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THE WHITE HOUSE

WASHINGTON

January 25, 1984

PY

201976PD IT108 PUFG010-02 FG012

MEMORANDUM FOR JOHN A. SVAHN

FROM:

BURLEIGH LEONARD

SUBJECT:

IFAD

The attached New York Times article indicates that some Administration officials, particularly Secretary Regan and Mr. Stockman, oppose continued U.S. participation in IFAD. If this article accurately presents the opinions of these two officials, we have a problem.

In the CCFA meeting on IFAD last December, there was general consensus among represented agencies, including Treasury and OMB, that the U.S. should not unilaterally withdraw from IFAD, but that the U.S. should condition its future participation in IFAD replenishments on two circumstances: (1) the U.S. contribution to IFAD would be no greater than its current share of total contributions; (2) The OPEC countries' contributions to IFAD should be no less than their current share of total contributions.

The appearance of debate within the Administration over future U.S. participation in IFAD will continue to generate press coverage. This increased press attention, in conjunction with the upcoming discussion of a second replenishment of IFAD (to be held at the end of February) makes it all the more important for the President to address the IFAD issues personally, preferably in a CCFA meeting with the IFAD decision memorandum (prepared by OPD) serving as the focus for discussion.

M

International Funds for agriculture

U.S. WEIGHING ROLE IN U.N. FARM UNIT

Considers Ouitting Fund That Assists Small Owners and Workers in Poor Lands

By CLYDE H. FARNSWORTH

WASHINGTON, Jan. 21 - The Reagan Administration is considering end-ing United States participation in a small, specialized United Nations or-ganization based in Rome that assists small farmers and landless laborers in

the poorest countries.

The issue is being discussed at a time when the Administration is taking a hard look at all 120 international organizations in which the United States

holds membership.

The current question involves the In-

The current question involves the International Fund for Agricultural Development. According to Administration officials from several departments, President Reagan has been called on to resolve an interagency dispute over American participation in the agency, which is encountering financial problems.

The conflict is chiefly between Agriculture Secretary John R. Block, who is pressing for a continued American commitment, and officials in the Treasury Department and the Office of Management and Budget, who are opposed because of United States budget problems and what they see as a duplication of efforts with other agencies that lend money to poor countries.

The Unesco Decision

The Unesco Decision

The new retrenchment is being considered less than a month after the United States announced its intention to withdraw from the United Nations Educational, Scientific and Cultural Organization at the end of 1984 unless Unesco alters practices that the Administration found objectionable. The United States has long criticipal what United States has long criticized what it says is the politicization of Unesco, which was set up in 1946, and has objected to spending policies and budget

State Department officials say there is no general policy to retreat from international organizations. However, Gregory J. Newell, Assistant Secretary for international organization affairs, acknowledged at a news conference late last month that the Administration had had problems with a number of agencies in addition to Unesco because of politicization, budget and management policies.

These include the International Labor Organization, the United Nations Environmental Program, the United Nations Food and Agricultural Organization, the International Atomic Energy Agency and the International Telecommunications Union.

The Reagan Administration has also looked closely at the International Monetary Fund and the World Bank. It fought for an \$8.4 billion contribution to fought for an \$8.4 billion contribution to the International Monetary Fund, but has cited budget and other considera-tions for a cutback of 25 percent in the commitment to an agency of the World Bank, the International Development Association, which makes develop-ment loans to the poorest countries.

A Conference in Rome

The dispute about the International Fund for Agricultural Development concerns an agency that grew out of the World Food Conference in Rome 10 years ago, when major nations were considering ways to deal with spreading famine and malnutrition in the third world.

In the six years that the agency has operated, with a current staff of 74, it has committed about \$1.8 billion for 138 projects aiding the rural poor in 77 countries, according to its President, Abdelmuhsin al-Sudeary, who is from Saudi Arabia.

The agency, which makes loans for such purposes as the purchase of milk cows or materials for basketweaving in Bangladesh, has 139 members. It is managed by an executive board with six members from developing countries, six from industrial countries and six from members of the Organization of Petroleum Exporting Countries. Financing has been shared almost equally between OPEC and the industrial countries.

But the agency is now running out of

But the agency is now running out of money to commit for new projects, the membership is scheduled to meet in Rome Feb. 29-March 1 to consider a new series of multiyear financial pledges.

pledges.

Opposed to Participation

The United States officials opposed to continued participation in the agency include Treasury Secretary Donald T. Regan and David A. Stockman, director of the Office of Manage-ment and Budget. They cite the need for fiscal restraint by the United States and their perception that the agency's work duplicates that of such other organizations as the World Bank, which makes third world development loans, and the United Nations Development Program, which provides technical

Mr. Block contends that the agriculture agency, which has made low-interest and long-repayment loans to millions of farmers in the third world, complements the work of other insti-

Mr. Block declined this week to comment on his position, but he did say publicly in remarks to the press on Jan. 10: "I don't expect I.F.A.D. to collapse from lack of funds."

Other officials said Mr. Block was Other officials said Mr. Block was impressed by the importance attached to the agency by industrial as well as third world countries at a ministerial meeting of United Nations Food and Agricultural Organization in Rome last November. Scandinavian countries and Canada have been especially vocal in support of the agency.

At the same meeting, the United States was under strong criticism for not meeting its full financial pledge to the agency.

the agency.

Ph

#\$ 3400 1108 11086 THE WHITE HOUSE F600612

WASHINGTON

October 18, 1984

Dear Mr. Secretary General:

Thank you for your telex of September 11 concerning the International Fund for Agricultural Development (IFAD). The United States shares your enthusiasm for IFAD's efforts in financing agricultural development for the benefit of small farmers and the landless poor in the least developed countries. We have shown our support for IFAD by contributing \$200 million to IFAD's initial funding and another \$180 million to IFAD's first replenishment.

IFAD is unique in that it is the only UN agency financed by OECD and OPEC countries on an approximately equal basis, with decisionmaking shared equally among its three categories of members. Consequently, we are committed to the view that OPEC-OECD burden-sharing is not merely a formula for marshalling resources but is an essential aspect of IFAD.

As to the second replenishment, the United States announced in February 1984 that we are prepared to make a contribution of up to \$150 million to be paid over the 3-year replenishment period, predicated on burden-sharing and other essential conditions.

We desire successful completion of negotiations on IFAD's second replenishment as soon as possible in order to assure funds for IFAD's lending program in 1985. We are now considering initiatives by other governments to achieve a second replenishment.

24488955

I appreciate your having taken the time to share with me your views on this important matter.

Sincerely,

Ronald Ragon

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the
United Nations
United Nations, New York 10017

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on 10/19/84

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THE WHITE HOUSE WASHINGTON

October 18, 1984

Dear Mr. Secretary General:

Thank you for your telex of September 11 concerning the International Fund for Agricultural Development (IFAD). The United States shares your enthusiasm for IFAD's efforts in financing agricultural development for the benefit of small farmers and the landless poor in the least developed countries. We have shown our support for IFAD by contributing \$200 million to IFAD's initial funding and another \$180 million to IFAD's first replenishment.

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As to the second replenishment, the United States announced in February 1984 that we are prepared to make a contribution of up to \$150 million to be paid over the 3-year replenishment period, predicated on burden-sharing and other essential conditions.

We desire successful completion of negotiations on IFAD's second replenishment as soon as possible in order to assure funds for IFAD's lending program in 1985. We are now considering initiatives by other governments to achieve a second replenishment.

24488955

NSC#8407814

I appreciate your having taken the time to share with me your views on this important matter.

Ronald Ragan

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the
United Nations United Nations, New York 10017

THE WHITE HOUSE ISSU DOT 10 ... 0 31

WASHINGTON

October 18, 1984

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT C. McFARLANE

SUBJECT:

Letter to UN Secretary General Perez de

Cuellar Regarding His Telex on IFAD

Issue

To respond to UN Secretary General Perez de Cuellar's letter on the second replenishment for the International Fund for Agricultural Development (IFAD).

Facts

IFAD is a UN agency that was established in the 1970s to combat hunger in the Third World. Its unique feature is that OPEC money has funded about half its activities. This was to allow OPEC to replace some of the capital that poor countries lost due to higher energy prices.

Discussion

Negotiations have been underway for some time between the OECD countries, OPEC countries and the UN in order to seek an acceptable funding formula for IFAD. It has been the U.S. position that IFAD funding should be equally carried by OECD and OPEC countries. Perez de Cuellar seeks that all parties resolve their differences. We are currently doing all we can on this score and progress is expected.

RECOMMENDATION

OK NO

____ That you sign the letter to Perez de Cuellar at Tab A.

Attachments

TAB A Letter to Perez de Cuellar
TAB B Telex from Perez de Cuellar

Prepared by: Richard Levine

BE THISTING BID

CHACHS

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Dear Mr. Secretary General:

Thank you for your telex of September 11 concerning the International Fund for Agricultural Development (IFAD).

The United States shares your enthusiasm for IFAD's efforts in financing agricultural development for the benefit of small farmers and the landless poor in the least developed countries. We have shown our support for IFAD by contributing \$200 million to IFAD's initial funding and by pledging another \$180 million toward IFAD's first replenishment.

IFAD is unique in that it is the only UN agency financed by OECD and OPEC countries on an approximately equal basis, with decision-making shared equally among its three categories of members. Consequently, we are committed to the view that OPEC-OECD burden-sharing is not merely a formula for marshalling resources but is an essential aspect of IFAD.

As to the second replenishment, the United States announced in February 1984 that we are prepared to make a contribution of up to \$150 million to be paid over the three-year replenishment period, predicated on burdensharing and other essential conditions.

His Excellency

Dr. Javier Perez De Cuellar,

Secretary General of the United Nations,

New York.

We desire successful completion of negotiations on IFAD's second replenishment as soon as possible in order to assure funds for IFAD's lending program in 1985. We are pleased to consider initatives put forward by other governments to achieve a second replenishment which all donors' requirements in participation.

I appreciate your having taken the time to share with me your views on this important matter.

Sincerely,

REFERRAL

DATE: 20 SEP 84

MEMORANDUM FOR: STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION: TO: PRESIDENT

SOURCE: DE CUELLAR, JAVIER P

DATE: 11 SEP 84

KEYWORDS: FOCD

AFRICA

OECD

OPEC

SUBJ: MSG TO PRES FM SYG OF THE UN RE ADDL RESOURCES TO THE INTL FUND FOR

REQUIRED ACTION: DRAFT REPLY FOR PRES SIG

DUEDATE: 25 SEP 84

COMMENTS:

FOR ROBERT M. KIMMITT

EXECUTIVE SECRETARY

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United States Department of State



Washington, D.C. 20520

October 10, 1984

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WHITE HOUSE SITUATION ROOM

UNCLASSIFIED

MEMORANDUM FOR MR. ROBERT C. McFARLANE THE WHITE HOUSE

Subject: Draft Presidential Response to Telex from

U.N. Secretary-General Perez de Cuellar

Ref: NSC Referral ID# 8407014

U.N. Secretary-General Perez de Cuellar sent the President a telex September 11 on negotiations for the second replenishment of the International Fund for Agricultural Development (IFAD). A copy of the telex is attached at Tab 2.

The telex praises IFAD's efforts and asserts that IFAD is in precarious financial straits. The telex asks the United States to give careful consideration to initiatives of other governments taken to reach a speedy conclusion of negotiations on a second IFAD replenishment. A draft response is attached at Tab 1.

Charles Hill Executive Secretary

Attachments:

Tab 1 - Draft Reply
Tab 2 - Incoming telex

NATIONAL SECURITY COUNCIL

October 12, 1984

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM:

RICHARD LEVINE

BENED

SUBJECT:

Presidential Letter to UN Secretary General

Perez de Cuellar Regarding IFAD

Attached at Tab A is a State-drafted Presidential letter to UN Secretary General Perez de Cuellar in response to the Secretary General's recent telex to the President on IFAD replenishment. (This issue is explained in the President's memo). Speechwriters have cleared the proposed Presidential letter, as well as the Department of Treasury.

RECOMMENDATION

That you sign the memo to the President at Tab I.

Ms. Dobriansky and Messrs. Robinson, Merrin, Wettering and

Attachments

TAB I Memo to the President

TAB A Letter to Perez de Cuellar

TAB B Telex from Perez de Cuellar

TAB II State cover memo forwarding draft letter

84 SEP 11 A8: 00

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PMS H.E. RONALD W. REAGAN

PRESIDENT OF THE UNITED STATES OF AMERICA

WHITE HOUSE

WASHINGTON, D.C.

CCY535-09 MR. PRESIDENT.

IN DECEMBER 1983 I WROTE TO THE HEADS OF
GOVERNMENT OF A NUMBER OF MEMBERS OF THE INTERNATIONAL
FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) AS WELL AS TO
SECRETARY OF STATE GEORGE SHULTZ, ABOUT MY STRONG
INTEREST IN THE NEGOTIATIONS UNDERWAY TO PROVIDE
ADDITIONAL RESOURCES TO THAT IMPORTANT INSTITUTION.
IN MY LETTER TO SECRETARY SHULTZ, I RECALLED THAT THE
UNITED STATES HAD PLAYED A MAJOR ROLE IN THE WORLD FOOD
CONFERENCE IN 1974 AND, SUBSEQUENTLY, IN THE ESTABLISHMENT OF
IFAD AS A NEW AND UNIQUE INSTRUMENT OF NORTH-SOUTH COOPERATION .
IN HIS REPLY, SECRETARY SHULTZ CONFIRMED THE CONTINUING
SUPPORT OF THE UNITED STATES GOVERNMENT FOR INTERNATIONAL

EFFORTS TO ASSIST AGRICULTURAL DEVELOPMENT.

THE URGENT NEED TO CONTINUE THE FIGHT AGAINST HUNGER
AND POVERTY HAS NOT DIMINISHED. THIS HAS BEEN RECOGNIZED
IN MANY FORA IN THE PAST YEAR, MOT RECENTLY AT THE TENTH
MINISTERIAL SESSIONOF THE WORLD FOOD COUNCIL IN ADDIS
ABABA. I HAVE EXPRESSED ON SEVERAL OCCASIONS MY DEEP
CONCERN ABOUT THE INCREASINGLY GRAVE ECONOMIC PROBLEMS
BEING FACED BY AFRICAN COUNTRIES, PARTICULARLY THEIR
CRITICAL FOOD SITUATION. I STRONGLY FEEL THAT THE BEST MEANS
OF DEALING WITH THESE PROBLEMS IS NOT THE ESTABLISHMENT
OF NEW INSTITUTIONS AND FUNDING MECHANISM BUT RATHER THE
REINFORCEMENT OF EXISTING ORGANIZATIONS SUCH AS IFAD.

IFAD REMAINS IN A PRECARIOUS FINANCIAL STATE DESPITE BROAD RECOGNITION OF ITS EFFECTIVENESS IN INCREASING

FOOD PRODUCTION AND ALLEVIATING RURAL POVERTY. THE LEVEL OF ITS COMMITMENTS HAS HAD TO BE REDUCED FOR THE LAST TWO YEARS DUE TO INADEQUATE RESOURCES. AT THE MOMENT, THERE IS NO ASSURANCE THAT RESOURCES WILL BE AVAILABLE FOR PROGRAMMES IN 1985.

I AM PLEASED TO SEE THAT OECD AND OPEC COUNTRIES
PARTICIPATING IN THE NEGOTIATIONS FOR THE SECOND
REPLENISHMENT OF IFAD UNANIMOUSLY RECOGNIZE THE NEED TO
PROVIDE NEW RESOURCES PROMPTLY. HOWEVER, I SHARE THE
DEEP CONCERN OF THE PRESIDENT OF IFAD, ABDELMUHSIN AL-SUDEARY,
ABOUT THE DELAY IN RESOLVING THE QUESTION OF BURDEN-SHARING
BEWEEN CATEGORIES OF MEMBERS AND IN REACHING DECISIONS

ON THE CONTRIBUTIONS OF EACH PARTICIPATING MEMBER.

I UNDERSTAND THAT CERTAIN GOVERNMENTS ARE TAKING
INITIATIVES TO PUT FORWARD PROPOSALS AIMED AT RECONCILING
EXISTING DIFFERENCES. AS THE LARGEST INDIVIDUAL
CONTRIBUTOR TO IFADS RESOURCES, I SHOULD BE MOST
APPRECIATIVE IF THE UNITED STATES COULD GIVEN CAREFUL
CONSIDERATION TO SUCH INITIATIVES. I AM MAKING SIMILAR
REQUESTS TO HEADS OF GOVERNMENTS OF OTHER OECD AND OPEC
MEMBERS OF IFAD. I AM CONFIDENT THAT, GIVEN THE
STRONG INTEREST OF ALL PARTICIPANTS IN THE CONTINUITY
OF IFAD, SOLUTIONS CAN BE FOUND, BASED ON A MUTUAL
UNDERSTANDING BY MEMBERS OF BOTH OECD AND OPEC OF EACH
OTHERS CONCERNS, WHICH WILL PERMIT THE SUCCESSFUL CONCLUSION
OF NEGOTIATIONS FOR THE SECOND REPLENISHMENT OF IFAD

AND ENABLE IT TO EFFECTIVELY MEET ITS RESOURCE NEEDS.

ACCEPT, MR. PRESIDENT, THE ASSURANCES OF MY HIGHEST CONSIDERATION,

JAVIER PEREZ DE CUELLAR

SECRETARY-GENERAL

UNITED NATIONS

NEWYORK

COL CKD D BROWN/PAC S-2955

:09110321

NATIONAL SECURITY COUNCIL

ID 8407014

REFERRAL

DATE: 22 OCT 84

MEMORANDUM FOR: STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: DE CUELLAR, JAVIER P

SOURCE: PRESIDENT

DATE: 18 OCT 84

KEYWORDS: FOOD

AFRICA

OECD

OPEC

SUBJ: PRES LTR TO SYG OF THE UN RE THE INTL FUND FOR AGRICULTURAL DEVELOPMEN

REQUIRED ACTION: FOR DISPATCH

DUEDATE:

COMMENTS:

FOR ROBERT M. KIMMITT

EXECUTIVE SECRETARY

National Security Council The White House

System # 7014

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Wilma Hall					
Bud McFarlane					
Bob Kimmitt					
NSC Secretariat	2				
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cc: VP Meese Ba	ker Deaver Ot	her			
COMMENTS	Should be seen by:				
	(Date/Time)				

National Security Council The White House System # Package # 7014 SEQUENCE TO HAS SEEN DISPOSITION

	SEQUENCE TO	HAS SEEN	DISPUSITION
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Bob Kimmitt	-		
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I = Information		A #Action		R = Retain	D = Dispatch	N = No further Action
cc:	VP	Meese	Baker	Deaver	Other	

COMMENTS Should be seen by: _____

(Date/Time)

ID 8407014

RECEIVED 19 SEP 84 16

TO PRESIDENT

FROM DE CUELLAR, JAVIER P DOCDATE 11 SEP 84

HILL, C

10 OCT 84

LEVINE

12 OCT 84

KEYWORDS: FOOD

AFRICA

OECD

OPEC

UN

HS

SUBJECT: MSG TO PRES FM SYG OF THE UN RE ADDL RESOURCES TO THE INTL FUND FOR

AGRICULTURAL DEVELOPMENT

ACTION: PREPARE MEMO FOR MCFARLANE DUE: 19 OCT 84 STATUS X FILES WH

FOR ACTION

FOR CONCURRENCE

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RECEIVED 19 SEP 84 16

TO

PRESIDENT

FROM DE CUELLAR, JAVIER P DOCDATE 11 SEP 84

KEYWORDS: FOOD

AFRICA

OECD

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HS

SUBJECT: MSG TO PRES FM SYG OF THE UN RE ADDL RESOURCES TO THE INTL FUND FOR

AGRICULTURAL DEVELOPMENT

ACTION: PREPARE MEMO FOR MCFARLANE DUE: 21 SEP 84 STATUS S FILES WH

FOR ACTION

FOR CONCURRENCE

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LEVINE

DOBRIANSKY

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ACTION REQUIRED

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THE WHITE HOUSE WASHINGTON WS

Dear Mr. Chairman:

Thank you for your letter of July 25 on behalf of the Organization of African Unity (OAU).

The United States shares the concern of the OAU about food security in Africa. The U.S. commitment is evidenced by its contribution of 800 million dollars of agricultural development assistance and 181 million dollars of food aid to Africa in Fiscal Year 1984. Likewise, we share OAU's enthusiasm for the efforts of the International Fund for Agricultural Development.

The United States contributed 200 million dollars to IFAD's initial funding and pledged another 180 million dollars toward IFAD's first replenishment. We have made available 90 million dollars of that pledge as of today, and we remain committed to its fulfillment.

IFAD is the only UN agency financed by OECD and OPEC countries on an approximately equal basis, with decision-making shared co-equally among its three categories of members. Consequently, we are committed to the view that OPEC-OECD burdensharing is not merely a formula for marshalling resources but is the essence of IFAD.

As to the second replenishment, the United States announced in February 1984 that we are prepared to make a contribution of up to 150 million dollars to be paid over the three-year replenishment period, predicated on burden-sharing and other essential conditions. The United States was the first to announce a prospective pledge.

Mengistu Daile-Mariam

24495955

We desire successful completion of negotiations on IFAD's second replenishment as soon as possible in order to assure funds for IFAD's lending program in 1985. We are hopeful that other donors will be in a position to discuss their prospective contributions at the next session of negotiations.

We appreciate the interest of the Organization of African Unity in this important issue.

Sincerely,

Ronald Ragon

His Excellency
Mengistu Haile-Mariam, Chairman
The Organization of African Unity (OAU)
Addis Ababa