

Attachment

Tab I

Memo from Martin to Meyer

National Security Council  
The White House

CB

RECEIVED

System #

I

Package #

5891

1910

85 AUG 2 P 3: 37

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	1	✓	
William Martin	2	umm	
John Poindexter			
Paul Thompson			
Wilma Hall			
Bud McFarlane			
William Martin			
NSC Secretariat	3		D
Situation Room			

I = Information    A = Action    R = Retain    D = Dispatch    N = No further Action

cc: VP Regan Buchanan Other \_\_\_\_\_

COMMENTS

Should be seen by: \_\_\_\_\_

(Date/Time)

85 AUG 5 5:14

85 AUG 2 P 4: 14

COMMERCIAL

COMMERCIAL

TO: Mr. Robert ...

1- ...

2100000000

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...

5 83: 33

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RECEIVED 26 JUL 85 15

TO POINDEXTER

FROM SOOS

DOCDATE 26 JUL 85

SOOS

02 AUG 85

KEYWORDS: OPEC

ECONOMIC ASSISTANCE

FOOD

OECD

SUBJECT: IFAD NEGOTIATIONS

ACTION: FOR DECISION

DUE: 06 AUG 85 STATUS X FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

POINDEXTER

COMMENTS

REF# LOG NSCIFID ( PS )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
SOOS	S 7/30	For Redo	7/31	
POINDEXTER	X 8/2	For Decision	8/6	
-	8/5	Martin Approved		
C	8/5	Martin. STD MEMO		HS PR WG LV WM

DISPATCH

27. 8/5

W/ATTCH FILE

(C)

27.



# U.S. National Archives & Records Administration

## Current Status Details for CTRH RECID: 365501 MAIN SUBCODE: IT108

Current Status	None
User Name	dbarrie
Status Date	2014-09-12
Case Number	
Notes	Transferred to FG081

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## Review Status History

<u>No.</u>	<u>Status</u>	<u>Date</u>	<u>User</u>	<u>Case Number</u>	<u>Notes</u>
1	None	2014-09-12	dbarrie		Transferred to FG081



# U.S. National Archives & Records Administration

## Current Status Details for SECL RECID: 356252SS MAIN SUBCODE: IT108

Current Status	None
User Name	dbarrie
Status Date	2014-09-12
Case Number	
Notes	Transferred to FG081

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## Review Status History

No.	Status	Date	User	Case Number	Notes
1	None	2014-09-12	dbarrie		Transferred to FG081