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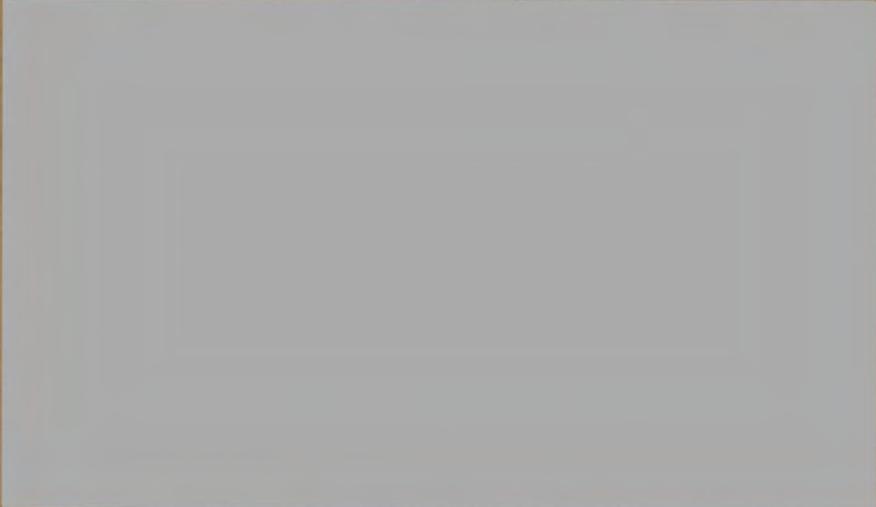
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Research Projects - General 1975 / 1977 Correspondence - Volume 2

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AUGUST 31, 1975

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Vol. III

RECORDS MANAGEMENT SECTION

Research Gen

Research Committee Members

August 27, 1975

D. C. Rao, VPD

Research Program: "Abstracts"

I attach herewith a final draft of the annual booklet - "World Bank Research Program: Abstracts of Current Studies" for your information. It is now being processed for publication in December 1975. As in last year's version, there is a Country Index showing the research projects in each country. This year, we will add a Numerical Index to help those who identify research projects by their RPO numbers.

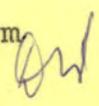
Attachment

Distribution

H. B. Chenery, B. Balassa, B. de Vries, H. Hughes,
A. Karaosmanoglu, B. B. King, E. Lerdau, H. Schulmann,
W. Thalwitz, H. van der Tak, H. Vergin, J. Waelbroeck
M. Yudelman

cc: O. Grimes) with attachments
M. Hazzah)

DCRao:gm



Research son

Mrs. M. de Tchihatchef, I&PA

August 27, 1975

D. C. Rao, VPD

Research Program: "Abstracts"

second full

I attach a final draft of the booklet "World Bank Research Program: Abstracts of Current Studies". In the attachment you will find

- (i) Table of Contents
- (ii) List of Abstracts of Current Studies
- (iii) The Abstracts, in the order listed in (ii)
- (iv) Country Index
- (v) Numerical Index

The missing elements are the Foreword (use same as last year) and the Introduction which will follow shortly.

The format of the Abstracts is the same as last year's. Please note, however, that we would like to give greater prominence to the RPO number and would like to see your suggestions on that.

The individual Abstracts have been cleared by those responsible for the research projects.

Please process this for publication. Your editorial improvements would, of course, be most welcome.

Attachments

cc: Messrs. D. Bahl, B. B. King, O. Grimes, R. Weaving

DCRao:gm

gm

OFFICE MEMORANDUM *AGRICULTURE*
CC: RESEARCH - GEN

TO: Files

DATE: August 21, 1975

FROM: Gilbert Brown, PRD *GB*

SUBJECT: The Role of Prices in Food Grain Production

1975 AUG 26 PM 9:45
TRAVEL OFFICE

RECEIVED

1. On Friday, August 15, Mr. Burki and I discussed this subject with Jack Duloy and Montek Ahluwalia of the DRC, Donald Keesing of the Public Finance Division, and Martin Wolf of the South Asia Department. We discussed the handling of this issue both in the paper being written for Mr. McNamara on food production and as a topic for long-run major research under the External Research Program. The interest of the members of each unit of the Bank differed. For the DRC, the question was whether this was an area in which to launch a very major research activity involving a large number of man-years over a period of several years. Mr. Wolf suggested that the priority aspect of the problem in India was to consider the consequences of (and how to improve or modify) India's present foodgrain procurement system, given the existing structure of production. Mr. Keesing was talking in terms of research on food policies toward consumers, and wanted to see a survey for a large number of countries to find out what kind of foodgrain pricing policies and subsidies existed. Mr. Burki and myself were oriented both toward getting an input on the significance of pricing into the foodgrain production paper for Mr. McNamara and toward plans for follow-on longer-run research.

2. The outcome of the meeting seemed to be that perhaps Mr. Keesing and myself would initially draft a piece for the October draft of the Foodgrain Paper, outlining the importance of the issue and the questions on which further research is needed. Mr. Duloy and Mr. Ahluwalia expressed their interest in reading such a paper, and Mr. Duloy suggested that DRC might use the CHAC model to run the Mexican data and provide estimates of the impact of price changes upon production, consumption, fiscal policy, savings, etc. for this paper.

3. As for the survey of food subsidy and pricing policies, Mr. Ahluwalia said he had discussed with Mr. Chernick the creation of a questionnaire to be given to the country economists of perhaps two dozen or more countries. The economists would be asked to provide what data they could within several weeks, and to obtain the additional requested data on the next suitable economic or agricultural mission. It was agreed that we would try to draft such a questionnaire.

4. There was also some feeling that detailed country studies might be the most productive research method. Some of these might be done on a short-term basis by one or two people in the next six months. Also, we would search Bank reports and other sources of existing studies and use these both as an input into the Foodgrain Paper and as a basis for designing future research. The DRC will probably be involved in yet more detailed foodgrain studies in Zambia and in Pakistan, in which

large scale models will be used and a primary focus will be on pricing policies. The Zambian case study is apparently under way. The Pakistan study is still being designed. The foodgrain production and supply side would be studied in detail as part of the Indus Basin agricultural study for which the Bank is to be executing agency for the UNDP. The demand side would be studied in detail under an M.I.T. nutrition study program directed by Lance Taylor and sponsored jointly by the M.I.T. Nutrition and Economic Departments. These departments have a grant to study nutrition planning in Pakistan, and as part of this will do a detailed study of food and foodgrain demand.

Several other studies were mentioned that are already under way that also deal at least in part with these topics. The one which may be most similar to the paper for Mr. McNamara is being done at the Stanford University's Food Research Institute by Falcon and Timmer. We have some early draft output of that study dealing with rice and fertilizer prices in Asia in relation to yields, and will contact them about their current progress and output. The Brookings Study on Agricultural Production now under way should also be useful, as may the CHAC model on Mexico.

Mr. Hawkins of the East Asia Dept. will work on the foodgrain paper, and has expressed a strong interest in the importance of the pricing policy problems. Mr. Gene Rees of the Bank's resident staff in Bangkok will shortly be returning to Washington to the East Asia Projects Department, and will also work on this problem.

Mr. Wolf was hesitant to plan for a large formal model study of pricing policy questions in India at this time. Rather he proposed to give top priority to study of foodgrain procurement and pricing problems in the immediate future, while pulling together existing knowledge on the impact of foodgrain prices on other aspects of the Indian economy. He suggested the possibility of having a study carried out by Indian research institutions under contract with the Bank.

Clearance and cc: Messrs. Duloy, Wolf, Keesing, Burki

cc: Messrs. Haq, Chernick, Bharier, Ahluwalia and Hawkins
PRD Staff

GBrown/mm

RESEARCH - C.F.W.
(PUBLIC ENTERPRISE MANAGEMENT)
PROPOSAL BY DR. SEN
August 22, 1975

Mr. Harold Pilvin

M. van der Mel

Dr. Sen's Proposal for Research on
Public Enterprise Management

1. This is to remind you about the meeting, to be chaired by Mr. Westphal, on Monday afternoon, August 25 on the above subject. Unfortunately, I am unable to attend. I believe it is important that you, or someone else, represent the Region at this meeting because of the importance of the subject. I am attaching a copy of the documents, including those of March.
2. As I understand from Mr. Papageorgiou, the research proposal as presented is almost entirely that of Dr. Sen and there probably is substantial scope for incorporation of suggestions and modifications.
3. At this point I have three broad comments. First, the project seems to me very ambitious in the sense that it tries to examine simultaneously and to compare the problems of public enterprise management in four different settings, namely of less-developed countries, socialist countries, developed market-economy countries, and multi-national firms. I wonder whether it would not be better, as an initial step, to limit the study to a few selected developing and socialist countries. More knowledge on public sector enterprises in these countries would seem to be the top priority from the point of view of the Regions.
4. Second, I like in the outline the proposed coverage of both more narrowly focused administrative and management issues and the much broader framework of general internal, and external, factors affecting the performance of public sector enterprises. Especially the latter raises the question, however, of how large a sample of enterprises in each country one should study to arrive at sufficiently representative conclusions. I would think offhand that the sample certainly would have to be larger than only the two industrial enterprises proposed as a minimum. If this is so, it would be another reason for not trying to cover too many countries and types of setting simultaneously.
5. Third, there is the obvious question of coordination of activities in each country. If we would like to include a country in South Asia in this study, this should be reviewed in the context of the proposed programs of country economic and sector work. The draft program for economic and sector work in India, prepared in the context of the forthcoming CPP, includes a much less ambitious proposal for study of public sector enterprises. It would be limited to studying them from the point of view of their contribution to exports and would be undertaken only some years from now.

6. Because the research proposal has originated with Dr. Sen, perhaps a plea could be made for a study of public sector enterprises in India with a broader focus, but this would have to be examined in terms of priorities and acceptability to the Government. The same considerations would apply to the other five countries in our Region which, because of the importance and numerous problems of the public enterprise sector, could all be candidates for incorporation in the study. To avoid duplication of effort, we should also be better informed about the studies on Bangladesh, India, Nepal and Sri Lanka, mentioned in the Appendix to the memorandum of March 7.

Attachments

cc: Messrs. Gilmartin
J. Hansen
M. Wolf
Westphal/Papageorgiou

MvanderMel
MvanderMel:kr

OFFICE MEMORANDUM

van der Mel

TO: See Distribution

DATE: August 7, 1975

FROM: Demetrios Papageorgiou, ECDND *DP*SUBJECT: Dr. S. R. Sen's Proposal on Public Enterprise Management

Dr. S. R. Sen's research proposal on Public Enterprise Management, outlined in a July 28, memorandum, will be discussed in a meeting to be held at 3:00 p.m., August 25, Room D-556.

If you will not attend this meeting, please call X2253.

DPapageorgiou:mm

cc and cleared with: Mr. R. Gulhati, ECDDR *me*Distribution:Chief Economists-

Mr. Hablutzel, Eastern Africa
Mr. de Azcarate, Western Africa
Mr. Hasan, East Asia & Pacific
Mr. Baneth, South Asia
Mr. Karaosmanoglu, EMENA
Mr. de Vries, LAC

Senior Economists-

Mr. Hansen, Eastern Africa
Mr. Maubouche, "
Mr. Maane, "
Mr. Schmedtje, Western Africa
Mr. Bottelier, "
Mr. Payson, "
Mr. Bachmann, "
Mr. Bussink, East Asia & Pacific
Mr. Cheetham, "
Mr. van der Mel, South Asia
Mr. Kavalsky, "
Mr. Pilvin, "
Mr. Chopra, EMENA
Mr. Maiss, "
Mr. Dubey, "
Mr. Vaidyanathan, EMENA
Mr. Pfeffermann, LAC
Mr. Ross, "
Mr. Greene, "

Others-

Mr. Gustafson, DFC
Mr. Hyde, DFC
Mr. Moore, NPD
Mr. Thadani, NPD
Mr. Raphaeli, IRD
Mr. Cacho, IRD
Mr. Westphal, ECDND
Mr. Keare, ECDRB
Mr. King, ECDPH
Mr. Leiserson, ECDEP
Mr. Yenal, ECDPF
Mr. Senf, ECDPH
ECDND Division Members

OFFICE MEMORANDUM

TO: See Distribution

DATE: July 28, 1975.

FROM: L.E. Westphal, Chief - ECDND *W*

SUBJECT: Proposal for a Comparative Study of
Public Enterprise Management

1. Dr. S.R. Sen, Executive Director, has suggested an outline for research to be undertaken by World Bank staff members (and consultants) on issues of Public Enterprise Management (outline attached). We would like to hold a meeting in the latter part of August to obtain your views regarding the priority that ought to be given to the proposed research, particularly in terms of its potential utility to Bank operations.

2. In consultation with Dr. Sen, we have expanded the attached research outline initially provided by him:

3. Narrative Description: In order to better understand issues of management related to public enterprises, it is proposed to conduct two parallel sets of case studies: first, a comparative analysis of selected public enterprises in several less developed, socialist, and developed countries; and, second, a comparative analysis of administrative and management structures between these public enterprises and a selected sample of multi-national firms. The case studies would be confined to the manufacturing sector and would include two industries, one continuous operation, process industry and one non-continuous, non-process industry. The research would focus on the administrative and management practices of large, public and private, bureaucratically structured manufacturing enterprises, and it would examine the process of decision making among the various levels of a particular enterprise's hierarchy and the "location" of different types of decisions within the hierarchy. A system analysis would be conducted with respect to each case to attempt to comprehend the effects of the external environment and the enterprise's administrative and management structure on the efficiency of its operations. It is expected that these case studies would shed new and valuable light on how public enterprises operating in different environments ought to be managed.

4. A minimal sample would include three less developed countries, two socialist countries and two developed, market economy countries, each of them represented by two public enterprises (one each for the process and non-process industries), plus two case studies of multinationals whose parent organizations reside in less developed countries and another two with headquarters in developed countries. This requires 18 case studies. The significance of the results in respect of the effects of the external (to the enterprise) environment would be strengthened greatly if additional public enterprises were added to the sample in each country. Likewise, the significance of the results in respect of the impact of the particular hierarchical structure upon the efficiency of plant operations would be strengthened if several plants were sampled for each public enterprise holding a parent company. To balance all of these concerns would doubtless lead to a sample of no fewer than 40 enterprises.

5. Performance evaluations would be a study, with attention being paid to micro-economic efficiency as well as macro-economic contributions to savings, employment, income distribution, etc. Suitably qualified economists would be able to conduct the performance evaluations. Economists, presumably consultants, with experience in analyzing multi-national firms would be required in case studies dealing with multi-nationals. Management experts, and again presumably consultants, would be required to describe and appraise each enterprise's administrative and managerial organization. A methodology of systems analysis, as well as approaches to measuring "the distance between decision making levels", would have to be worked out.

6. There is already a major on-going research project on Public Enterprises in Asia sponsored by the International Development Research Center (IDRC) of Canada, monitored by this Division. A memorandum on "Public Enterprise Issues in the Development of the Manufacturing Sector" dated March 7, 1975, which you received, summarizes what is known to us regarding that project. If you wish to get an additional copy of this memorandum, please call X2253.

D.Papageorgiou/L.E.Westphal:lh

cc & cleared with: Mr. R. Gulhati *me*

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ECDND Division Members

Comparative Study of Management of Selected

- (a) Public Sector Enterprises in different countries and
 - (b) enterprises under public sector and private sector conglomerates in same country
- I.
- (i) Continuous operation industry - Fertilizer or Steel
 - (ii) Discontinuous operation industry - Automobile or Engineering or Textile or Plantation or mining or transport or hotel.
- II.
- (i) Under-developed (public sector): India or Korea or Brazil or Mexico
 - (ii) Socialist (public sector): Yugoslavia or Romania or Tanzania or Hungary
 - (iii) Developed (public sector): Italy or France or Sweden or U.K. or Japan
 - (iv) Multi-national or Managing Agency (private sector conglomerate): ICI, or G.M. or Finlay or Andrew Yale or Tata in both developed and under-developed countries.
- III.
- (i) Emphasis on comparative study of different levels of decision making and management between public sector enterprises in II (i), (ii) & (iii) and between (i) and (iv) in the same country.
 - (a) Guidelines or directives from government
 - (b) Highest Corporate policy level
 - (c) Highest plant policy level
 - (d) Relation and distance between (a) & (b) and (c)
 - (e) Higher general management and functional management
 - (f) operational management at different levels
 - (g) Personnel and labor management
 - (h) Purchases and sales management
 - (ii) Identification of helpful and unhelpful factors at different levels:
 - (a) internal factors
 - (b) external factors
 - (iii) Elements of competition and monopoly and their effect on management efficiency

- (iv) Price and Return Policy
 - (a) market considerations
 - (b) non-market considerations
 - (v) Differentiation between economic and non-economic policy considerations
 - (vi) Criteria employed for judging and promoting efficiency at different levels
 - (vii) Lessons to be learnt
- IV. If necessary, the enterprises studied may not be named but designated as simply A, B, C etc.
- V. Enterprises which are considered good or above average in terms of productivity, return or general reputation should only be selected for the purpose of study. Enterprises with which Bank or IFC has been connected may be given priority.

/4/7/75

OFFICE MEMORANDUM

TO: See Distribution List

DATE: March 7, 1975

FROM: Larry E. Westphal, ECDND *lw*SUBJECT: Public Enterprise Issues in the Development
of the Manufacturing Sector

1. Issues regarding the establishment, operation, and evaluation of public enterprises (PEs) have become increasingly more important in the development of many LDCs. Several research projects, sponsored by international agencies other than the Bank, concerned with these issues are currently underway or in the stage of preparation. The attached appendix summarizes the content of those research projects for which information is available. The primary audience of these research projects are the LDCs themselves. The Economics of Industry Division intends to monitor these and other planned or on-going research projects on PEs for Bank-wide use.

2. We also intend to undertake desk-cum-library research on PE issues in the manufacturing sector and specifically related to the needs of the operational staff of the Bank. As we see them now, the principal PE issues can be grouped around the following headings:

- i) Objectives of PE: Issues concerning the purposes that PEs are intended to fulfill in the various economic environments of different LDCs;
- ii) Evaluation Methods: issues regarding criteria for evaluating the objectives and the performance of PEs in meeting their objectives;
- iii) Policy Issues: issues of particular importance in the context of Bank operations, identified in a framework which permits their analysis with some degree of rigor and precision.

3. Our work will consist of two steps. First, an issues paper will be written in an attempt to arrange systematically, under the headings above, the main PE issues within the Bank context. For example, issues such as the role of PEs in employment generation, regional and sectoral distribution and exploiting economies of scale would come under heading (i). On the other hand, issues regarding proper objectives, their measurement, and the evaluation of PE performance would come under heading (ii). Finally, policy issues concerning investment and industrial strategy as related to Bank operations would be covered under heading (iii).

4. Once the issues of greatest relevance to the Bank are identified, the second step will be a state of the art paper covering only these issues. The main purpose of this paper would be to develop a framework within which specific issues may be mapped to a set of precise and answerable questions.

This paper would essentially be a key to the vast literature on PEs that already exists, and which this Division has recently compiled in a bibliography.

5. Your assistance in the completion of the first part of this study is vital. A sampling of operational staff views on PE issues can best be achieved in a series of meeting between you (or your staff) and the staff of this Division. Could you please communicate to Mr. Papageorgiou (ext. 2253) the earliest time you or some of your staff would be available for a discussion to identify the most important PE issues as seen from your perspective. We will greatly appreciate your assistance in this, for we are anxious to move ahead as rapidly as possible.

LWestphal/DPapageorgiou:dvh

Distribution

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Mr. Dubey ✓
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Mr. Ross
Mr. Greene

APPENDIX

Summary of External Research on Public Enterprises

1. Performance of Public Enterprises (PE) in Asia

Partly financed by the Canadian International Development Research Centre (IDRC), this project covers eight Asian countries: Bangladesh, Sri Lanka, Thailand, Philippines, South Korea, India, Nepal, and Malaysia. Research proposals from the first five countries listed have been approved, and research is underway; projects in India, Nepal, and Malaysia are expected to be approved soon. Each country study will require approximately two years. The research is undertaken by local research institutions with the approval and cooperation of the Government. The Korean Development Institute (KDI) houses the "secretariat", with Dr. Sakong of KDI having been designated the regional Coordinator.

The study will cover PEs in Industry, Public Utilities, Trade and Commerce, Construction, and Finance (Banks, Insurance, etc.). Its purpose is to (i) describe the PE sector in a systematic manner, (ii) identify specific goals of PEs, (iii) establish criteria to measure the achievement of these goals, (iv) evaluate the performance of a sample of PEs in the light of established goals and criteria, and (v) make concrete policy recommendations for improving the performance of these PEs.

2. Public Enterprises in Latin America

This research project is sponsored by ECLA in cooperation with the U.N. Headquarters (Public Administration Division), ICAP, and ILPES; it should be completed sometime in the first half of 1976. The countries selected for research are: Ecuador, Peru, Argentina, and the Dominican Republic, or Costa Rica. The research outline includes the following elements: (i) study of the location of the sector; (ii) analysis of the production activity of the sector; (iii) analysis of the savings and investment process of PEs; (iv) integration of the sector with the planning processes; (v) communications, supervision, and organization; (vi) determination of objectives; (vii) evaluation; and (viii) share of the workers in running the public enterprises.

3. Research on Caribbean Public Enterprises

This project is still in the planning stage. A proposal has been submitted to the IDRC by Professor M.A. Odle, University of Guyana. We have no information on the substantive details of this project, but expect to receive them shortly.

4. Other Research on Public Enterprises

The Public Administration Division of the United Nations Headquarters, with the help of Dr. V.V. Ramanadham as a Consultant, is undertaking and monitoring research projects on public enterprises in various countries. Here too we expect to obtain shortly more details.

Research Gen

Mr. C.H. Walton

August 18, 1975

George F. Darnell *Darnell*

Project Monitoring - Proposal for the Research Committee

Reference your memorandum on the above subject, we have given careful thought to your proposals and would suggest that you reconsider submitting a proposal to the Research Committee. For one thing, based on our experience of submitting proposals to the Research Committee, we do not think that your draft proposal, as it stands, has much chance of being approved by the Committee: it lacks a good analytic framework, a procedure and the number of probable projects proposed for study is too large. Moreover, the livestock projects in your list will be monitored in part by ILCA. More importantly, however, we are convinced that this sort of work should be Bank-wide and carried out centrally, but with the participation of the Regions. In this connection, it is not necessarily true, as implied in paragraph 4 of your memorandum to Messrs. Yudelman and Willoughby, that a centrally directed study would inevitably involve delays.

It is evident that many people in the Regions are thinking about this problem - e.g. Ralph Wadsworth has appointed Paul Zuckerman to carry out project evaluation work in the Western Africa Region for 50% of his time - as are GPS and DPS. There is in fact an informal inter-departmental committee looking into the problems of evaluation of rural development projects (the Employment and Rural Development Division of the Development Economics Department and the Rural Development and Economics and Resources Divisions of our own Department), and the subject is in the work program of our Economics and Resources Division. The general feeling of the Committee, referred to above, is that a great deal of research is not in fact needed and what we should be trying to do is to devise and test as simple evaluation/monitoring systems as possible.

May I suggest that you get in touch with Ted Davis (acting for Leif Christoffersen), Dennis Anderson and Bill Cuddihy.

cc: Messrs. Hablutzel, Raizen, Bruce/Cuddihy, Christoffersen/Davis,
Leiserson/Anderson

CBruce:ssp

Transportation
✓ ca. Roadbank gen.

Mr. C. Carnemark

August 18, 1975

D. Bovet DM B

Feeder Roads: Survey of Upcoming Projects

1. This is to report the results of my efforts so far to become involved in feeder road projects currently under consideration in the various regions of the Bank. I have compiled these projects from the most recent Monthly Operational Summary, and selected the most promising ones with Brigitta Mitchell's help. My object is to learn what evaluation methods are currently being applied to feeder road projects, to obtain feedback on our proposed Guidelines, and to lend assistance with the economic analysis where possible.

Dahomey

2. Feeder road construction and improvement make up a \$4 million component of the Highways III project, currently in preparation. Some twenty road segments (totalling 736 km) have been identified by consultants, Lamarre Valois International (Montreal). I reviewed the consultants' report, and at the request of Messrs. Cosio and Byl of WA Highways Division, I am forwarding my comments in writing.

3. Basically, the study calculated only road user savings, and even these calculations were flawed by unclear presentation and highly subjective data. However, the study was performed as a sort of "extra" by Lamarre Valois for the Dahomey government, so thorough investigations could not be made.

4. At a meeting I attended with the consultants and the Regional Projects people, my comments were well received. I feel that the Projects Officer is quite willing to receive our input, although if we ask for detailed agricultural data they will want us to help them gather the information.

5. Action.- I hope to get the Projects people to agree to some systematic data gathering during either the Final Preparation Mission (this September) or the Appraisal Mission (February 1976).

Nepal

6. A 42 km feeder road connecting the district town of Tulsipur with the Mahendra Rajmarg (East-West Highway) is included in the Highways II project. This road, climbing through a mountainous range at a cost of \$120,000/km, would dramatically open up the populous and well-cultivated Dang Valley to the outside world. Access is presently possible only by trail or by air.

7. Economic and engineering studies were carried out in 1972 by consultants COMIMA (Italian). At that time, a rather thorough farm survey was conducted to obtain good agricultural data. Presently, consultants N. D. Lea & Associates (Vancouver) are just beginning a detailed engineering study of the road for the Nepal government. Phase I of this work is to include updating the agricultural data and revising the economic analysis.

8. I am in contact with the Projects Officer, Mr. Dickerson, who seems agreeable to CPS involvement, especially regarding ideas we may have for the revised farm survey and economic analysis.

9. Action. We will have the opportunity for input both when the consultants' economist visits Washington in October, and when a Bank mission visits Nepal in January to review consultants' Phase I effort.

Guyana

10. A feasibility study is currently underway by consultants ENECON (Brazilian) under the UNDP to identify and evaluate feeder road segments leading into the interior from the existing road along the coast.

11. Mr. Peter Morris (LAC Highways) provided extensive background documents including transport plans developed for Government by the Israel Institute of Transportation Planning and Research, and ENECON's proposal. Although agricultural benefits are to be included in the economic justification, the involvement of ENECON's agricultural economist is limited to two weeks. It is difficult to see how adequate data will be obtained.

12. Action. Mr. Morris is leaving shortly to review the inception report, which will include selection methodologies and preliminary findings. Further discussions should take place prior to Mr. Morris' departure.

Ecuador

13. Rural Development II and III Projects will include feeder roads. The III Project will involve an FAO/CP mission in mid-November.

14. Action. Contact Mr. van der Sluijs (LAC Projects), who will be back late this month.

Tanzania

15. The present Highways III Project includes funding of consultants to identify priority feeder road projects in two areas, Kilombero (undeveloped region) and Kilimanjaro (developed area). The report on the Kilimanjaro area has just been received from COWIconsult (Copenhagen). The Kilombero report, by Scandiaconsult (Stockholm) is due to arrive shortly.

16. The Projects Officer, Mr. Oluonye, seemed fairly helpful and provided a copy of the TOR for the feasibility studies.

17. Action. Contact Mr. Oluonye next week to obtain a copy of the Kilimanjaro report for review. Involvement may be possible.

Togo

18. The Highways III Project includes improvement of secondary rural roads, whose traffic is so light that they are similar to feeder roads. A feasibility report has just been received from consultants BCEEOM (Paris); preappraisal mission is scheduled for October and appraisal for January 1976.

19. The feasibility study used a traffic model of the form:

$$T_{ij} = k \left[\frac{P_i P_j}{c^{\alpha} d_{ij}^{\alpha}} \right]$$

where T_{ij} = tonnage moving between points i and j
 k = constant
 P_i, P_j = populations of towns connected
 c = transport cost savings per ton-km
 d_{ij} = length of road
 α = about .8 or .9

20. Although this method of arriving at user savings (and the ignoring of agricultural production benefits) seemed odd to me, I had a little difficulty in making useful headway with Mr. Ostenc of the WA Highways Division.

21. Action. Further discussion with Mr. Ostenc necessary, but not clear whether this will lead to constructive involvement.

Ghana

22. A second rural roads project is in the identification stage. Depending on Government and consultants who are presently providing technical assistance, this project may include some secondary road construction, hopefully tied in to agricultural projects.

23. Mr. Bob Mulligan (EMENA Highways) advised not to hold our breath on this, as situation is still undefined.

24. Action. Nothing further at this time.

Iran

25. Mr. Mulligan advised that a feeder road project started in 1965 is now being audited. A mission will be formed by Operations Evaluation later this year.

26. Action. Contact Mr. Krogh-Poulsen (EMENA Projects) to determine whether this Operations Evaluation study would interest us.

Upper Volta

27. As part of the Highways II Project just approved, consultants are to evaluate the impact of recent IDA-financed rural roads in the area. The outline terms of reference for this study contained in the Appraisal Report (738a-UV), are quite interesting. However, since the project is being handled through RMA, it is difficult to find anyone here who is very familiar with it. In any case, the consultants' study will not begin until 1977 (budgeted at \$200,000).

28. Action. Nothing further at this time.

EDovet:im

Kesach gen

~~CONFIDENTIAL~~

per see 1.

August 14, 1975

Mr. Cengiz Yucel
World Bank Resident Staff
Jalan Wahid Hasyim 100
P.O.Box 324/JKT
Jakarta

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WBG ARCHIVES

INDONESIA

Dear Cengiz,

"Cost Characteristics of Urban Transport
Modes in Developing Countries"

I was allowed to see the March 27 version of your paper and I would like to suggest that it still, in my opinion, has a few major things and many minor things that need correction.

Regarding the major things, figure 5.3 on page 46, and table C.1 of Annex C both show the costs of transport by bus to be a small fraction of cost by Jitney (incidentally, the figures at the bottom of figure 5.3 need explaining). This difference, which shows the Jitney being about five times as expensive as the bus, conflicts with experience and with commonsense. For example, in Manila, the Jitneys are more than holding their own against the buses, with both modes charging roughly the same fare.

The second major point relates to your conclusion that it is more costly to operate buses on reserved lanes than in mixed traffic. If I am not mistaken, this is due to the fact that, on a reserved busway, all the costs are debited to the buses, even if they use only a fraction of the capacity.

Regarding minor matters, there are still a number of spelling and other errors that require careful editing. I was sorry to see that, despite my earlier comments, you still reproduce on page 18 the table from "Bus Use of Highways" which contains gross errors, and even gets wrong the number of seconds in the hour. I have not had time to go through the draft properly, but attach it complete with quick marginal notes.

... / .

August 14, 1975

I was sorry to see that you continue to ignore the paper by Edward Smith and refer (on page 31) to the silly paper by Miller et al., which purports to show that it is cheaper to use trains than buses when passenger volumes exceed 2,000 an hour (not 5,000 an hour).

In connection with Edward Smith, you may recall that you met him in London, and then discussed his work with Quaraby who was not enthusiastic about it. You did say however that Smith did answer all your questions. I hear that, following remarks by Quaraby at a meeting of one of the engineering institutions, Smith brought an action for libel against Quaraby. Quaraby lost, and agreed to circulate a written apology to members of that institute. This he is now doing, after being appointed to the Board of the London Transport Executive !

I hope that all is well with you and your family, and that you are settling down in your new surroundings. I would like to spend some more time on your paper, and even offered to edit it, but I am away on home leave and just do not have the time. I hope it will appear soon after you have a chance to spend more time on it.

With best wishes.

Yours sincerely,

G. J. Roth
Urban Division II
Transportation and Urban Projects
Department

cc.: Mrs. Mitchell
Mr. Harral

GJRoth:mh

Research

August 12, 1975.

Mr. D.J.Hudson
Statistical Adviser
Central Statistics Office
Private Bag 0024
Gaborone, Botswana

Dear Mr. Hudson:

Your letter No.CSO.11/7/1 dated July 29, 1975 concerning cost overrun on the [Rural Income Distribution Survey in Botswana], addressed to Mr. Timothy King, reached us today. However, Mr. King is away on home-leave and will return on September 2. Your letter will be brought to his attention on his return and you may expect to receive a reply to your letter from him then.

Sincerely yours,

K.C.Zachariah
Actg. Chief
Population and Human Resources Division
Development Economics Department

Sterile Disposal Plant Limited



Faverdale North, Faverdale Industrial Estate, Darlington, Co. Durham, England DL3 0PH Telephone Darlington (0325) 61241-5

Telex 58188

11 August 1975

Robert S. McNamara, Esq.,
International Bank for Reconstruction & Development,
1818 H Street, N. W.,
Washington, D. C. 20433.
U. S. A.

Dear Sir,

We have been asked to write direct to you (by the American Embassy) concerning an application for financial assistance to carry-out further Research and Development in the field of Fluidised-Bed Combustion.

Our company has developed over several years, in conjunction with Davy-Powergas Ltd., London, a completely unique type of Fluidised-Bed Furnace. A brochure is enclosed shewing briefly the process. As you will see, a fluid-bed is caused to circulate (or rotate) by airflow only. The effect of this is to increase the heat transfer in the bed enormously.

Because of the rotary action the furnace is now capable of being utilised as an incinerator for the burning of municipal refuse and sewage; a Thermal Destructor for destroying toxic chemicals and trade wastes; a Furnace for the combustion of all types of coal and colliery wastes - both wet and dry have been successfully demonstrated.

You will appreciate that a great deal of money has been expended to date and one plant has been operated commercially over a period of one year before being sold to a chemical company for Thermal Destruction of chemicals.

Because of the comparatively low capital cost of these units and the extremely high combustion and thermal efficiency, the maximum benefit to any country lies in the application of the technology to the production of power. Discussions are currently taking place with multi-national companies (some American) with a view to the installation of units for power production from municipal wastes.

If there is any way in which further capital can be provided by your organisation we shall be pleased to have some information.

Any help you may offer for the exploitation in the U. S. A. will also be greatly appreciated.

Patents have been granted in the U. S. A., U. S. S. R., W. Germany, Italy, etc., and Licences have been negotiated with Japanese Companies and Scandinavian Companies (the latter being mainly interested in District Heating from wastes and low-grade fuels, lignite, etc..)

Yours faithfully,
STERILE DISPOSAL PLANT LTD.

C. C. Chambers

C. C. Chambers
Company Registration No. 993461 England Registered Office Faverdale North, Faverdale Industrial Estate, Darlington DL3 0PH

Original to: *Mr. V. de Tak*
Date: *Aug 15 1975*
Communications Section

THE FORD FOUNDATION

320 EAST 43RD STREET
NEW YORK, NEW YORK 10017

INTERNATIONAL DIVISION
EUROPEAN AND INTERNATIONAL AFFAIRS

August 8, 1975

Mr. Ernest Stern, Director
Development Policy
World Bank, Room E-1243
1818 H Street, N.W.
Washington, D. C. 20431

Dear Mr. Stern:

The International Center for Research and Bilingualism at the University of Laval, Quebec, Canada, has recently submitted to us a project for an Atlas of cultural and technical resources of the French-speaking countries. The Ford Foundation has presently no program under which such a project could be funded, but we think that the idea of an Atlas is a good one.

Proposal need see documents

During discussions with the specialists from the University of Laval, it came to mind that the World Bank might have an interest in the cartographical presentation of basic data of French-speaking countries around the world. I would appreciate your letting us know whether the Bank might be interested in such a project. I could imagine that Wouter Timm's department or Ravi Gulhati's department might see a usefulness in something of this type, especially through their respective divisions (Economic and Social Data and Population and Human Resources). Another possible point of interest might, of course, be in the Central Project Staff. The Education Department and the Population and Nutrition Projects come to mind first.

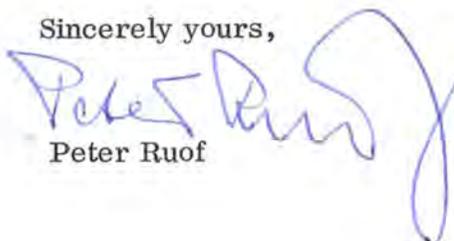
Should you wish to contact the University of Laval directly on this matter, then please write to the Director of the International Center for Research and Bilingualism, Professor Jean-Guy Savard.

On another matter, I should like to inform you that the Ford Foundation will have a third round of its international economic order competition. Some of the staff of Development Policy have been interested in this competition and indeed one of our winners (Takayama, University of Illinois) is also funded by you. I am attaching two copies of our IEO announcement and I wonder whether you could circulate the announcement to interested colleagues.

m/alt

With many thanks,

Sincerely yours,


Peter Ruof

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ATLAS OF THE CULTURAL AND TECHNICAL RESOURCES OF THE
FRENCH-SPEAKING COUNTRIES

FEASIBILITY STUDY

REPORT

Prepared by a study group from Québec and submitted to
the International Committee of French-Speaking Historians
and Geographers by the Québec section of the Committee

Québec, September 1974

STUDY GROUP

Pierre Barabé
Henri Dorion
Fernand Grenier
Jean Raveneau
André-Louis Sanguin
Jean-Guy Savard
Yves Tessier
Louis Trotier

DIRECTORS OF THE PRELIMINARY PLAN

Henri Dorion
Jean Raveneau
Louis Trotier

RESEARCHER

Pierre Barabé

CONTENTS OF THE REPORT

1. Aims
2. List of map subjects
3. Technical aspects
4. Production plan.

I. AIMS

Several French-speaking countries either have national atlases or other similar documents (such as resource survey maps, atlases of development plans, etc.), or else are covered by regional atlases. There is no atlas, however, which brings together statistics for the French-speaking world as a whole. This is because large areas have not yet been subjected to systematic cartographic work and because the facts as presented by parallel sources (both statistical as well as cartographic) are by no means always compatible or comparable. Therefore, the production of an atlas of French-speaking countries is a project able to fill information gaps of both a general and a specific nature.

What is needed is not so much an "Atlas of the French-Speaking Countries", meaning a collection of maps of the kind found in national atlases. The need is rather of an integrated atlas, one that not only presents data based upon individual nations and even their subdivisions, but which also--and especially--illustrates the overall characteristics of the French-speaking world and its regional variations.

The proposed title, "Atlas of the Cultural and Technical Resources of the French-Speaking Countries", reflects the basic intention of the promoters of the project: to produce a new and useful work, one which will be a documentation in map form of the cultural and technical resources of the French-speaking countries of the world. In other words, the atlas should be a tool serving individuals and organizations involved in the development of the French-speaking community of the world, and in the international cooperation within that community, in the areas of technology, politics, education and research.

In order to fulfill this purpose, three types of data will be collected:

1. Population data, with the view that the people and their characteristics are a resource (hence the need to include statistics on literacy, higher education, etc.);
2. Linguistic data, keeping in mind that the French language is a vehicle for transmitting knowledge and technology (hence the need for details about the press, radio, film, etc.), as well as a means of international communication (requiring, for example, data on the status of French as a world language);
3. Data on the infrastructure of education, research and documentation.

The common element, therefore, which unites these kinds of data is what they reveal about the resources available; it is this resource aspect which should give the atlas its principal character.

II. LIST OF MAP SUBJECTS

In this section we are providing a list of those subjects which, after confirmation of the available sources, appeared suitable for meaningful representation in map form. This list is not a restricted one, and many more subjects could be envisaged; it is probable, furthermore, that other subjects will become evident during the realization of the project, should it be undertaken.

The subjects presented are those which were selected from a longer list by means of a "feasibility test", consisting of checking the existence of documentary sources, their accessibility, their reliability (by comparing parallel sources and through direct confirmation) and the suitability of the information for representation in map form. This test led to the selection of about thirty subjects, which could result in about forty maps.

These maps appear feasible to us, although the degree of precision and of reliability would vary. Cartographic techniques allow a certain amount of "tolerance" in the degree of precision of the data represented, by means of classes, the grouping of data, and appropriate symbols. Despite the flexibility of the cartographic approach in this regard, there will necessarily be a variability in the degree of scientific satisfaction that can be derived from these maps. Certain subjects (7,10,11), therefore, could only be represented in an approximative and indicative fashion. Other maps will present data that is necessarily incomplete (15,16,21). Such limitations, however, will not detract from the importance of the proposed maps, for with certain exceptions they will involve an undeniable element of originality.

Finally, we should note that the list of map subjects is indicative only, since the subjects selected could later prove difficult to represent on maps, due to a deficiency or

an incompatibility of information discovered during the documentary research. The feasibility study obviously could not evaluate each and every source which might harbour the facts needed for a cartographic representation of the chosen topics. Nevertheless, we thought it would be useful to indicate sources which seemed exploitable. To keep this report short, we have not included the full bibliography; under each subject, the mention of a source means simply that the essential data is found there and that a representation in map form is, therefore, possible.

On the whole, we believe that the selected subjects are amenable to a new and relevant form of documentation, consisting of maps, diagrams, tables and a text; the undertaking of an Atlas of the Cultural and Technical Resources of the French-Speaking Countries is, therefore, quite feasible.

1. DISTRIBUTION OF SPEAKERS OF FRENCH

Scale: The world

- numbers of speakers of French (mother tongue, second language)
- percentage of speakers of French, by country

SOURCE: International Centre for Research in Bilingualism (I.C.R.B.)

2. DISTRIBUTION OF SPEAKERS OF FRENCH

More detailed maps: Canada, France, Belgium, Switzerland

- numbers of speakers of French (mother tongue, second language)
- percentage of speakers of French, by region

SOURCE: censuses; existing maps.

3. DEGREE OF EDUCATION

Scale: French-speaking countries

- literacy
- education at the primary, secondary and university levels

SOURCE: U.N.E.S.C.O.

4. LEGAL STATUS OF THE FRENCH LANGUAGE

Scale: the world

- official and national languages
- relative importance
- status at the national and lower levels
- excerpts from constitutional texts.

5. INTERNATIONAL ORGANIZATIONS WITH FRENCH AS THEIR OFFICIAL LANGUAGE

Scale: the world

- symbols showing location of head office
- indication of other official languages

6. REGIONAL VARIATIONS OF FRENCH: MAP SHOWING THE REGIONS SURVEYED

Scale: French-speaking regions

- linguistic atlases
- surveys and records

SOURCE: -Sever Pop.
-I.C.R.B. Bibliography
-Archives of Languages

7. REGIONAL VARIATIONS OF FRENCH: MAP SHOWING THE APPROXIMATE LOCATION OF FRENCH DIALECTS AND OF NEIGHBOURING LANGUAGES

Scale: French-speaking countries

Approximate locations without an attempt at precise boundaries.

8. UNIVERSITIES OF THE WORLD WITH LANGUAGE OF INSTRUCTION ENTIRELY OR PARTIALLY FRENCH

Scale: French-speaking countries

A sketch of this map has been made; it indicates the number of students, the founding dates and the nature of the language of instruction (entirely or partially French)

9. UNIVERSITY FRENCH DEPARTMENTS

Scale: the world

Source: A.U.P.E.L.F. (Association des universités entièrement ou partiellement de langue française): Fédération des départements d'études françaises.

10. FRENCH-SPEAKING STUDENTS ABROAD

Scale: the world

-education at the university level: number of French-speaking students of a given country registered in other countries about 1968.

SOURCE: U.N.E.S.C.O., 1972

11. FOREIGN STUDENTS IN FRENCH-SPEAKING COUNTRIES

Scale: French-speaking countries

-education at the university level: number of students registered, according to country of origin and field of study.

SOURCE: U.N.E.S.C.O., 1972

12. FRENCH HIGH SCHOOLS, INSTITUTES, CULTURAL CENTRES AND L'ALLIANCE FRANCAISE OUTSIDE THE FRENCH-SPEAKING COUNTRIES

Scale: the world

- number of students registered

(base map: percentage of French speakers in the country; the number of French speakers in the consulates could also be indicated)

SOURCE: Ministère des Affaires Etrangères,
Paris, 1972.

13. RESEARCH AND DOCUMENTATION CENTRES: FRENCH- SPEAKING COUNTRIES

Scale: French-speaking countries

- location, without quantitative information
- founding date
- kinds of centres and their functions
- libraries (number of titles)

SOURCE: World of Learning, 1973-74

Répertoire des bibliothèques et organismes
de documentation, Paris, 1971.

14. RESEARCH AND DOCUMENTATION CENTRES: BELGIUM, CANADA, FRANCE, SWITZERLAND

Scale: regional maps

- Same data as the foregoing, plus the following:
- identification of the principal language of each centre
- quantitative data

15. MUSEUMS

Scale: French-speaking countries

- national museums, other public museums, private museums
- kinds of museums (cultural, scientific, historical)

SOURCE: U.N.E.S.C.O., 1972

World of Learning

16. LIBRARIES

Scale: French-speaking countries

- libraries classified in categories (national, university, educational, specialized, public) and their collections (number of libraries, number of titles, shelf space used for the collections).

16. LIBRARIES (cont'd.)

- national libraries, university libraries, and public libraries (latest available statistics): number of libraries, of collections, of yearly acquisitions, of registered borrowers, of books lent to borrowers, expenses, and number of employees.

SOURCE: U.N.E.S.C.O., 1972.

Main subjects

Languages used in the collections

Founding year

SOURCE: International Library Directory, 1970

17. INTERNATIONAL FRENCH-SPEAKING ASSOCIATIONS:
CULTURAL AND TECHNICAL AGREEMENTS

Scale: French-speaking countries of the world

- types of agreements (cultural, scientific, technical)
- dates

Reference to a list of associations: file card for each one, with a description.

SOURCE: Yearbook of International Organizations
(1972-73)

18. PUBLICATION OF FRENCH BOOKS

Scale: the world

- number of French titles by country
- translations into French published in 1968-70, grouped according to the source language
- the relative importance of French as the source language for translations, by country

SOURCE: U.N.E.S.C.O., 1972.

19. UNIVERSITY PERIODICALS PUBLISHED IN FRENCH

Scale: French-speaking countries

- place of publication, frequency of publication, date of first publication, distribution

SOURCE: A.U.P.E.L.F.

20. FRENCH LANGUAGE DAILY NEWSPAPERS OF THE WORLD

Scale: French-speaking countries

- map presently being prepared: founding dates, total circulation and language of the daily newspapers (entirely or partially French)

21. FILM PRODUCTION

Scale: French-speaking countries

- production of full-length movies (original in French)
- production of short films and documentaries
- cinemas: permanent establishments, mobile units, yearly attendance (?)

SOURCE: U.N.E.S.C.O., 1972; national sources

22. RADIO AND TELEVISION BROADCASTING

Scale: French-speaking countries and/or the world

- overall power of transmission; areas covered
- national radio broadcasts, classified according to the main types of programs: total number of hours and the division of time in percentages.
- number of transmitters and relay stations
- number of receivers

SOURCE: U.N.E.S.C.O., 1972

- languages used (number of hours)- local service
- international broadcasts (place, number of broadcast hours, language of broadcast)

SOURCE: World Radio TV Handbook, 1965

23. INTERNATIONAL CONFERENCES AND THE FRENCH LANGUAGE

Scale: the world

- location of conferences, their type (discipline or subject), percentage of papers given in French, date

- period covered: 10 years

SOURCE: an I.C.R.B. project

24. NATIONAL CENSUSES

Scale: French-speaking countries

- type and frequency of the censuses in each country
- linguistic and ethnic data (classification of the different types of collected data)

SOURCE: national censuses

25. OFFICIAL AIR PHOTO AND MAP COVERAGE

Scale: French-speaking countries

- area covered
- map scales
- dates
- language used in the map legends

SOURCE: Faculté de Foresterie et de Géodésie, Université Laval.

-Canadian International Development Agency

-International Development Research Centre

26. COVERAGE OF GEOGRAPHIC ATLASES

Scale: French-speaking countries

- kinds of atlas (general, economic, physical)
- dates
- languages
- number of plates

27. NETWORK OF DIPLOMATIC RELATIONS

Scale: the world

- levels of exchange
- starting date
- accreditations

28. NETWORK OF INTERNATIONAL COMMUNICATIONS

Scale: French-speaking and neighbouring countries or world map

- ground connections
- air connections

29. TOURIST ROUTES

Scale: French-speaking countries

SOURCES: Government tourist departments;
Agence de coopération culturelle et technique

30. THE NATIONS OF THE WORLD: OFFICIAL TOPONYMY

Scale: the world

- name of the country in the official local language
- name of the country in its standard French form
- capital (name in both forms)

SOURCE: United Nations International Conference
on the Standardization of Geographical Names

- International Standardization Organization
- Institut géographique national (France)

OTHER POSSIBLE MAPS AND MAP TOPICS

- population maps
- maps of migrations (of French speakers, of foreigners into French-speaking countries)
- language contacts (bilingual regions, regions with bilingual people)
- French toponymy of the non-French-speaking countries
- doctoral programmes offered in the universities:
 1. biological sciences; 2. experimental sciences;
 3. applied sciences; 4. the humanities and social sciences.
- admission requirements of the universities
- "technical" schools
- archeological sites
- data processing equipment
- accessibility maps

III. TECHNICAL ASPECTS OF THE CARTOGRAPHY

1. The atlas would be published in a format of approximately 45 x 70 cm.

2. BASE MAPS

Three general types of base maps may be anticipated.

a) The world map, for illustrating the distribution of specific phenomena in all countries, French-speaking as well as non-French-speaking.

b) A map of the French-speaking countries of the world consisting of an assemblage of several groups of countries:

- France, Belgium, Switzerland
- Québec- French Canada
- French West Indies- French Guiana
- French-speaking Africa
- Vietnam- Cambodia
- The Pacific Islands.

A prototype of this base map was made for the map depicting those universities partly or entirely French-speaking. This base map will probably be the one most often used.

c) Maps showing a single group of countries on a plate, for detailed or incomplete data. The specific list of groups of countries to be shown separately in this way will be established according to the nature of the information to be conveyed.

3. PROCESSING OF INFORMATION AND SYMBOLISATION

Each plate should communicate information in as complete and detailed a manner as possible, while maintaining the maximum readability of the map. The efficiency of the cartographic communication should always have priority over the density of information.

It is probable that most of the information on the maps will be represented in punctual or areal form, and sometimes linearly. Data represented punctually can easily have superimposed over it other information shown areally. On the other hand, it is difficult to have more than two sets of areal data superimposed.

4. GRAPHIC PRESENTATION

Because of the international appeal of the atlas, it should ideally be as pleasing in appearance as possible. It should, therefore, be printed in colour. It is important that the decision on this matter be taken at the very beginning of the undertaking of the atlas, because it will affect the processing of the data and the map design.

IV. PRODUCTION PLAN

1. PARTICIPATION

a) Need for international participation

Considering the size of the undertaking and the major difficulties it presents, especially on the research level, it seems essential to count on the cooperation of institutions and individuals of different French-speaking countries.

In fact, the feasibility study shows that, for the subjects selected, it would be quite impossible to depend merely upon international sources of statistics or the readily accessible national sources. Those statistics which seem to be accessible by means of simple documentary research are generally fragmentary --when they exist at all-- and are rarely compatible from one country to another. This means that the makers of the atlas must be in a position to check and obtain themselves, usually from the information organizations in each country, the statistics to be used in preparing the maps.

It is inconceivable that such an effort in data research could succeed without the participation of colleagues working in a large number of French-speaking countries, if not in all of them. These colleagues, who would be entrusted with the production of certain plates, following the model given below, would also be the respondents for their own countries, or for a group of countries, within the entire group of researchers involved in the production of the atlas.

b) Advantages of a pyramidal form of cooperation

What we are proposing as a model for the coordination of the work is certainly not the only one possible. However,

it seems to us the best one, because it allows both good controllability and much flexibility. We are calling it pyramidal, because it has a large base of collaborators, with an intermediate level consisting of a limited number of responsible organizations, and finally a single body in charge which will coordinate and animate the project and ensure that the work has consistency, high quality and proper balance.

The organization to be assigned the role of "director" would also be required to report to an international steering committee representing all the participating organizations. It would have the following functions: 1) to propose standards; 2) to make the final technical checks; 3) to prepare the final drafts and to supervise the printing; 4) to negotiate deadlines; 5) to find financing.

The participating organizations, probably five or six in number, would have the dual responsibility of supplying or checking on request the data concerning their respective countries or groups of countries, and of preparing for final drafting a certain number of plates assigned to them. In practical terms, therefore, five laboratories or research groups sharing the work of forty plates should each produce eight of them; in the university sphere, certainly, this would appear the maximum number feasible for the length of time proposed. A greater number of collaborators at this level would present many problems, especially in the area of animation and work coordination.

c) Choice of collaborators at the different levels

The responsibility for finding the most competent researchers at the lowest supporting level would fall to the cooperating organizations. It would be pointless, therefore, to attempt this choice here.

However, it is essential that the laboratories involved in producing the atlas be decided on as soon as possible. A laboratory or research group might be chosen for each of the following French-speaking countries: France, Belgium, Switzerland, Québec. One or two laboratories could be chosen in Africa. It would clearly be preferable to choose laboratories or research groups that are connected with universities rather than with governments, but this is not essential.

Finally, the choice of the "guiding" or "directing" organization will obviously be very important and quite delicate. It should be acceptable to everybody and should be very reliable, for upon it will undoubtedly depend the success of the enterprise. This organization would, probably, be a well-equipped university cartographic laboratory.

2. PROCEDURE

a) The production of a plate or section of the atlas

For each plate (comprising one or several maps on a specific subject) or section of the atlas (group of plates on the same subject) for which it has accepted responsibility,

the participating laboratory should supply the directing laboratory with the following documents:

1. Drawing to scale, ready for final drafting;
2. Tables of statistics used in making the maps and, possibly, additional tables and diagrams;
3. Explanatory texts and commentaries;
4. Precise information on data sources and bibliographical references.

A laboratory may assign its own personnel the task of preparing these documents for a certain number of plates or maps; or, it may prefer to contract the work to an outside researcher. In either case, certain rules should be followed:

1. Drawings: these should be to proper scale and drawn onto the base maps prepared for the atlas. They should have detailed legends.
2. Tables: all those which were used in preparing the drawings should be included, with precise descriptions of the statistical procedures that were applied to the basic data. These are essential for checking the map and for making any possible changes in the legend.
3. Texts: the atlas should include descriptions of the method used in preparing the maps, as well as analyses of the maps themselves. Each map should probably have a corresponding methodological explanation and an analysis; possibly these texts could be grouped together at the beginning of each section or group of plates.

4. Sources and references: obviously, it is essential that all available information on the origin of the data on the maps be supplied. Without this information, the scientific and documentary value of the atlas would be very much reduced.

It is reasonable to suppose that the preparation of each of the plates, including its accompanying documents, would take quite some time. A year should probably be allowed, judging from the experience in preparing map prototypes. The amount of time needed is due to the volume of correspondence required for each map--involving numerous reminders--as well as to the very careful checking procedures. Ideally, however, a laboratory would take on the preparation of more than one plate at a time, particularly by means of contracting certain research projects to outsiders, following the model outlined above.

b) Overall quantitative assessment

On the assumption that the atlas will include about forty plates, to be divided among five laboratories, each participating laboratory would have eight plates to prepare. Since it would seem reasonable to ask each laboratory to prepare two or three plates per year, three or four years would be needed for the entire task. When several months for preparatory negotiations and several for final delays have been added to this, a total of five years is arrived at, in which time hopefully the atlas would be entirely finished.

In fact, arrangements should be made such that each plate could be published individually as soon as it has been finished. This would obviate the need for an extra year (at the very least) for printing, binding, etc.

This work rhythm would only be difficult for the directing and coordinating laboratory. It must be able, in fact, to check and finalize almost fifteen maps per year for three years, and oversee the printing of maps during at least two of those years.

1st year	2nd year	3rd year	4th year	5th year
NEGOCIA-	RESEARCH	RESEARCH	RESEARCH	
TIONS		CHECKING/DRAFT-	CHECKING/DRAFT-	CHECK-
		ING	ING	ING
				DRAFT-
				ING
		PRINTING	PRINTING	PRINTING

3. FINANCING

a) Research

The research costs involved in preparing a plate are extremely difficult to estimate; it is probable that they would vary considerably depending on the subject and the country in which the research would be done.

The calculation of the average cost of a plate should above all include the hiring of an assistant (a student at the Master's level) for several hours a week for about one academic year. When the research is contracted out, there will also be fees for the main researcher.

AVERAGE COST OF RESEARCH FOR ONE PLATE*

Researcher's fees	\$ 500
Assistant's salary	\$ 3000
Materials, telephone, correspondance	\$ 500
TOTAL	\$ 4000

The entire forty plates of the atlas, at \$ 4000 each, would cost about \$ 160,000 assuming that these costs are valid for the other participating countries. If the research were divided about equally among five participating laboratories, each one would have to obtain roughly \$ 30,000 - \$ 35,000 over three years, or \$ 10,000 - 12,000 per year, in order to finance the research entrusted to it. Obviously, some laboratories could absorb part of these costs, which would then not be included in our budget. In any case, financing of the research would be quite decentralized, with

*Calculations based on costs at Québec, 1974.

each country or group of countries being asked to contribute a fifth of the cost.

b) Scientific and administration coordination

A realistic budget for the coordination of the project is hardly easier to establish than a research budget at this preliminary stage. In preparing it, we have used Québec as a context, taking costs as they are now or will be in the very near future. The assistant referred to here should be a geographer-cartographer with a degree, and would devote all of his time to coordinating the research and checking the results.

COSTS FOR THE 1st YEAR*

Scientific coordination

Assistant's salary	\$ 9000.
Travel expenses	\$ 6000.
	<u>\$15,000.</u>

Administrative coordination

Salary for a secretary; half-time	\$ 3000.
Correspondance, telephone, miscellaneous	\$ 2000. \$ 5000.
TOTAL	<u>\$20,000.</u>

c) Technical production

The preparation of the base maps and especially the final drafting of the plates necessitate the full-time hiring of a highly qualified draftsman for the entire period of the project.

*Calculations based on costs at Québec, 1974

COSTS FOR THE 1st YEAR

Draftsman's salary	\$ 8000.
**Cartographic materials	<u>\$ 2000.</u>
	\$10,000.

d) CONCLUSION

If 7% per year is added to the estimated cost of coordination and technical production for the first year, the following would be the costs in round figures for all five years.

30,000	for the 1st year
32,000	" " 2nd "
34,000	" " 3rd "
37,000	" " 4th "
<u>40,000</u>	" " 5th "

TOTAL 173,000

In addition, the organization or institution taking on the role of director may have to find funds for administrative costs not included here (financial services, personnel services, purchasing services, space rental, etc.), in the amount of 15 to 20% of the total cost; this would make a grand total of about \$200,000.

However, these costs could perhaps be reduced through the collaboration of the participating institutions. In other words, these institutions might assume part of the costs, which would therefore not be included in our budget, by assigning regular personnel to work on the atlas and by using free of charge equipment and instruments which are not being used to their fullest extent. The most optimistic assumptions, it seems to us, should foresee a budget consisting of at least the following expenses, which would have to be financed with grants:

* *The laboratory might have to invest several thousand dollars if it does not have colour equipment.

MINIMUM ANNUAL COSTS

(coordination and technical production)

Assistant's salary	\$ 9000.
Travel expenses	\$ 6000.
Materials and administration	<u>\$ 1000.</u>
	\$16,000.

Over five years, the amount needed, therefore, will be at least \$90,000:

	16,000	for the	1st	year
	17,000	" "	2nd	"
	18,000	" "	3rd	"
	19,000	" "	4th	"
	20,000	" "	5th	"
	<hr/>			
TOTAL	\$90,000			

Adding together the coordination and production budget and the research budget (160,000) we arrive at a total figure of between 250,000 and 360,000 not including printing costs.

DPS & CPS Directors and Division Chiefs
Regional Chief Economists

August 7, 1975

D. C. Rao, VPD

Research Proposals for FY76

1. The Research Committee will meet again in mid-October to consider additional research proposals. If you have any new research projects to propose, please ensure that the completed research proposal in the standard format is submitted before September 19, 1975.

2. Mr. Grimes (my successor in this job) and I are available to discuss any questions you have on your draft research proposals prior to September 19.

cc: Messrs. B. B. King
O. Grimes
Mrs. M. Hazzah

DCRao:gm



*Research group
Yellow*

OFFICE MEMORANDUM

TO: Research Committee Members

FROM: D. C. Rao, VPD *DR*

SUBJECT: Evaluation of Research Projects

DATE: August 7, 1975

1. This is further to memoranda you have received from Mr. King (June 25) and Mr. Grimes (July 22) on this subject. The latter memo tells you which two (or three) research projects are to be evaluated by you.
2. I enclose herewith one copy of such material in our files as might be useful to you in the evaluation of the projects assigned to you. In general, this consists of the research proposal; extracts from minutes of the Editorial Subcommittee and reviewers' comments where the output of the research project has been submitted for Bank publication; review panel memoranda and Completion Reports where available.
3. We have a separate file in this office on each project. You or your nominee are welcome to borrow the file (briefly) to look through it for other memoranda, status reports, etc., if you wish.
4. The booklet "Abstracts of Current Studies", October 1974, will provide you with brief descriptions of the project, names of the responsible researchers and the reports and publications. Copies of these publications can be obtained by you from the Publications Office (Ext. 2057).
5. Some of the projects have generated a lot of papers (some duplicative) and, conversely, not all the interesting output of a research project is published. I would urge that you discuss with the principal researcher of the projects assigned to you the question of what material is relevant to the evaluation and the most suitable mode of evaluation.
6. If you need any further assistance from me, please let me know.

Enclosures

Distribution:

B. Balassa, B. de Vries, H. Hughes, A. Karaosmanoglu,
P-P. Kuczynski, E. Lerda, H. Schulmann, W. Thalwitz,
H. van der Tak, H. Vergin, J. Waelbroeck, M. Yudelman

cc: D. Anderson, K. Bohr, C. Bruce, N. Carter,
G. Donaldson, P. Duane, R. Gulhati, S. C. Hardy,
C. Harral, R. Hofmeister, M. Hultin, M. Nanjundiah,
R. Norton, S. Reutlinger, P. Taborga, J. Warford,
L. Westphal, P. Yeung, B. B. King o/r, O. Grimes o/r

Research
Committee

Member: B. Balassa

- Project 670-19 Expansion in Manufacturing for Exports in Developing Countries (Responsible: Westphal)
- 1) Proposal, June 1971
 - 2) Completion Report, 1973
- Project 670-21 Export Promotion & Preferences: India (Responsible: Westphal)
- 1) Proposal, 1972 (with attachment from David Wall)
 - 2) Completion Report, March 30, 1973
- Project 670-81 Comparative Analysis of Resource Allocation (Responsible: Yeung)
- 1) Proposal, April 24, 1973
 - 2) Panel review memo, May 23, 1973
 - 3) Tims' memo, May 29, 1973
 - 4) Editorial Subcommittee notes
 - 5) Completion Report, January 3, 1975

ATTACHMENT

Research
Committee
Member:

B. de Vries

Project 670-77

Financing of Small Scale
Industry

(Responsible: Hughes)

- 1) Proposal, 1972
- 2) Review panel memo, September 19, 1972
- 3) Proposal undated (1972/73?)
- 4) Gulhati memo, August 13, 1974
- 5) Stern memo, August 20 and Gulhati note August 22, 1974
- 6) Completion Report, August 27, 1974

Research
Committee
Member:

A. Karaosmanoglu

Project 670-04 Study in Multi-Level Programming (Responsible: Balassa)
Ivory Coast

- 1) Proposal, April 28, 1972
- 2) Summary of Technical Seminar, February 27, 1973

Project 670-10 Survey of Economy-Wide Planning (Responsible: Balassa)

- 1) Proposal, April 24, 1972
- 2) Supplementary proposal, May 22, 1973
- 3) Notes from Editorial Subcommittee
- 4) (Completion Report requested)

ATTACHMENT

Project

Evaluator:

P-P. Kuczynski

Project 670-46

Cost Effectiveness of Alternative Learning Technologies in Industrial Training

(Responsible: Hultin)

- 1) Proposal, May 12, 1972
- 2) Research Subcommittee review, May 30, 1972
- 3) Editorial Subcommittee notes
- 4) Completion Report, April 10, 1974

ATTACHMENT

Research
Committee
Member:

E. Lerdau

Project 670-36 Property Values & Water Supply (Responsible: Warford)

- 1) Proposal, June 1971
- 2) Completion Report, April 9, 1974

Project 670-37 Village Water Supply (Responsible: Warford)

- 1) Proposal, June 1971
- 2) Completion Report, April 10, 1974

ATTACHMENT

Research
Committee
Member:

H. Schulmann

Project 670-34

Urban Transport & the
Automobile

(Responsible: Bohr)

- 1) Proposal, January 4, 1972
- 2) Research Subcommittee report, January 28, 1972
- 3) Completion Report, 1974

Project 670-48

Economic Issues of Health

(Responsible: Gulhati)

- 1) Proposal, April 1972
- 2) Terms of Reference, June 20, 1972
- 3) Completion Report, April 2, 1973
- 4) Hawkins' memo, June 21, 1973

ATTACHMENT

Research
Committee
Member:

W. Thalwitz

Project 670-32

Compilation of Highway
Design Standards

(Responsible: S. C. Hardy)

- 1) Proposal (1971?)
- 2) Interim review, August 25, 1972
- 3) Status Report, February 1975

Project 670-33

Railway Traffic Costing Study

(Responsible: Nanjundiah)

- 1) Proposal (1971?) and terms of reference
- 2) Interim review, August 25, 1972
- 3) Completion Report, January 27, 1975

Research
Committee
Member:

H. van der Tak

- Project 670-16 Agricultural Sector in Mexico (Responsible: Norton)
- 1) Proposals, October 20, 1971 and April 24, 1972
 - 2) Project Summary for Board presentation, February 1975
- Project 670-30 Impact on Port Congestion of Ship Rescheduling (Responsible: Taborga)
- 1) Proposal, May 27, 1971(?)
 - 2) Report, February 16, 1973
- Project 670-75 Rural & Urban Public Works (Responsible: Hofmeister)
- 1) Project Description, SecM73-7, January 3, 1973
 - 2) Contract, June 4, 1973
 - 3) Hofmeister review, October 5, 1973
 - 4) Draft letter of agreement, June 20, 1974
 - 5) Comments by Mellor, December 12, 1974
 - 6) Comments by Harris, December 16, 1974
 - 7) Status Report, April 25, 1975

ATTACHMENT

Research
Committee
Member:

H. Vergin

Project 670-12 Reappraisal of Credits for (Responsible: Donaldson)
Financing Farm Mechanization
in Pakistan

- 1) Proposal, October 19, 1971
- 2) Supplementary proposal, June 2, 1972
- 3) Completion Report, April 15, 1974

Project 670-50 Mechanization in India: Its (Responsible: Duane/Bruce)
Extent & Effects on Hired
Labor

- 1) Proposal, May 10, 1971
- 2) Completion Report, May 1974

Research
Committee
Member:

J. Waelbroeck

Project 670-38 Analysis of Problems & Issues (Responsible: D. Anderson)
in Village Electrification

- 1) Proposal, June 1971
- 2) Guidelines for Phase I, June 1972
- 3) Supplementary proposal, April 11, 1973
- 4) Panel review memo, May 22, 1973
- 5) Supplementary proposal, April 10, 1974
- 6) Panel review memo, May 7, 1974
- 7) Completion Report, June 30, 1975

Project 670-39 Pricing & Investment in (Responsible: D. Anderson)
Electricity Supply

- 1) Proposal, June 1971
- 2) Supplementary proposal, April 23, 1973
- 3) Panel review memo, May 22, 1973
- 4) Status Report, April 28, 1975

ATTACHMENT

Research
Committee
Member:

M. Yudelman

Project 670-15

Agriculture Research &
Productivity Changes

(Responsible: Reutlinger)

- 1) Proposal, October 19, 1971
- 2) Supplementary proposal, February 8, 1972
- 3) Interim review, August 21, 1972
- 4) Notes from Editorial Subcommittee
- 5) Completion Report, April 5, 1973

Project 670-51

Survey of Non-Formal
Education

(Responsible: Hultin)

- 1) Proposal, January 26, 1972
- 2) Simmons' memo, May 10, 1973
- 3) Editorial Subcommittee notes
- 4) Completion Report, December 18, 1974

Distribution below

August 4, 1975

D. C. Rao, VPD

Research Project Numbers

The change in the numbering system for research projects explained in the attached memorandum will become effective September 1, 1975. The new numbers should be used in all reporting systems, including TRS (time reporting system).

P & B will issue the required revision to their code book.

Attachment

Distribution

Research Committee Members

Messrs. Stern, Duloy, Gulhati, Tims, Ballantine, Jaycox, Rovani
Division Chiefs (DRC) & (ECD)

Miss Yudin, Messrs. Hultin, Churchill, Harral, Warford, Egbert,
D. D. Brown, Lowenstein, D. G. Greene, Mates

Mrs. Hazzah, Miss Gary, Miss Peter, Miss Kimelman, Messrs. Grimes,
Busz

Messrs. Winterbottom, Pryor, Mrs. de Tchihatchef

Messrs. Bowron, Rodriguez, Mrs. Cleave

All supervisors of ongoing research projects

DCRao:gm

DRD

Distribution below

July 15, 1975

B. B. King, VPD

Research Project Numbers

1. At present each research project has two numbers: the familiar RPO number and the less familiar code number used by P & B. We intend to abandon the RPO number and use the P & B number as a single reference.

2. The rules for identifying the new number are reasonably simple:

- (i) All projects have the same last two digits as now.
- (ii) The 200 series becomes 670-XX (e.g. RPO 224 becomes 670-24).
- (iii) The 300 series becomes 671-XX (e.g. RPO 335 becomes 671-35).

3. These new numbers will be used in all future publications (e.g. the Abstracts) with, for a time, a note pointing out the change.

4. This change will become effective July 22, unless there is any serious objection to it. If anyone has one, please notify Mr. Orville Grimes (Ext. 4479).

Distribution

Research Committee Members

Messrs. Stern, Duloy, Gulhati, Tims, Ballantine, Jaycox, Rovani
Division Chiefs (DRC) & (ECD)
Miss Yudin, Messrs. Hultin, Churchill, Harral, Warford, Egbert,
D. D. Brown, Lowenstein, D. G. Greene, Mates
Mrs. Hazzah, Miss Gary, Miss Peter, Miss Kimelman, Messrs. Grimes,
Busz, D. C. Rao (o/r)
Messrs. Winterbottom, Pryor, Mrs. de Tchihatchef

BBKing:gm

Research Gen 244

Ms. Mona Hazzah

August 1, 1975

J.A. Simmons *JAS*

Research Financed out of Loans & Credits

I refer to your memorandum of July 28, 1975. Under item "IV Tourism" of the attachment to your memorandum, you list two studies for the Dominican Republic financed out of Loan 1051-DO. One of these is a study designed to prepare a second tourism project for possible Bank/IDA financing. This is a rather normal feature of our projects to date, and funds for this purpose were included in the loans for tourism projects in Mexico (793 ME), Korea (953 KO) and Tunisia (858 TUN). However, I doubt whether such studies should properly be called research projects. They are features of loans made in other sectors, e.g. highways, and they do not appear to be listed in the attachment to your memorandum except in the tourism sector.

There is, however, a study which is not shown in the attachment and which was financed in part from the loan and credit to Tunisia (858 TUN and 329 TUN). This was a rather comprehensive study of the impact and effectiveness of incentives provided to investors in the tourism sector in Tunisia. The study is nearing completion after more than a year's work, and because it is practically finished you may not wish to include it in your list.

JASimmons:caf

(Research)

Research gen

See distribution

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Financed out of Loans & Credits

Attached for your information is the FY75 list of research financed under loans and credits. The list is arranged by sector. Please note that the Agriculture sector will be distributed separately.

We would appreciate any comments you may have.

Attachment

Distribution:

Messrs. C. Weiss, J. Fransen, D. C. Rao o/r
T. King, M. Leiserson, D. Keare, L. Westphal
Project Department Directors, Regional Offices
Department Directors, Central Projects Staff

MH:gm

RESEARCH COMPONENT FINANCED OUT OF LOANS & CREDITS - FY75

Project	Report Reference	Fiscal Year	Start Completion Date	Research Component	Total Project Amount	Loan/Credit Amount	Financing		Classification
							Research Total Amount (US\$'000)	Component Loan/Credit Amount	
I. EDUCATION									
Greece Education III Loan 1134-GR	Appr. Rep. 755-GR para. 4.19	75	1975-80	Study of the present and projected development of the post-secondary education system. Includes diagnosis of the present situation, proposals for pedagogical reforms, analysis of needs for future expansion of post-secondary education in various fields, identification of priority areas. Under supervision of the Ministry of Education.	105.6	45.0	0.50	0.50	
Guyana Education II Credit 544-GYA Loan 1106-GYA	Appr. Rep. 584a-GYA para. 5.22	75	1975-80	Study to assess the effectiveness of vocational and technical education in meeting Guyana's socio-economic objectives, and identify priorities for the long-term investment in education and training.	18.9	4.0 Cr. 8.0 Lo.	0.50	0.20	
Senegal Education II Credit 530-SE	Pres. Rep. P-1506-SR para. 34	75	1975-80	The objective is to define a cheaper, more relevant form of basic education which might use national languages and allow local populations to participate in the management of the education system.	19.0	15.0	0.20	0.17	
II. POPULATION									
El Salvador Sites & Services Credit 517-ES Loan 1050-ES	Appr. Rep. 473a-ES para. 3.16	75	1974-78	A study undertaken by CONAPLAN ^{1/1} will focus on urban land-use problems, physical and social survey of squatter settlements and illegal subdivisions.	15.5	8.0 Cr. 2.5 Lo.	0.3 ^{2/2}	-	
Finland Pollution Control Loan 1109-FI	Appr. Rep. 648a-FI paras. 5.18 thru 5.24	75	1975-78	Research on alternative approaches to pollution control in the medium and long term. The aim is to advance Finland's capabilities in the field of cost benefit and systems analysis in water pollution control. Supervision: Finnish Government and other Finnish institutions.	157.0	70.0	1.1 ^{3/3}	-	
Philippines Population Loan 1035-PH	Appr. Rep. 333a-PH para. 5.10	75	1974-79	Research and evaluation of family planning program. Fertility decline is the ultimate objective of the program. PPCOM (Commission on population is responsible for the research.	50.0	25.0	0.51	0.33	
III. PUBLIC UTILITIES									
Jordan Second Power Project Credit - n.a.	Pres. Rep. 1624a-JO para. 22	75	1975-79	Power development study for southern Jordan which would evaluate existing developments and future plans for industrial, agricultural, tourist, rural, and urban developments and prepare forecasts of demand for the period 1976-85. JEA ^{4/4} is responsible for the project.	22.0	5.0	0.25	0.20	
Sudan Power II Credit 564-SU	Appr. Rep. 516a-SU para. 3.08	75	1975-79	Power market and hydroelectric studies supervised by the Ministry of Irrigation and Hydroelectric Power.	39.0	23.0	1.4	1.0	
Syria Power II Loan 986-SYB	Appr. Rep. 707a-SYR Annexes 1,4, 5,6,7	75	1975-79	A. Energy power study to define the least cost development program for meeting forecast overall energy requirements. B. Interconnection study - to determine the feasibility of interconnecting Syria's power system with those of its neighboring countries. C. Rural electrification study - to examine the technical, economic and financial feasibility of a program for providing electricity to rural areas. D. Gas study to determine the feasibility of using gas in the eastern part of Syria for commercial purposes. SOFRELEC ^{5/5} a consultant firm will carry out the studies.	89.4	72.0	A. 0.25 B. 0.64 C. 0.50 D. 0.38	0.20 0.50 0.40 0.30	
IV. TOURISM									
Dominican Republic Puerto Plata Tourism Project Loan 1051-DO	Appr. Rep. 4146-DO paras. 3.25 3.26	75	1975-79	A. Sector study to 1) examine means of increasing the returns from the tourism industry into the economy, 2) review the present hotel credit system, 3) assess the appropriateness of current tourism incentives legislation, 4) examine the social impact of tourism development in the country. B. Study designed to prepare a subsequent tourism project in the Dominican Republic which would further develop the country's tourism resources.	36.0	21.0	0.40	0.28	
V. TRANSPORTATION									
Upper Volta Rural Roads Credit - n.a.	Appr. Rep. 738-UV para. 3.08	75	1976-79	Study to review the cost effectiveness of construction methods used, analyse observed traffic, attempt to assess the link between transport costs and agricultural production. SERS ^{6/6} - Bureau of planning and programming will supervise the study.	8.5	7.5	0.2	0.2	

/1 CONAPLAN - National Planning Agency.

/2 Research financed by the Government of El Salvador and private power companies.

/3 The Government and other Finnish institutions will bear the cost of the research component.

/4 JEA - Jordan Electricity Authority.

/5 SOFRELEC - Societe Francaise d'Etudes et de Realisations d'Equippement Electrique.

/6 SERS - Service d'Entretien des Routes Secondaires.

Research gen

Mr. Y. Rovani, PBP

July 28, 1975

Mona A. Hazzah, VPD *W*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.

2. I am attaching copies of the June External Research Computer printout where necessary.

3. Kindly note that as of July 22, 1975, all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-38	D. Anderson
670-39	"
670-67	R. Sheehan
670-76	J. Warford
671-11	D. Anderson/J. Warford
671-12	H. Shipman

cc: Miss Peter (with attachments)

MH:gm

Research gm

Mr. M. Yudelman, AGP

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.

2. I am attaching copies of the June External Research Computer printouts where necessary.

3. Kindly note that as of July 22, 1975, all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-14	P. Duane
670-89	G. Donaldson
671-21	F. Lowenstein
671-22	A. Egbert

Attachments

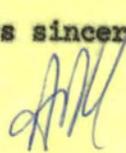
MH:gm

July 28, 1975

Dear Professor Koerner:

Thank you for the letter of July 22 from Professor Toland and yourself about your research proposal on the reinforcement of adobe-constructed houses. I referred your letter to Mr. E.V.K. Jaycox, Director of the Transportation and Urban Projects Department, who is in charge of the Bank's activities in housing. He will be able to tell you whether your proposal is of interest to us.

Yours sincerely,



A. David Knox
Director
Regional Projects Department
Latin America and Caribbean Regional Office

Mr. Robert M. Koerner, Ph.D., P.E.
Assoc. Prof. of Civil Engineering
Drexel University
Philadelphia 19104

cc: Mr. Jaycox (with incoming)

ADKnox/mv

Research gm

Mr. D. Ballantine, EDP

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.

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<u>Project No.</u>	<u>Responsible Staff Member</u>
670-44	J-P. Jallade
670-78	M. Hultin

cc: Mr. R. Gomez

Attachments

MH:gm

Research Gen

Mr. Edward V. K. Jaycox, TRU

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.

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3. Kindly note that as of July 22, 1975 all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-26	I. Sud
670-27	C. Harral
670-29	B. Mitchell
670-32	C. Hardy
671-13	C. Harral
671-14	B. Mitchell
671-15	I. Sud
671-16	G. Beier
671-20	E. Holland

Attachments

MH:gm

Research gm

Mr. D. Greene, LAC II

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Report, FY75

1. I would appreciate it if you could have the attached Status Report Form for FY75 for project number 671-10, completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the form should be current as of June 30, 1975.
2. I am attaching a copy of the June External Research Computer printout.
3. Kindly note that as of July 22, 1975, the research project should be identified by its new number, as indicated in Mr. B. B. King's memo of July 15, 1975.

Attachments

MH:gm

Research copy

Mr. P. Hasan, AENVP

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Report, FY75

1. I would appreciate it if you could have the attached Status Report Form for FY75 for project number 670-79, completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the form should be current as of June 30, 1975.
2. I am attaching a copy of the June External Research Computer printout.
3. Kindly note that as of July 22, 1975, the research project should be identified by its new number, as indicated in Mr. B. B. King's memo of July 15, 1975 (copy attached).

Attachments

MH:gm

Rosacch

Mr. A. Ray, VPS

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Report, FY75

1. I would appreciate it if you could have the attached Status Report Form for FY75 for project number 670-08, completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the form should be current as of June 30, 1975.
2. I am attaching a copy of the June External Research Computer printout.
3. Kindly note that as of July 22, 1975, the research project should be identified by its new number, as indicated in Mr. B. B. King's memo of July 15, 1975 (copy attached).

MH:gm

Research

Mr. J. Duloy, DRCDR

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.
2. I am attaching copies of the June External Research Computer printout where necessary.
3. Kindly note that as of July 22, 1975 all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-03	M. Ahluwalia
670-06	M. Ahluwalia
670-16	R. Norton
670-23	A. Stoutjesdijk
670-24	A. Stoutjesdijk
670-69	R. Norton
670-73	B. Balassa
670-83	M. Ahluwalia
670-84	M. Ahluwalia
670-85	C. Chiswick
670-86	J. Duloy/N. Carter/R. Norton
670-87	B. Balassa
670-94	M. Ahluwalia
671-08	M. Ahluwalia
671-09	A. Stoutjesdijk
671-17	P. Hazell

cc: Miss Gary (with attachments)

MH:gm

Mr. R. Gulhati, ECDDR

July 28, 1975

Mona A. Hazzah, VPD ~~VP~~Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.
2. I am attaching copies of the June External Research Computer printout where necessary.
3. Kindly note that as of July 22, 1975 all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-43	D. Mazumdar
670-45	"
670-70	D. Keare
670-75	R. Hofmeister
670-80	S. Reutlinger
670-90	A. Sant'Anna
670-91	J. Simmons
670-95	F. Thoumi
670-96	J. Meerman
670-97	J. English
670-99	R. Moran
671-02	T. King
671-03	"
671-04	A. Berry
671-05	V. Prakash
671-06	R. Krishna
671-07	L. Westphal
671-18	J. Linn
671-19	J. Simmons
671-24	S. Reutlinger

cc: Mr. Busz (with attachments)

MH:gm

Mr. W. Tims, EPDDR

July 28, 1975

Mona A. Hazzah, VPD *MH*

Research Project Status Reports, FY75

1. I would appreciate it if you could have the attached Status Report Forms for FY75 completed and sent to my office (F1233) not later than Monday, August 25. The information provided in the forms should be current as of June 30, 1975. Listed below are the project numbers and the name of the responsible staff member for which Status Reports are required.

2. I am attaching copies of the June External Research Computer printout where necessary.

3. Kindly note that as of July 22, 1975 all research projects should be identified by their new numbers as indicated in Mr. B. B. King's memo of July 15, 1975.

<u>Project No.</u>	<u>Responsible Staff Member</u>
670-07	J. Waelbroeck
670-68	E. Yudin
671-23	J. Waelbroeck

cc: Miss Gary (with attachments)

MH:gm

OFFICE MEMORANDUM

*Yellow**Research Gen.*

TO: Mrs. H. Hughes, ECDDR

FROM: Orville F. Grimes, Jr., ECDRB *ofj*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee Members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?
2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 205 ("Cross-Section Analysis of Development Process") and RPO 231 ("Promotion of Construction Industry in Developing Countries")^{1/}.
3. Evaluation procedures will vary with the project and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.
4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30 at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 205" and "RPO 231" are being replaced by "670-05" and "670-31" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Chenery, Syrquin, Carter, D. C. Rao o/r
Mrs. Hazzah

Research Gen.

OFFICE MEMORANDUM

TO: Mr. H. van der Tak, VPS

DATE: July 22, 1975

FROM: Orville F. Grimes, Jr., ECDRB *OG*SUBJECT: Evaluation

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 216 ("Agricultural Sector in Mexico"), RPO 230 ("Impact on Port Congestion of Ship Rescheduling") and RPO 275 (Rural and Urban Public Works)^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 216, 230, 275" are being replaced by "670-16", "670-30" and "670-75" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Ray, Balassa, Duloy, Norton, Hofmeister,
Taborga, Churchill, Jaycox, D. C. Rao o/r
Mrs. Hazzah

Research Gen.

OFFICE MEMORANDUM

TO: Mr. A. Karaosmanoglu, EMN

FROM: Orville F. Grimes, Jr., ECDRB *off*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee Members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 204 ("Study in Multi-Level Programming: Ivory Coast") and RPO 210 ("Survey of Economy-Wide Planning Models")^{1/}

3. Evaluation procedures will vary with the project and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30 at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 204" and "RPO 210" are being replaced by "670-04" and "670-10" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. A. Vaidyanathan, J. Duloy, R. Norton,
D. C. Rao (o/r), Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. H. Vergin, AEP

FROM: Orville F. Grimes, Jr., ECDRB *afj*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 212 ("Reappraisal of Credits for Financing Farm Mechanization in Pakistan") and RPO 250 ("Mechanization in India")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/}"RPO 212" and "RPO 250" are being replaced by "670-12" and "670-50" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Donaldson, Bruce, Yudelman, Ray, Diamond,
Duane, D. C. Rao o/r
Mrs. Hazzah

Research Com.

OFFICE MEMORANDUM

TO: Mr. M. Yudelman, AGP

FROM: Orville F. Grimes, Jr., ECDRB *OGJ*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 215 ("Agriculture Research and Productivity Changes") and RPO 251 ("Survey of Non-Formal Rural Education")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 215" and "RPO 251" are being replaced by "670-15" and "670-51" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Ray, Reutlinger, Mrs. Hughes,
Messrs. Ballantine, Hultin, D. C. Rao,
Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. H. Schulmann, PAB

FROM: Orville F. Grimes, Jr., ECDRB *OF*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 234 ("Urban Transport and the Automobile") and RPO 248 ("Economic Issues of Health")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 234, 248" are being replaced by "670-34" and "670-48" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Churchill, Jaycox, Gulhati, Brandenburg,
Ray, D. C. Rao o/r
Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. W. Thalwitz, WAP

DATE: July 22, 1975

FROM: Orville F. Grimes, Jr., ECDRB *OF*SUBJECT: Evaluation

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 232 ("Highway Design Standards") and RPO 233 ("Railway Traffic Costing Study")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 232, 233" are being replaced by "670-32" and "670-33" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Hardy, Jaycox, Kuczynski, Ray,
Nanjundiah, Churchill, D. C. Rao o/r
Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. E. Lerda, ASP

FROM: Orville F. Grimes, Jr., ECDRB *OG*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 236 ("Property Values and Water Supply") and RPO 237 ("Village Water Supply")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/}"RPO 236" and "RPO 237" are being replaced by "670-36" and "670-37" respectively, which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Warford, Ray, Saunders, Rovani,
D. C. Rao o/r
Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. P-P. Kuczynski (IFC)
FROM: Orville F. Grimes, Jr., ECDRB
SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 246 ("Cost Effectiveness of Alternative Learning Technologies in Industrial Training")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 246" is being replaced by "670-46", which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r
Distribution: Messrs. Hultin, Ballantine, Ray, D. C. Rao o/r
Mrs. Hazzah

Research Gen

OFFICE MEMORANDUM

TO: Mr. J. Waelbroeck, EPD

DATE: July 22, 1975

FROM: Orville F. Grimes, Jr., ECDRB *24*SUBJECT: Evaluation

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 238 ("Village Electrification") and RPO 239 ("Pricing and Investment in Electricity Supply")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 238" and "RPO 239" are being replaced by "670-38" and "670-39" respectively, which will be used in most future communications.

Cleared in substance and cc Mr. B. B. King o/r
Distribution: Messrs. Ray, Anderson, Rovani, D. C. Rao o/r
Mrs. Hazzah

OFFICE MEMORANDUM

TO: Mr. B. de Vries, LCN

FROM: Orville F. Grimes, Jr., ECDRB *of*

SUBJECT: Evaluation

DATE: July 22, 1975

1. At the July 3 Research Committee meeting and afterwards by telephone, the need for a retrospective look at completed research projects was discussed with Committee members. The most urgent purpose of evaluation is to assess the effect of research on Bank operations for the forthcoming Annual Report on Bank Research (see Mr. King's memorandum to Committee members of June 25). More generally, this is a suitable occasion to find out what use has been made of the research (a) in the Bank; (b) in government policy and planning; and (c) in the outside research community, though the last is admittedly difficult to determine. Are there lessons to be learned from project design and execution which suggest curative measures for future projects? Was the topic of high priority to the Bank? Was the research well managed? Is the output in a form usable to its intended audience(s)?

2. As promised, we have not asked Committee members to supervise the evaluation of more than two projects, though some have volunteered for a third. Accordingly, we would ask you to take responsibility for RPO 277 ("Financing of Small-Scale Industry")^{1/}.

3. Evaluation procedures will vary with the projects and with your views on the best methods of eliciting the lessons to be learned. Panels, solicitation of written comments, seminars and other methods might (or might not) be appropriate. We will assist in furnishing documents and in other aspects of the process such as appointing panel members. For output published under Bank auspices we can obtain information on reactions of the Editorial Subcommittee and the Publications Committee.

4. To be on schedule for the Board Annual Report, we will have to have the completed evaluations by Tuesday, September 30, at the latest. We would much appreciate earlier completion, by September 15, if that is possible.

^{1/} "RPO 277" is being replaced by "670-77", which will be used in most future communications.

Cleared in substance and cc: Mr. B. B. King o/r

Distribution: Mr. L. Westphal
Mrs. H. Hughes
Miss K. Di Tullio
Mr. D. C. Rao o/r
Mrs. Hazzah

Messrs. G. Winterbottom and
B. Svikhart, I&PA
Orville F. Grimes, Jr.

July 22, 1975

Evaluation of Completed Research Projects

Attached, as we discussed, is a list of projects which Research Committee members will evaluate. For projects whose output has been submitted to the Publications Committee it would be very helpful for us to have any pertinent information: reactions of the Editorial Subcommittee, reviewers' comments and so on. We could discuss how this information could be made available to evaluators.

Attachment

cc: Mr. B. B. King o/r
Mr. D. C. Rao o/r
Mrs. M. Hazzah

OF

OFGrimes:gm

Evaluation of Completed Research Projects

Project List

<u>RPO Code</u>	<u>Title</u>
204	Study in Multi-Level Programming: Ivory Coast
205	Cross-Section Analysis of Development Process
210	Survey of Economy-wide Planning Models
212	Reappraisal of Credits for Financing Farm Mechanization in Pakistan
215	Agriculture Research and Productivity Changes
216	Agricultural Sector in Mexico
219	Expansion in Manufacturing for Exports in Developing Countries
221	Export Promotion and Preferences: India
230	Impact on Port Congestion of Ship Rescheduling
231	Promotion of Road Construction Industry in Developing Countries
232	Compilation of Highway Design Standards
233	Railway Traffic Costing Study
234	Urban Transport and the Automobile
236	Property Values and Water Supply
237	Village Water Supply
238	Analysis of Problems and Issues in Village Electrification
239	Pricing and Investment in Electricity Supply
246	Cost Effectiveness of Alternative Learning Technologies in Industrial Training
248	Economic Issues of Health
250	Mechanization in India: Its extent and Effect on Hired Labor
251	Survey of Non-formal Rural Education

RPO
Code

Title

254	Employment and Capital-Labor Substitution
275	Rural and Urban Public Works
277	Financing of Small Scale Industry
281	Comparative Analysis of Resource Allocation of Cocoa Production

July 22, 1975

EDUCATION
✓ RESEARCH GEN.

July 16, 1975

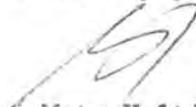
Dean Wilbur J. Cohen
The University of Michigan
School of Education
Corner East and South
University Avenues
Ann Arbor, Michigan 48104

Dear Dean Cohen:

Your letter of June 10 has been passed on to me by Mr. McNamara for reply. I regret the delay, but we were waiting to be able to see the research proposal by Prof. Morrison mentioned in your letter and which has now been received in the Bank. Mr. Ballantine is absent from Washington until the latter part of August but I am sure he would still be interested in discussing with you on one of your frequent visits to Washington the many areas of mutual concern with which we are all occupied.

We have now read with interest Prof. Morrison's proposal to study the effect of the English school environment on West Indian migrant children. As you may know, the Bank has a research policy for each of its sectors, including education, which has been developed in close conjunction with our operation-related needs. We focus in the education sector on research quite specifically geared to the developing countries' problems. As interesting as many of the research studies are which are being undertaken in areas of concern to the developed world, we feel the Bank's principal concern in its own research program lies elsewhere. Prof. Morrison's proposal as presently outlined would give rise to interesting data with policy implications for developed countries, such as England or the U.S. The data might at a later stage be more relevant to our borrowers among the developing countries. We would therefore be pleased to learn in due course of the results of her study.

Sincerely yours,



Mats Hultin
Senior Adviser &
Acting Director
Education Department

G. Le Blanc/mms



Messrs. J. Duloy, R. Gulhati,
E.V.K. Jaycox, Y. Rovani, W. Tims
B. B. King, VPD Signed B. B. King

July 16, 1975

Research Projects: Status Reports

1. We have come to the conclusion that it should be possible to reduce the number of status reports each year from four to three without much loss. The three would be timed as follows:

<u>Date "as of"</u>	<u>Date due</u>
December 31	First week in January
April 30	First week in May
June 30	August 31

2. We are, in effect, dropping the September report and shifting March to April. But the preparation of the reports would still take place at approximately four-month intervals. While the first two reports listed would be due shortly after the date specified, there is no great disadvantage and, in fact, a small advantage in having the end-year (June) report delayed by a couple of months. Comparable information from P & B and CAD is not available until August anyway.

3. The December report should give a good idea of progress at mid-year and would serve as the basis of possible reallocation of current year authorizations. It may in some cases be of value for the Board discussion in February.

4. The April report would be useful for making advance estimates of total FY expenditure and of the possible call on funds during the following fiscal year.

5. The success of this effort to reduce your workload depends on the promptness with which the December and April reports are rendered. If you have any difficulties with these suggestions, please let Orville Grimes (4479) know through July 25 and D. C. Rao (6003) after.

- cc: Miss Peter
- Miss Gary
- Mr. Busz
- Mr. Grimes
- Mr. Rao (o/r)
- Mrs. Hazzah

BBKing:gm

RESEARCH - GEN.
U-EDUCATION

Research Committee Members

July 15, 1975

B. B. King, VPD Signed B. B. King
Proposal for a Research Strategy
and Program in Education

This paper was distributed to you in the Black Book (Miscellaneous section) prepared for the July meeting. We now intend to have a Research Committee meeting in the latter half of September on this paper (with little or nothing else on the agenda).

I would appreciate it if you would make written comments, especially on Section IV (pages 12-16). These should be sent to me (with copies to Messrs. Ballantine, Gulhati and Simmons) by Friday, August 29. We will try to collate them for the meeting. In the meantime, the authors will be seeking other comments. We would hope to be in a position to report the gist of these also.

It may be of interest that there will be a meeting of the so-called "Bellagio plus" group (AID, Ford, IDRC, Rockefeller and IBRD) in October at the IDRC's office in Ottawa. The subject will be research in education.

cc: Messrs. Ballantine
Gulhati
Simmons
Grimes
D.C. Rao (o/r)

BBKing:gm

RESEARCH - GEN
CL - EDUCATION

Mr. R. Gulhati, ECDDR

July 15, 1975

B. B. King, VPD Signed B. B. King

Proposal for a Research Strategy
and Program in Education

John Simmons has suggested a seminar with some ten outsiders on this paper. It might be quicker, cheaper and less cumbersome to ask a number of outsiders for written comments. We would avoid a discussion in which one body of participants was concerned with research in general and another with the particular interests of the Bank. But we would have the benefit of outside reaction in parallel with reaction from the Research Committee and others.

I leave the question open for you and Ballantine to decide. The amount of money involved is small and can presumably be carried on your departmental budgets.

cc: Messrs. Ballantine
Simmons
Grimes

. BBKing:gm

Distribution below

July 15, 1975

B. B. King, VPD Signed B. B. King

Research Project Numbers

1. At present each research project has two numbers: the familiar RPO number and the less familiar code number used by P & B. We intend to abandon the RPO number and use the P & B number as a single reference.

2. The rules for identifying the new number are reasonably simple:

- (i) All projects have the same last two digits as now.
- (ii) The 200 series becomes 670-XX (e.g. RPO 224 becomes 670-24).
- (iii) The 300 series becomes 671-XX (e.g. RPO 335 becomes 671-35).

3. These new numbers will be used in all future publications (e.g. the Abstracts) with, for a time, a note pointing out the change.

4. This change will become effective July 22, unless there is any serious objection to it. If anyone has one, please notify Mr. Orville Grimes (Ext. 4479).

Distribution

Research Committee Members

- Messrs. Stern, Duloy, Gulhati, Tims, Ballantine, Jaycox, Rovani
- Division Chiefs (DRC) & (ECD)
- Miss Yudin, Messrs. Hultin, Churchill, Harral, Warford, Egbert,
- D. D. Brown, Lowenstein, D. G. Greene, Mates
- Mrs. Hazzah, Miss Gary, Miss Peter, Miss Kimelman, Messrs. Grimes,
- Busz, D. C. Rao (o/r)
- Messrs. Winterbottom, Pryor, Mrs. de Tchihatchef

BBKing:gm

Research

Mr. J. Duloy, DRCDR

July 14, 1975

B. B. King, VPD Signed B. B. King

Poverty Study

The Purpose

1. What is the purpose of the study:
 - (a) To arouse popular opinion?
 - (b) As an end in itself?
 - (c) As a means of cooperation between the individual countries and the international community in "solving" the problem of poverty?
2. If it is (a), which is a proper purpose, a good economic journalist, preferably a very good one, could probably do better in a couple of years.
3. If it is (b), there is not much for me to say. It is a lot of money.
4. If it is (c), there is more. I assume it is (c) in the rest of this note.

One-shot International vs Ongoing National

5. My main objection is that this is a one-shot affair with initiative from a centralized agency (or agencies) and a methodology characteristic of it^{1/}. How much impact will it have on countries seriously interested in their own various ways in tackling the problem, let alone those that are not? Will measuring capacity (page 18) promote the use of capacity? Will projections over time (page 19) with all the hazards of projection avail much without a local monitoring device to see what really happens?
6. We have had a country concentration program in Malaysia. Isn't one of the lessons of this, as articulated by the Malaysians, that direct use to the country is proportionate (or more) to the degree of continuity and involvement by national agencies? Will the experimentation (page 24) prove much to national governments without these conditions? Do we experiment with models and they with people?

1/ There is no mention of anthropological research.

7. Is there sufficient recognition of diversity? In national aims? In national prospects (Brazil, Bangladesh, India, Nepal, Niger, Nigeria)? In the special character of the poverty, when its incidence is on minorities^{1/}? Could it just be that the urge for international comparability exceeds not only the necessary, but possibly the useful? And, to the extent that comparability is required, is it not worth noting the parallel exercise in income comparison (Kravis, etc.)?

A Role for the International Community?

8. If there are some countries with mixed devotion to the cause of poverty eradication (one cannot honestly expect more), surely the role of the international community is to specialize on those contributions which are best provided externally, leaving the national governments with the heavy and continuous burden of information-gathering, persuasion and experimentation. One thing the international community can do is to provide tools - tools for the technology appropriate to the country. This may be different in different groups of countries. We are not high on Chad-adapted tools.

9. What tools should there be? One way to find out would be to ask. The IDRC is committed to the "network" approach. If they don't like the first (Nerfin) approach, perhaps they could do a little sounding out as an initiative for a second one. There may well be regional differences.

10. The Bank could provide sophisticated analytical tools, to be sure - and possibly others, though none are mentioned. It is my uninformed hunch that there is promise, for example, in SAM. It is adaptable to whole countries where almost everyone is poor and to special poverty "sectors" in richer countries. However, the value may lie not mainly in the possible current insights, but perhaps as much in a SAM scenario in, say, 20 years' time^{2/}. What sort of society do they want? Such a scenario might illuminate the path from now to then. Perhaps we should train a corps of Samsons and export them.

^{1/} They may be caste minorities, religious minorities, tribal minorities (Kurds, Andean Indians, Marsh Arabs, Baluchis, etc.).

^{2/} My faith in projections to 1995 is tepid.

July 14, 1975

11. I am less convinced by the utility of the LINK system in this context. The pay-off there seems mainly for the countries without the most serious poverty problems.

12. Generally, the international community can also provide services of synthesis (state of knowledge) and dissemination. The Bank has no particular advantage in this that I can see, but it should support it.

A Very Small Point

13. Table 3 (between pages 9 and 10) carries the Gini coefficient to four places of decimals. One would be honest. Two would be admissible. A bad start to the numbers game.

cc: Messrs. Chenery
W. Clark
Stern
Gulhati
Holsen
Raj Krishna
Shourie
Waelbroeck
Pyatt
Ahluwalia
Miss Yudin
Mr. Balassa

BBKing:gm

Distribution below

July 8, 1975

B. B. King, VPD Signed B. B. King

Research Allocations (FY76 and Total)

1. The attached list shows the revised financial allocations for all research projects in your department.

2. I would like to repeat what I said in my memo of June 4 about the total authorization. "Total authorization" means the total amount authorized for FY76 and all subsequent years with further submission to the Research Committee; annual authorizations within this total for the current fiscal year will, of course, continue as before. Funds in excess of the total will not be authorized unless a memorandum is sent to the Secretary of the Committee in good time, stating the reasons.

Attachments

Distribution:

- CPS D. Ballantine (List 1)
- E. V. K. Jaycox (" 2)
- Y. Rovani (" 3)
- M. Yudelman (" 4)
- H. van der Tak (" 9)

- DPS J. Duloy (" 5)
- R. Gulhati (" 6)
- W. Tims (" 7)

- LAC B. de Vries (" 8)

- cc: A. L. Doud (all lists)
- A. Mates (" ")
- T. Mitchell (" ")
- F. Stone (" ")
- O. Grimes (" ")
- M. Hazzah (" ")

- H. Busz (" 6)
- M. Gary (" 5 & 7)
- P. Peter (" 3)
- D. D. Brown (" 4)
- F. Lowenstein (" 4)

BBKing:gm

List 1 (Education)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
278	Project Evaluation Method- ology: Education Attainments	31.4	31.4

List 2 (Transportation/Urban)

<u>RPO</u>	<u>Title</u>	<u>Authorization (\$'000)</u>	
		<u>FY76</u>	<u>Total</u>
226	Substitution of Labor and Equipment in Civil Works	50.0	200.0
227	Highway Design Study, Phase II	90.5	194.5
313	Port Pricing and Investment Policies for Developing Countries	14.0	14.0
314	Malagasy Feeder Road	46.0	46.0
315	Effects of Health and Nutrition Standards on Worker Productivity	34.5	34.5
316	Standards for Site and Services Projects	15.1	15.1
320	Urban Traffic Restraint (Singapore)	<u>50.7</u>	<u>50.7</u>
	Total	300.8	554.8

List 3 (Public Utilities)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
267	Standards of Reliability of Urban Electricity Supply	24.1	24.1
276	Pricing & Investment in Telecommunications	3.4	3.4
311	Public Utility Pricing & Investment	<u>8.0</u>	<u>8.0</u>
	Total	35.5	35.5

List 4 (Agriculture and Rural Development)

<u>RPO</u>	<u>Title</u>	<u>Authorization (\$'000)</u> <u>FY76</u>	<u>Total</u>
289	Development Strategies for Small- holder Agriculture in Yugoslavia	5.0	5.0
321 ^{/1}	Foodgrain Production in Asia	4.0	4.0
334	Organization & Management of Irrigation Projects	<u>45.0</u>	<u>45.0</u>
	Total	54.0	54.0

/1 In cooperation with East Asia & South Asia Projects.

List 5 (Development Research Center)

<u>Income Distribution</u>		Authorization (\$'000)	
<u>RPO</u>	<u>Title</u>	<u>FY76</u>	<u>Total</u>
206	Short-run and Long-run Influences Upon Income Distribution	11.7	11.7
283	Evaluation of Latin American Data on Income Distribution	54.2	62.2
284	Growth Employment & Size Distribution of Income	<u>/1</u>	<u>/1</u>
285	Urban Income Distribution in Latin America	85.0	85.0
294	Employment & Income Distribution in Malaysia	10.0	10.0
296	Distributive Impact of Public Expenditures	16.0 ^{/2}	16.0 ^{/2}
308	Evaluation of Asian Data on Income Distribution	56.0	56.0
333	Ability Characteristics as Factors of Production	19.5	19.5
<u>Development Planning</u>			
273	Rural Development in N.E. Brazil	73.0	108.0
286	Prototype Models for Country Analysis	115.0	190.0
317	The Analytics of Change in Rural Communities	73.6	73.6
329	Agricultural Pricing & Storage Policies in East Africa	73.0	73.0
<u>Special Topics</u>			
223	Scope for Capital-Labor Substitution in the Mechanical Engineering Industry	5.7	5.7
224	Programming in the Manufacturing Sector	44.5	64.5
309	World Commodity Models	64.0	145.0

/1 Still under consideration.

/2 Colombia component. Malaysia component (7) under Development Economics Department.

Other

<u>RPO</u>	<u>Title</u>	Authorization (\$'000)	
		<u>FY76</u>	<u>Total</u>
287	Industrial Policies and Economic Integration in West Africa	17.0	17.0
327	Social Accounts and Development Models	63.0	81.0
335	Export Incentives in Developing Countries	<u>28.0</u>	<u>168.0</u>
	Total	781.2 ^{/1}	1,018.2 ^{/1}

^{/1} Not including RPO 335 in total (included for administrative purposes in ECD total)

List 6 (Development Economics Department)

Industry

<u>RBO</u>	<u>Title</u>	<u>Authorization (\$'000)</u> <u>FY76</u>	<u>Total</u>
305	Patterns of Industrial Development	36.5	45.0
307	CAMS	25.0	25.0
332	A Comparative Study of the Sources of Industrial Growth & Structural Change	45.3	91.4
335	Export Incentives in Developing Countries	28.0	168.0

Urban/Regional

298	Urban Land Use Policies: Taxation & Control	5.0	5.0
318	Pricing & Financing of Urban Public Services: Water Supply & Sewage Disposal	23.2	23.2

Population & Human Resources

299	Economic Aspects of Household Fertility Behavior & Labor Supply in N.E. Brazil	9.0	9.0
302	Population Growth & Rural Poverty	26.8	41.1
303	Maximizing Usefulness of Household Surveys	2.0	2.0
319	Economic Development & Educational Reform	21.8	21.8
326	Migration Patterns in West Africa	34.0	61.0

Employment & Rural Development

243	Labor Market in Malaysia	10.0	10.0
245	Labor Force Participation - Income & Unemployment	46.5	50.5
330-	Structure of Rural Employment Income & Labor Markets	55.0	100.0
331	A Comparative Analysis of Rural-Urban Labor Market Interactions	30.0	30.0

Public Finance

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
296	Distributive Impact of Public Expenditures	7.0 ^{/1}	7.0 ^{/1}
325	Commercial Bank Behavior	50.0 ^{/2}	50.0 ^{/2}
<u>Other</u>			
306	Employment Models & Projections	75.4	75.4
324	Simulation of Buffer Stocks	<u>5.0</u>	<u>5.0</u>
	Total	535.5	820.4

/1 Malaysia component only, Colombia (16) under Development Research Center.

/2 Subject to final adjustment when plans are completed.

List 7 (Economic Analysis and Projections)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
268	International Comparison Project	90.0	270.0
323	Agricultural Commodity Projections	10.0	10.0
328	Linkage of Commodity & Country Models	<u>28.5</u>	<u>100.5</u>
	Total	128.5	380.5

List 8 (Latin America & Caribbean)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
310	Promotion of non-Traditional Exports	6.0	37.0

(List 9 (Projects Advisory Staff))

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
208	Project Appraisal and Shadow Prices	1.8	1.8

Research Committee Members

July 7, 1975

O. F. Grimes, Jr.

Minutes of Meeting of July 3, 1975

1. Present at the meeting were Messrs. B. B. King, Balassa, B. de Vries, Karaosmanoglu, Lerdau, Schulmann, Vergin, Waelbroeck, Ray and Grimes.

Organization and Management of Irrigation Projects (III.1)

2. The Committee authorized \$45,000 for Stage I, to be undertaken during FY76. Whether Stage II will eventually be supported depends on results obtained from Stage I. Since a portion of Bank staff time on the project represents inputs from the Regional Offices, it is important to obtain a commitment of support, including staff time, from the Regions during the desk study. Mr. Vergin said that East Asia and Pacific Region, for one, would provide such support.

Export Incentives in Developing Countries (IV.1)

3. Subject to arrangements being worked out in the four preferred countries (Brazil, Korea, Mexico and Turkey), this project was approved as presented. A total of \$168,000 through FY78, with \$28,000 for FY76, was authorized. Mr. de Vries said that the project sponsors should keep in close touch with research within the DPS on market conditions for industrial products, which would complement the project's objectives. It was also agreed that the researchers should review the Bank's experience with DFC's as an additional source of information.

ECIEL Income Distribution Project (RPO 285)

4. Two courses of action were felt to be appropriate based on recent proposals for additional funding. The Committee recommended approval of the entire request of \$85,000 (FY76) on condition that the ECIEL tapes will be acquired by the Bank when the research is completed in June 1976. If acquiring the tapes is not possible, the Committee did not agree on whether the project should go ahead on a phased basis (with, perhaps, \$42,500 authorized now and a review in six months) or be dropped, although it tended to favor the latter solution. The Research Advisor will inquire further about securing the tapes and report to the Committee.

Yale Income Distribution Project (RPO 284)

5. Mr. King reported that there now exists a good possibility of an agreement acceptable to all parties. This will be presented to the Committee later. The Committee felt strongly that disbursements should be scheduled to coincide with production of research output.

Panel Reviews (Memorandum from B. B. King, June 24, 1975)
and Evaluation (Memorandum from B. B. King, June 25, 1975)

6. Reactions of the Committee members to these memoranda will be sought by telephone over the next few days.

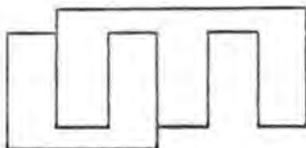
Cleared with and cc: Mr. B. B. King

Distribution: Messrs. Chenery, Balassa, B. de Vries,
Karaosmanoglu, Lerdau, Schulmann, Thalwitz,
van der Tak, Vergin, Waelbroeck, Yudelman,
Ray, Mrs. Hughes

cc: Mrs. Hazzah

OFGrimes:gm *og*

EDUCATION
RESEARCH - GEN



THE UNIVERSITY OF MICHIGAN

School of Education
Corner East and South University Avenues
Ann Arbor, Michigan 48104

JUL 3 REC'D

Education Dept

June 10, 1975

Mr. Robert S. McNamara
President
The World Bank
International Development Association
1818 H Street, N. W.
Washington, D. C. 20433

Dear Bob:

In the fall of 1973, I exchanged letters with Mr. Duncan Ballantine of your staff concerning my interest in exploring the possibility of collaboration in research and demonstration projects in education in developing countries. Clearly, questions of educational policy and practices are central to manpower and overall economic development, and it seems more important than ever to understand educational systems in both theory and practice in different countries if we are to assist in increasing their potential--from an economic or any other perspective. I told Mr. Ballantine that our faculty includes a number of professors with considerable experience in educational development in countries in Europe, the Middle East, Asia, Africa, and South America, and that we also have doctoral students doing their thesis research in countries there. Mr. Ballantine, in a very cordial reply, suggested that I or members of my staff visit him in Washington, and expressed the hope that he would have an opportunity to visit us in Ann Arbor some time in the future. Unfortunately, neither of us seems to have had time to follow up since then.

I understand that you emphasized the significance of education in economic development in some recent remarks. I am, of course, in complete agreement. Too often, however, education and schooling are talked of as if they were equivalent or even synonymous, when, in fact, for certain groups under certain conditions, schools appear to inhibit, even to stunt, their development. One of our professors, Dr. Betty Morrison, is interested in studying the effect of the English school on West Indian children who have migrated to Great Britain. Her prediction is that the English environment is proving deleterious to the children's academic achievement. I enclose a summary of her proposal, still being developed, in the hope that it will be of interest to you.

Dr. Morrison's study would, in my view, be of considerable importance, regardless whether her prediction is corroborated or not, because the situation of interest to her is but one example of the great migrations

Mr. Robert S. McNamara

June 10, 1975

taking place everywhere from rural to urban settings. Although not all of these are characterized by cross-cultural factors as in the West Indian migration to England, a great many are. I have been serving as Chairman of the Board of Haifa University in Israel, and have been much impressed by the central role assigned to education in that country as a means to forge the many different cultures represented there into something new and viable. If there are lessons to be learned from Israeli experiments in education and manpower development, and I think there are, it will take study and careful investigation, not only to assess what they have done and are doing, but also to see how such lessons might be applied elsewhere.

I would like to repeat my suggestion that we explore areas of mutual interest to develop collaborative projects. I get to Washington fairly frequently, and could easily make arrangements to visit you, Mr. Ballantine, or others you might suggest later this summer.

Please let me know your reaction to Betty Morrison's outline. I look forward to hearing from you.

With best personal regards, *from your many Ann Arbor friends,*



Wilbur J. Cohen
Dean

Mr. B. B. King

July 2, 1975

E. Lerdau

Research Committee - ECIEL/Brookings Proposal

1. The Panel was reconvened to consider the new Brookings proposal submitted through Mr. Ahluwalia. It met on June 27; present were Panel Members Greene, Meo and myself as well as Messrs. King, Grimes and Ahluwalia.

2. I am not able to report a unanimous recommendation to the Research Committee; although there was very little disagreement among us as to what the issues are or what pros and cons are entailed by a positive recommendation, we did not all arrive at the same evaluation of these factors. We therefore agreed to put the issues as we saw them before the Research Committee.

3. On the negative side, we all agreed, there is the continuing absence of evidence that the Brookings team has a work program. In my June 3 memo I reported that the Panel had been unanimous in concluding on the original proposal that:

"Only if a new proposal of a considerably higher level of intellectual rigor and interest were to emerge, would the Panel agree to recommend support."

The new presentation by Brookings in a sense is a step backwards, inasmuch as virtually all concrete statements as to what hypotheses are to be tested, and how, have been deleted. Instead, we are given extremely vague statements regarding the need to construct and test various ex ante classifications of poverty.

3. On the positive side we have:

- a. The high professional standing of the Brookings team, namely Messrs. Grunwald, Ferber and Musgrove;
- b. the probability that the ECIEL tapes contain valuable data;
- c. the possibility that with Bank financial support, DRC will be close enough to the project to influence the work program, so that in fact Mr. Ahluwalia's objective

"... of examining patterns of inequality in order to translate from income-defined groupings to more useful social groupings ..."

is attained (see his memo of June 24).

July 2, 1975

4. We all agreed that the simplest solution would be to buy the tapes and let DRC use them. Since this, however, is obviously impossible, a second best solution would be to support the project on the condition that either immediately or in a year's time, DRC would be given unrestricted access to the tapes. However, the Panel was faced with Brookings' reported objection that this would be considered an impolitic and arrogant posture for the Bank to take, and one that would be much resented by the LDC institutions participating in ECIEL. But this is a judgment which the Research Committee may wish to make, or to reject, explicitly; the Panel has mixed feelings about it.

5. The Panel thus agrees that supporting the proposal in its present form would largely constitute an act of faith. To the extent that this involves faith in Mr. Ahluwalia and his Associates, the Panel would be unanimous in its support; to the extent that it also involves faith in the process by which DRC staff would, indeed, be allowed to influence the design of the program, opinions are more divided, as they are also on the relative weights to be attached to (a) the low intellectual caliber of the Brookings presentation, and (b) the undoubted reputation and professional standing of the Brookings team.

6. On balance, two members of the Panel recommend support and one recommends against. All agree that if support is given, it should be done on the terms proposed by Mr. Ahluwalia, namely in two tranches. After six months a progress report would be issued and the Research Committee - either through the Panel or, preferably, by delegation to Mr. Ahluwalia - would be in a position to terminate Bank involvement if performance was inadequate. The second tranche would then not be disbursed; Brookings would have to agree to this arrangement from the outset.

Cleared with and cc: Messrs. Greene
Meo

cc: Mr. Ahluwalia

 Elerdau:jd

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

June 26, 1975

TO: Files

Attached are (a) a project-by-project list of revised authorizations which is the basis for the tables circulated to the Research Committee for the 7/3/75 meeting; (b) "additional data" giving some alternative breakdowns; (c) a list of "authorizations to be adjusted" showing the changes required to my list of June 4 (not all yet firm).

B.K.

B. B. King

cc: Mrs. Hazzah
Mr. Grimes
Miss Kimelman ((a) only)
Mr. D. C. Rao (o/r)

June 26, 1975

Revised Gen.

DETAILS OF REVISED AUTHORIZATIONS
(\$'000)

<u>Group</u>	<u>FY76</u>	<u>Total</u>	<u>Dept.</u>
<u>I.B (Inc. Dist.)</u>			
206	11.7	11.7	DRC
283	54.2	62.2	DRC
294	10.0	10.0	DRC
296	23.0	23.0	DRC/ECD
308/1	56.0	130.5	DRC
	<u>154.9</u>	<u>237.4</u>	
<u>I.C (Dev. Strategy)</u>			
268/1	90.0	270.0	EPD
286	115.0	190.0	DRC
325/1	50.0	50.0	ECD
327	63.0	81.0	DRC
	<u>318.0</u>	<u>591.0</u>	
<u>II. (Int'l. Trade)</u>			
309	64.0	145.0	DRC
310	6.0	37.0	LCN
323	10.0	10.0	EPD
328	28.5	100.5	EPD
	<u>108.5</u>	<u>292.5</u>	
<u>III. (Agr./Rur.Dev.)</u>			
273	65.0	100.0	DRC
289	[3.0]	[3.0]	AGP
317	73.6	73.6	DRC
321	[4.0]	[4.0]	AGP/ASP
324	5.0	5.0	ECD
329	73.0	73.0	DRC
	<u>216.6</u>	<u>251.6</u>	
	[223.6]	[258.6]	
<u>IV. (Industry)</u>			
223	5.7	5.7	DRC
224	44.5	64.5	DRC
287	17.0	17.0	DRC
305	36.5	45.0	ECD
332	45.3	91.4	ECD
	<u>149.0</u>	<u>223.6</u>	

<u>Group</u>	<u>FY76</u>	<u>Total</u>	<u>Dept.</u>
<u>V. (Transport)</u>			
226/1	150.0	300.0	TRU
227	90.5	194.5	TRU
313	14.0	14.0	TRU
314	46.0	46.0	TRU
320/1 /2	50.7	50.7	TRU
	<u>351.2</u>	<u>605.2</u>	
<u>VI. (Pub. Ut.)</u>			
267	24.1	24.1	PBP
276	3.4	3.4	PBP
311	8.0	8.0	PBP
	<u>35.5</u>	<u>35.5</u>	
<u>VII. (Urban)</u>			
298	5.0	5.0	ECD
316	15.1	15.1	TRU
318	23.2	23.2	ECD
	<u>43.3</u>	<u>43.3</u>	
<u>VIII.A (Education)</u>			
278	31.4	31.4	EDD
319	21.8	21.8	ECD
333	19.5	19.5	DRC
	<u>72.7</u>	<u>72.7</u>	
<u>VIII.B (Employment)</u>			
243	10.0	10.0	ECD
245	47.5	47.5	ECD
306	75.4	75.4	ECD
307	25.0	25.0	ECD
326	34.0	61.0	ECD
330	55.0	100.0	ECD
331	30.0	30.0	ECD
	<u>276.9</u>	<u>348.9</u>	
<u>VIII.C (Pop./Health)</u>			
299	9.0	9.0	ECD
302	26.8	41.1	ECD
303	2.0	2.0	ECD
315/1	34.5	34.5	TRU
	<u>72.3</u>	<u>86.6</u>	

<u>Group</u>	<u>FY76</u>	<u>Total</u>	<u>Dept.</u>
<u>Other</u>			
292	25.0	75.0	VPD
<u>Total</u>	1,823.9 [1,830.9]	2,863.3 [2,870.3]	

/1 Subject to adjustment.

/2 Transfer to VII (Urban)?

Note: Figures in square brackets include minor additions to those in July 3 black book.

June 26, 1975

ADDITIONAL DATA

A. <u>Department totals</u>	<u>FY76</u>	<u>Total</u>
EPD	31.4	31.4
TRU	400.8	654.8
PBP	35.5	35.5
AGP/ <u>1</u>	[7.0]	[7.0]
DRC/ <u>2</u>	688.2	999.7
ECD/ <u>2</u>	508.5	649.4
EPD	128.5	380.5
LCN	6.0	37.0
VPD	25.0	75.0
	<u>1,823.9</u>	<u>2,863.3</u>
	[1,830.9]	[2,870.3]

/1 Including 321 (cooperative with South Asia).

/2 Including 16 for DRC and 7 for ECD in 296.

B. FY78 estimates/3

227	52.0	V/TRU
268	90.0	IC/EPD
292	25.0	Other/VPD
308	18.0	IB/DRC
309	10.0	II/DRC
328	36.0	II/EPD
FY78 (est.)	<u>231.0</u>	
FY77 (est.)	808.4	
(Total - FY76)	<u>1,039.4</u>	

/3 Difference between FY76 and total is all in FY77 except for these projects.

C. New projects

IC (325/327)	113.0	131.0
II (328)	28.5	100.5
III (329)	73.0	73.0
IV (332)	45.3	91.4
VIIIA (333)	19.5	19.5
VIIIB (326/330/331)	<u>119.0</u>	<u>191.0</u>
	398.3	606.4
Old projects	<u>1,425.6</u>	<u>2,256.9</u>
	<u>1,823.9</u>	<u>2,863.3</u>

June 26, 1975

LIST OF AUTHORIZATIONS TO BE ADJUSTED

<u>TRU</u>	<u>FY76</u>	<u>Total</u>	
226	50.0	200.0	?
314	46.0	46.0	
315	34.5	34.5	?
 <u>PBP</u>			
267	24.1	24.1	
311	8.0	8.0	
 <u>AGP</u>			
289	3.0	3.0	?
 <u>ASP</u>			
321	4.0	4.0	
 <u>DRC</u>			
308	56.0	130.5	?
273	65.0	100.0	
317	73.6	73.6	
224	44.5	64.5	
309	64.0	145.0	
327	63.0	81.0	
287	17.0	17.0	
 <u>ECD</u>			
299	9.0	9.0	
326	34.0	61.0	
325	50.0	50.0	?
 <u>EPD</u>			
323	10.0	10.0	
 <u>LCN</u>			
310	6.0	37.0	

Research

Research Committee Members

June 25, 1975

B. B. King, VPD Signed B. B. King

Evaluation

1. In his memorandum of February 14 to Mr. Chenery on the Board Discussion of the Annual Report on Bank Research on February 4, Mr. Damry summarized various statements by Mr. McNamara. These included the following:

".....said that the appraisal of the results of research in terms of their effect on operations (raised by Mr. Faure) would be a major part of the 1976 Report;"

2. Previously, a schedule of projects for evaluation was set forth in a memorandum of April 5, 1974 by Mr. Chenery. Two members of the then Committee were assigned the task of evaluating each of a selected group of 12 projects. This list of assignments is somewhat out-of-date. In every case except two, one of the Committee members assigned is no longer on the Committee (and in one of the other two cases both have left). Only two of the projects have been completed and one evaluated according to schedule; several others are fairly close. I think we have to go back to square one and start again.

3. First, we should give our attention to all projects actually completed. There are 18 of them listed in Table 4 of this year's Annual Report (attached). One, which was left out, appears according to Mr. Thalwitz to have been quite useful (RPO 233 - Railway Costing Manual). There may be a dozen or so others by the end of this fiscal year (we are reviewing possible candidates).

4. I would like to ask members of the Committee to take the responsibility for evaluation of not more than two projects each. The process would take place over the three months July to September. We would assist in providing any relevant documents, appointing panel members (analogous to panels for review of proposals) and so on. An important aspect of the review would be the impact, if any, on users or potential users. Mr. de Vries has already expressed interest in this sort of review.

Attachment

Distribution:

Mrs. Hughes

Messrs. Chenery, Balassa, B. de Vries, Karaosmanoglu, Lerdau, Schulmann, Thalwitz, van der Tak, Vergin, Waelbroeck, Yudelman

cc: Mr. Grimes

Table 4: COMPLETED RESEARCH PROJECTS

RPO No.	Project Title	Report
205	Cross-Section Analysis of Development Process	<ol style="list-style-type: none"> 1. H. B. Chenery and N. Carter, "Foreign Assistance and Development Performance 1966-1970". <u>American Economic Review</u>, May 1973. World Bank Reprint No. 9. 2. H. B. Chenery and M. Syrquin, "Patterns of Development 1950-1970", Oxford University Press (forthcoming), 1975. 3. N. Carter, "A Handbook of Expected Values of Structural Characteristics", April 1974. Bank Staff Working Paper No. 154.
211	Prospects for Jute and Competition from Synthetics	<ol style="list-style-type: none"> 1. E. Grilli and A. Morrison, "Jute and the Synthetics", January 1974. Bank Staff Working Paper No. 171.
215	Agriculture Research and Productivity Changes	<ol style="list-style-type: none"> 1. Y. Kislev and R. Evenson, "Agricultural Research and Productivity", Yale University Press, 1975.
219	Expansion in Manufacturing for Exports in Developing Countries	<ol style="list-style-type: none"> 1. T. Ozawa and Y. Chang, "Expanding Employment Opportunities in LDC Export Manufacturing Industry: An Analysis of the Offshore Activities of the Japanese Electronics Industry", March 1973 (unpublished). 2. T. Ozawa, "Labor Resource Oriented Migration of Japanese Industries to Taiwan, Singapore and South Korea", August 1972. Bank Staff Working Paper No. 134.
220	Industrialization and Trade Policies for the 1970's	<ol style="list-style-type: none"> 1. H. Hughes, "Trade and Industrialization Policies: The Political Economy of the Second Best", February 1973. Bank Staff Working Paper No. 143. 2. H. Hughes, "Prospects for Partnership - Industrialization and Trade Policies in the 1970's", The Johns Hopkins University Press, 1973.
221	Export Promotion and Preferences in India	<ol style="list-style-type: none"> 1. D. Wall, "The Role of Exports in India's Development Program", 1972 (unpublished). 2. D. Wall, "Export Development and Promotion Policies", 1972 (unpublished). 3. D. Wall, "The Impact of the Generalized Scheme of Preferences on India's Exports", 1973 (unpublished). 4. D. Wall, "Export Policy", 1973 (unpublished).
230	Impact on Port Congestion of Ship Rescheduling	<ol style="list-style-type: none"> 1. Asian Institute of Technology, "Application of State Dependent Queuing Models for Analyzing Ship Arrival Rates at Ports", November 1972 (unpublished).
231	Promotion of Construction Industry	<ol style="list-style-type: none"> 1. J. de Wilde & Associates, "A Framework for the Promotion of Construction Industries in the Developing Countries", November 1973. Bank Staff Working Paper No. 168.
234	Urban Transport and the Automobile	<ol style="list-style-type: none"> 1. W. Owen, I. Ozusta, J. Bradfield, "Automobile and Cities - Strategies for Developing Countries", September 1973. Bank Staff Working Paper No. 162.
236	Property Values and Water Supply Benefits	<ol style="list-style-type: none"> 1. R. Bahl, S. Coellen and J. Warford, "Impact of Water Supply and Sewerage Investment on Property Values", September 1973 (unpublished). 2. R. Bahl, S. Coellen and J. Warford, "Estimation of the Economic Benefits of Water Supply and Sewerage Projects", October 1973 (unpublished).
237	Village Water Supply	<ol style="list-style-type: none"> 1. R. Saunders and J. Warford, "Village Water Supply and Sanitation in LDC's", March 1974, Public Utilities Report No. RES2. 2. R. J. Saunders, "Village Water Supply in Developing Countries: Problems and Policies, March 1975 (unpublished).
240	Economic Models of Internal Migration	<ol style="list-style-type: none"> 1. P. Brigg, "Some Economic Interpretation of Case Studies of Urban Migration in Developing Countries", March 1973. Bank Staff Working Paper No. 151.
246	Cost Effectiveness of Alternative Learning Technologies in Industrial Training	<ol style="list-style-type: none"> 1. M. Zymelman, with the cooperation of M. Horowitz, E. Herstadt and A. Woodruff, "Cost Effectiveness of Alternative Learning Technologies in Industrial Training - A Study of In Plant Training and Vocational Schools", December 1973. Bank Staff Working Paper No. 169.
248	Economic Issues of Health	<ol style="list-style-type: none"> 1. P. Newman, "A conceptual Framework for the Planning of Medicine in Developing Countries", May 1973. Bank Staff Working Paper No. 153.
250	Mechanization in India - Its Extent and Effect on Hired Labor	<ol style="list-style-type: none"> 1. B. Lockwood, "Notes on Farm Mechanization and the New Technology in Indian Agriculture", April 1972 (unpublished). 2. B. Lockwood, "Patterns of Investment in Farm Machinery and Equipment in Indian Agriculture", January 1973 (unpublished).
251	Survey of Non-Formal Rural Education	<ol style="list-style-type: none"> 1. P. Coombs and M. Ahmed, "Attacking Rural Poverty: How Non-Formal Education can Help", The Johns Hopkins University Press, 1974.
4	Employment and Capital Labor Substitution	<ol style="list-style-type: none"> 1. Y. Mundlak, "Distortion in the Factor Markets and the Short Run Equilibrium", "Functional Forms of Production Functions", "Estimation of Production Functions", April 1973 (unpublished) 2. G. Ranis, "Industrial Sector Labor Absorption", <u>Economic Development and Cultural Change</u>, Vol. 21, No. 3, April 1973 (World Bank Reprint Series: No. 6). 3. S. K. Singh, "Evaluation of Employment Prospects in LDC's", October 1970. "Aggregate Production Function Causes of Growth and Measures of Dynamic Efficiency", January 1973. Bank Staff Working Paper No. 138.
281	Comparative Analysis of Resource Allocation in Cocoa Production	<ol style="list-style-type: none"> 1. P. Yeung, "Comparative Advantage in Cocoa Production: A Methodological Annex", Forthcoming in Bank's Occasional Paper series.

Research

Research Committee Members

June 24, 1975

B. B. King, VPD Signed B. B. King

Panel Reviews

1. Members of the Committee may well feel that the panel review process is both too rushed and too bunched at a particular time of the year. Consequently, the process of review is liable to suffer both in the panels and in the Committee. The attached memorandum from Mr. Tims, now two years old, is a good exposition of the problem.

2. In addition, we are beginning to have difficulties in finding enough members as panel chairmen, as illustrated by our last May meeting. Two members conducted panel reviews for the April meeting of the Committee. Since we did not wish to use these two members again for the May meeting, this left nine to choose from, apart from the Chairman and myself. In practice, only three of the nine were available because of absence during the review period, absence at the meeting, sickness or exceptional administrative responsibility at the time. This is not too satisfactory a proportion.

3. In this note, I describe some of the actions we have in mind to lessen the pressure and concentration. I would be grateful for any comments and suggestions the Committee may have.

Lengthening the review process

4. For the current meeting, we have experimented with an earlier start to the review process. The idea is simply to distribute the proposal to the panel at the penultimate stage, i.e. before it has received final clearance from other departments. This gives a little more time (Maybe a week) with, as far as I can see, no great loss. If a project is withdrawn at the last moment, the panel would have done some unnecessary work, but this is not likely to happen very often.

5. There are two additional things we could do. The first is to make the submission deadline earlier and to formalize the idea of submitting a "penultimate" version. Since one should allow at least ten days between panel meeting and Committee meeting, a deadline of [D - 1 month] would allow three weeks for the panel process. Does the Committee consider this enough?

6. The second is to involve the panel at an even earlier stage. We now ask for statements of intent (and quite often get them). We would appoint a panel at that time. The panel would receive a briefing from the proposers

in advance of the actual proposal. This would not replace the review, but would give panel members time to reflect, ask for specific information on the proposal and possibly coopt other views. However, stretching out the time increases the scheduling problems, if panel members are subject to changes in travel plans at short notice.

Smoothing out project reviews during the year

7. If we wish to smooth out the process of project review over the year, we have to have some way of reducing the need to commit all or most of the budgetary funds in one fell swoop and also of eliminating the suspicion that those at the end of the queue are likely to get shorter shrift than those at the beginning. The first condition is greater flexibility in using budgetary funds from year to year. We now have this to a limited extent, since P & B has permitted us to have a "carry over" of 10% of the annual budgetary authorization, if it is not spent fully in the fiscal year. This amount is not cumulative. This means that we will have a limited capability to save money in lean years (in terms of the quality of projects) and use it in fat years. There should be less advantage in being at the head of the queue.

8. It also appears that we will have an unusually favorable budgetary condition in FY77. Since most of this year's projects have by now been reviewed, we are concerned mainly with what happens to projects which will substantially start in FY77. Expenditure expected in FY77 from projects already approved is only about \$800,000. This will no doubt increase, but it is much smaller than the expenditure from ongoing projects (i.e. approved in 1975 or earlier) in FY76. This amounts to about \$1.4 million. These figures are, of course, not comparable since one is an expectation at the beginning of the current fiscal year and the other an expectation one year away. Nevertheless, the difference is large.

9. It does not look today as though there will be queuing pressure in FY77, although things can change. Therefore, it would make sense to start the review process considerably earlier and have regularly spaced meetings, each with a much lower workload. We already intend to review certain existing projects (e.g. Analytics of Rural Change - RPO 317) early in calendar 1976. We could schedule five meetings at approximately six-week intervals from March to August 1976. A few projects would be reviewed at each meeting. If there were none, the meeting would be cancelled.

Deputies

10. It might, on occasion, be useful for members to have deputies. One alternative is to have a permanent deputy for each member. If the member were away for a panel meeting or a Research Committee meeting, the deputy would take his place. The argument against this is that it encourages absenteeism. If, after some remedial measures have been taken, members of the Committee are unable to meet a reasonable proportion of their obligations, then there is a question whether they should remain members.

11. However, it has to be recognized that many members travel. If the review process is extended, the probability of a member conducting a panel review being away when the Committee discusses the proposal is higher. There is, therefore, a case for an alternative: ad hoc deputies on each panel, who could, if necessary, present the proposal to the Committee. We would simply designate a "Deputy Chairman".

Attachment

Distribution:

Mrs. Hughes
Messrs. Chenery, Balassa, B. de Vries, Karaosmanoglu, Lerdau,
Schulmann, Thalwitz, van der Tak, Vergin, Waelbroeck,
Yudelman

cc: Mr. Grimes

BBKing:gm

Those Responsible for Recently
Completed Research Projects
Nancy J. Kimelman, VPD (F1233)

June 24, 1975

Submission of Revised Abstracts

This year the Abstracts of Current Studies will include all projects whose completion reports will have been filed in 1975. This will allow our readers to follow the progress of the Bank's research projects and learn of publication of results. To this end, would you please submit an updated abstract which describes the accomplishments of your project. Attached to this note you will find the memorandum D. C. Rao sent to those in charge of ongoing projects, which outlines the format you should use. I would appreciate receiving your drafts as soon as possible, in all cases before Tuesday, July 8, 1975.

Attachment

NKimelman:gm

- cc: Messrs. N. Carter (205)
- G. Donaldson (212)
- C. Hardy (232)
- M. Nanjundiah (233)
- J. Simmons (242)
- R. Hofmeister (247, 275)
- Mrs. ~~Chiswick~~ Chiswick (274, 275)
- S. Reutlinger (280)
- P. Yeung (281)
- Mrs. U. Lele (293)

Those Responsible for External
Research Projects
D. C. Rao, Secretary, Research Committee

May 12, 1975

Revision of Abstracts

It is time to start work on the revision of the booklet, World Bank Research Program: Abstracts of Current Studies. (If you do not already have a copy of this booklet, please get one from the Publications Office, Ext. 2057.) To this end, could you please submit drafts of the abstracts on the research project(s) for which you are responsible, so as to reach me by Tuesday, June 10, 1975. We are employing an editor to assist in preparation of the booklet, who will be here for a limited time. It is necessary, therefore, that your drafts be submitted in time.

The abstracts should be 2-4 pages (double spaced) and should provide information on the following topics:

- 1) Background: General motivation behind research in this area and this research project; the relation between this research project and other research projects in the Bank's external research program.
- 2) Objectives and Methodology of this particular research project. This section should represent the major part of the abstract. Particular attention should be given to specification of the output of the project.
- 3) Staffing: The names of the Departments, Bank staff members and consultants working on the project. Include collaborating institutions (full name and location), briefly outlining their contribution to the research design and execution.
- 4) Schedule: Month and year when the project is expected to be completed. Identify phases of the work that have been completed and phases that remain.
- 5) Reports:
 - a) List reports that have been completed and are available to the public. Items should show author, title, publisher and date of publication. If the item has been listed in the World Bank Catalog, show the catalog number in parentheses.

- b) List reports that are not available to the public as yet - including interim reports and drafts. State where interested Bank staff members can obtain copies. (These reports will not be listed in the Abstracts, but the information is necessary for other purposes. This seems like a sensible occasion to collect this information).
- 6) Please identify the Abstract with the title and RPO Number of the research project.

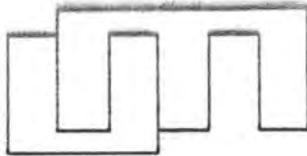
Distribution

Respective Department Directors
Administrative Officers

Mr. D. Bahl
Mr. B. B. King
Mr. O. Grimes
Mrs. M. de Tchihatchef
Mrs. Hazzah

DCRao:ls

EDUCATION
✓ CC: RESEARCH - GEN.



THE UNIVERSITY OF MICHIGAN

School of Education
Corner East and South University Avenues
Ann Arbor, Michigan 48104

Offices of Research Service

4218 SEB

June 20, 1975

Mr. Robert S. McNamara, President
The World Bank
International Development Association
1818 H Street, N. W.
Washington, D. C. 20433

Dear Mr. McNamara:

Enclosed please find the proposal statement that was
missing from the June 10, 1975, letter written by Dean
Wilbur J. Cohen. ✓

Sincerely yours,

Betty M. Morrison
sc.

Betty M. Morrison
Prof. of Education
Faculty Assoc., Institute
of Social Research

BMM:st

Enclosure

Research

June 19, 1975

Dear Mr. Khubchandani:

In response to your letter of May 6, 1975, I must say that the Bank has rather limited scope for funding research proposed by outside agencies. Moreover, while it is true that the Bank is interested in the field of language planning and its application to the more equitable and efficient development of education systems, we will not be in a position to decide what further action we might take in this area of research until we have reviewed the selected country language profiles still under preparation.

With regard to your specific proposal, I should add that the Bank is only interested in supporting research which promises results directly applicable to the Bank's lending operations. I do not have from your project prospectus a sense of the operational relevance of your proposal. Also, the Bank is relatively inactive in the education sector in both India and Sri Lanka, while in Pakistan and Bangladesh the linguistic situation is much less complex than in many other countries where the Bank is providing assistance to education.

For these reasons I cannot hold out much hope of a positive response to your request at the present time.

Sincerely yours,

Clifford Gilpin
Education Department

CGilpin:ks

Mr. Lachman M. Khubchandani
Senior Fellow
The East-West Center
East-West Culture Learning Institute
Honolulu, Hawaii 96822

Staff Responsible for External
Research Projects

June 18, 1975

Nancy J. Kimelman, VPD *NK*

Submission of Revised Abstracts

The due date for revised abstracts for the
World Bank Research Program: Abstracts of Current Studies
was June 10, 1975. As this year's editor, I would appreciate
receiving, as soon as possible, the revised abstract drafts
for the following projects:

RPO Nos. 204, 207, 208, 210, 214, 222, 225, 238, 239,
268, 279, 282, 289, 301, 310, 323, 326, 328

Distribution:

Messrs. Balassa	(204, 210)
Waelbroeck	(207, 323, 328)
Ray	(208)
Duane	(214)
Pursell	(222)
F. Moore	(225)
D. Anderson	(238, 239)
Miss Yudin	(268)
P. Hasan	(279)
S. Singh	(282)
Donaldson	(289)
Ahluwalia	(301)
Greene	(310)
Zachariah	(326)

NK:gm

Research

Mr. B. B. King, Research Adviser
Development Policy

June 12, 1975

D. S. Ballantine and R. Gulhati *RG*

Proposal for a Research Strategy and Program in Education

We attach a copy of the paper "Proposal for a Research Strategy and Program in Education" prepared jointly by the Education Department and Development Economics Department.

The paper is designed initially to provide a framework for the consideration of Bank-supported research projects. In addition, the paper includes a survey of a variety of research activities undertaken as a part of the Bank's lending operations.

We hope that the discussion of the paper by the Research Committee and by the operational departments will not only stimulate research in education but will also help that our future efforts in this area are focused around issues reflecting the Bank policies as defined in the Education Sector Working Paper.

Attachment

- | | | | |
|---------------------|-------------|------------|----------|
| cc: Messrs. Chenery | Baum | Blaxall | Johanson |
| Stern | van der Tak | El Darwish | Lethem |
| Mrs. Hughes | Hultin | Hendry | Pennisi |
| Messrs. T. King | Erder | Pouliquen | Stewart |
| Simmons | Jallade | Vergin | Thint |
| Rao | | | |

[Signature]
NERder/rcm

HHughes/

Research

Mr. B. Balassa, DRCDR

June 10, 1975

B. B. King, VPD *Signed B. B. King*

Export Incentives RPO Proposal (Comments)

Page 4: Differential pricing between domestic and foreign markets can occur without protection (but with oligopoly), when (a) there are economies of scale; (b) there is a lumpiness in plant size; (c) there are appreciable external transport costs. Suppose supply and demand are in equilibrium and that output from an additional plant will depress domestic prices to the point where the shadow cost of capital is not covered. Equilibrium may still be possible at a level of domestic demand below full capacity and at a price below the import cost, the difference being made up by exports (at a price necessarily exceeding the marginal cost of the additional output, but below the domestic one). Import protection and/or export subsidies will clearly extend the range, but their absence does not preclude the possibility of this phenomenon. I wonder if it is proper to call this cross-subsidization. It smacks of a conscious purpose to benefit one consumer at the cost of the other. There is, in this case, no suggestion of extending benefits to foreigners. It is a form of discriminatory pricing.

- Page 8:
- (i) Top para. Are import entitlements included under "preferential foreign exchange allocation"? How amenable are they to quantification?
 - (ii) Last para. Do "governmental attitudes" extend beyond pronouncements to, say, release of foreign exchange promptly for bona fide export promotion (e.g. free replacement of defective goods)?

Page 9: Middle para. Does this mean that the domestic resource cost in domestic currency will be converted into foreign exchange cost at a shadow rate and compared with foreign exchange yield? Will you then have to estimate shadow prices? How?

- Page 11:
- (i) Top three paras. Won't incentives operate with a lag?
 - (ii) Fourth para. The difference in any given case between the C-S norm and the actual value presumably is due to:

June 10, 1975

- (a) Government policy.
- (b) Other unspecified variables such as resources (and changes in them) and external events (such as war in Vietnam).

Can you correct for (b)?

General: Presumably, at the data collection phase, you will have to cover both the "cross-section" and the "over time" parts simultaneously. Has any thought been given to ensuring that the cross-section analysis be completed first, if, as I think, it appears more promising?

BBKing:gm

Research

Those listed below

June 9, 1975

D. C. Rao, VPD

Panel to Review Research Proposal

1. A panel consisting of Messrs. B. de Vries (Chairman), G. Hyde, B. Kavalsky and J. Thadani will review the research proposal "Export Incentives in Developing Countries" on Friday, June 13 at 10:00 a.m. in Room A907. The proposal is being submitted by Messrs. B. Balassa and L. Westphal.

2. The Review Panel will need the following documents for Friday's meeting:

- (a) Guidelines for Review Panels.
- (b) Memorandum from L. E. Westphal to B. B. King and D. C. Rao, May 1, 1975.
- (c) Project Proposal: "Export Incentives in Developing Countries; An Overview", June 1, 1975.
- (d) Project Submission Form.
- (e) Methodological Annex and Questionnaire.

Items (a) and (b) are attached. Panel members have already received (c) from Mr. Balassa, who will also send (d) and (e) to panel members by late afternoon Monday, June 9.

3. The recommendations of the panel should be sent to me by Wednesday, June 18, preferably by Tuesday, June 17.

Attachments

Distribution:

Messrs. B. de Vries, G. Hyde, B. Kavalsky, J. Thadani
cc: Messrs. B. Balassa, L. Westphal, B. B. King, J. Duloy, Mrs. Hughes,
D. Greene (for information), O. Grimes,
Mrs. Hazzah

OFGrimes:gm

OFFICE MEMORANDUM

TO: Those listed below

FROM: B. B. King, Development Policy *BBK*

SUBJECT: Informal Guidelines for Panels
Reviewing Research Proposals

DATE: March 26, 1975

Research proposals are reviewed by a panel of staff members before being considered by the Research Committee. The attached note specifies the procedure and content of this review. As such, it is of interest to those preparing research proposals for submission to the Research Committee.

Could you please ensure that a copy of these guidelines reaches all those who are preparing, or might prepare, research proposals.

Attachment

Distribution

Directors, Deputy Directors, Advisors and Division Chiefs
in DPS and CPS.
Regional Office Directors, Deputy Directors, Assistant
Directors, Assistants to Directors, Chief Economists
and Senior Economists.
Members of the Research Committee

March 26, 1975

INFORMAL GUIDELINES FOR PANELS REVIEWING RESEARCH PROPOSALS

The guidelines are presented in two parts: (A) Procedure and (B) Substance.

A. Procedure

1. The Secretary to the Research Committee will arrange for a panel to review research proposals before consideration by the Research Committee.
2. The Chairman of the Panel will, in general, be a member of the Research Committee. Members of the panel will, in general, be two or three Bank staff members with relevant interests and qualifications.
3. The panel will have one or more meetings with the principal researchers to discuss the research proposal. The principal researcher or the panel may invite other researchers and research supervisors (e.g. department director, division chief, etc.) to attend this meeting. The Secretary to the Research Committee may participate in this discussion but is not a member of the review panel.
4. The review panel will submit a memorandum to the Secretary to the Research Committee containing its recommendations concerning the financing of the research proposal and the reasons for its recommendations. The review panel may also suggest modifications of the research proposal, after discussing these suggestions with the originators of the research proposal.
5. The originators of the research proposal may submit a rebuttal to, or a member of the review panel may submit a dissent from, the panel recommendation. Such memoranda should be sent to the Secretary to the Research Committee.
6. The Secretary to the Research Committee will forward the research proposal, panel recommendations and subsequent memoranda to the Research Committee for their consideration.

NOTE: General information concerning the Bank's research program can be had from Bank Group Research Program, January 8, 1975. (For copies call Ext. 5001).
Brief descriptions of ongoing research projects are published in World Bank Research Program: Abstracts of Current Studies, October 1974. (For copies call Ext. 2057).
General enquiries concerning the research program should be addressed to the Secretary to the Research Committee (Ext. 6003); queries on particular research projects to the departments responsible.

B. Substance

Members of the review panel should feel free to discuss all aspects of the research proposal with the originators of the proposal and with whomsoever they wish to consult. They may call upon the Secretary to the Research Committee for any assistance.

The following is a check list of items/questions to assist the panel in its assessment of a research proposal. Originators of research proposals are well advised to cover these points in the proposal itself, where appropriate.

1. Objectives

- a) What is the problem to which the proposal is addressed? Is the justification for this research more solid than an assertion that "there is a need to know more" about the topic? What precisely is the use of this research to the Bank, member governments or anyone else?
- b) What are the hypotheses? i.e. what is it expected to prove or disprove?
- c) Is the subject of research of general interest, rather than something specific (e.g. Information gathering relating to a single sector in a single country) which should be done as part of operations?

2. Opportunity Cost of the Proposed Research

- a) Has the Research Committee considered an "overview" of the subject?* If so, does the proposal conform with the priority guidelines agreed to?
- b) If no overview has been considered by the Research Committee, does the proposal have a discussion of what research is being done elsewhere in this field and how the proposed research relates to it?
- c) Why is the subject of the proposed research particularly important in relation to other possible research in the same broad field?

* Ideally, an overview would: (i) identify the nature of the problems that we are trying to solve in the real world; (ii) identify those lines of research which, on the face of it, are already mining low grade ore; (iii) identify those lines of research which might have a higher pay-off; (iv) identify which of the lines in (iii) are particularly suitable for the Bank.

3. Technical Competence

- a) Is the methodology appropriate to the defined objectives?
- b) Are the staff and consultants properly qualified?
- c) Is there adequate Bank staff time allocated to supervising hired consultants?

4. Phasing

- a) What are the points at which the progress of the project can be reviewed by the Research Committee to determine whether the project deserves continued financing? If the research proposal does not clearly identify these phases, the review panel ought to do so.
- b) Is it clear from the proposal precisely what the output of each phase of the research is going to be?
- c) Are there additional intermediate outputs that should be required of the researchers?

5. Departmental Coordination

Has the research proposal been seen by the relevant departments in the Bank and IFC, as signified by their having signed Part II of the research proposal form? For pragmatic reasons, signatures on the form should be interpreted simply as signifying awareness of the proposal. If departments feel strongly for or against a proposal, they ought to feel motivated enough to write a memorandum expressing their views.

6. Choice of Countries

- a) Is the choice of countries appropriate in relation to (i) relevance of problems; (ii) availability of information/collaborators; (iii) desirability of avoiding excessive geographical concentration of research projects; (iv) Bank/country relations.
- b) Have steps been taken to exploit interrelationships between this research proposal and other research projects in the same subject or country? (The booklet Abstracts of Current Studies, which has a table of contents by subject and an index by countries, provides relevant information).

7. Collaboration

- a) What is the extent of collaboration with researchers in LDC's? If there isn't any, why not?
- b) If collaboration is proposed with a developed country institution, what special reasons can be adduced in justification?

8. Dissemination

- a) Who is expected to use the results of this research?
- b) What steps, beyond "publication", will be taken to ensure that the results of the research reach the user in a suitable form?
- c) Has the potential user specifically supported the project (apart from just saying OK)?

9. Budget

- a) Is there an itemized budget, by fiscal year, for each phase of the proposed research?* The panel should not attempt to resolve budgetary issues but rather to alert the Secretary to the Research Committee who can then follow them up.

10. Rejected Proposals on Subjects of Interest

If the panel regards the subject of special interest but the research proposal in its present form inadequate, it should make a recommendation to the Research Committee that steps be taken to improve the proposal and, to the extent possible, describe these steps.

* The information should be consistent with Part IV of the research proposal form and should explain the bases of the budget estimates, e.g. the rate per man-month of consultants' time; the fares and per diem costs of travel. Data processing estimates should have been discussed with the Computing Activities Department. The amount of Bank staff time should be specified.

OFFICE MEMORANDUM

TO: Mr. B. B. King and Mr. D. C. Rao

DATE: May 1, 1975

FROM: Larry E. Westphal, ^WChief-ECDND (through Mr. R. Gulhati)SUBJECT: RPO Proposal:
"Export Incentives in Developing Countries"

Further to the statement of intent to submit the above proposal in my memo to Mr. D. C. Rao on March 26, I wish to inform you that this proposal's submission must now be delayed to meet the deadline of the next (i.e., after May) meeting of the Research Committee. This delay stems from comments received from staff in the Regional Departments and in the Industrial Projects and Development Finance Companies Departments, which have persuaded us to revise the methodology substantially so as to enhance the project's operational relevance.

The revised proposal is to place a great deal more weight on the establishment survey and investigation at the product specific level, with reduced weight being given to the time series analysis of effective incentives. In addition, greater attention is to be paid to the financial cost of export incentives to the government budget. We have tentatively decided each country study should contain a minimum common core, consisting of two parts: 1) an establishment survey, for approximately 20 to 25 products, of the types of incentives given, the quantitative magnitude of each, and management's appraisal of their attractiveness; and 2) a time series estimation of the effective exchange rate on exports for aggregates covering non-traditional and traditional exports, further divided into primary and manufacturing sub-groups. Each country study will employ both cross section establishment data for the most recent point in time and time series aggregate data to test hypothesis regarding the efficacy of export incentives.

In addition to the minimum common core, each country study would investigate one or more additional topics of interest regarding export performance. Possible topics include the comparative domestic resource costs of different export products in relation to the incentives given them, the costs of establishing and maintaining different types of marketing channels, non-price policy intervention through government export targeting and other means, and subsidization of exports through charging higher prices on the domestic than on the export market. By choosing different topics in the countries studied, according to their relevance to the individual countries, we would hope to cover a wide range of additional policy issues regarding export promotion.

The expected total cost of the proposed project remains approximately \$168,000, spread over three years. The expected disbursement in FY76 remains at \$48,000, as these expenditures are fixed, start-up costs.

A revised overview of the project has been drafted, but requires substantial revision before circulation. A draft methodology has also been prepared which we would be happy to make available at this time were it considered useful, but with the understanding that it is only a draft. Either Mr. Balassa or myself would be happy to provide additional information to or meet with members of the Research Committee, if this would prove helpful in judging relative

May 1, 1975

priorities between this project and others that are being submitted in full at this time.

LEWestphal:mm

cc: Ms. H. Hughes
Mr. R. Krishna
Mr. H. Busz
Mr. M. Michaely
Mr. D. Papageorgiou
Mr. O. Grimes
Mr. J. Duloy
Mr. B. Balassa
Mr. G. Purcell

Mr. J. Thadani
Mr. G. Hyde
Mr. B. de Vries
Mr. P. Hasan
Mr. A. Karaosmanoglu

Research

Mr. Edward V. K. Jaycox, Director, TRU

June 6, 1975

B. B. King, VPD Signed B. B. King

Research Proposal, "Bikeways for Urban Transport in Developing Countries"

1. Noting the recommendations of the review panel on this project, the Research Committee in a meeting on May 29 decided that, although the feasibility of constructing separate bicycle rights of way in developing country cities was a worthy topic for Bank concern, several aspects of this proposal seemed dubious. Modal split, or the opportunity cost of bikeways compared with other modes of transport, seemed much more important to many Committee members than pure engineering feasibility. It was also not clear what LDC cities would get out of a study done in England. The Committee therefore decided to reject this proposal.

2. Orv Grimes and I discussed this outcome with Clell Harral shortly after the meeting. If we can be of further assistance please let us know.

Distribution:

Messrs. Dunkerley, Roth, D. C. Rao o/r, Ray, Grimes

OFGrimes:gm

Research

Mr. Stokes M. Tolbert, Director, TMP

June 6, 1975

B. B. King, VPD *Signed B. B. King*

Research Proposal, "Socio-Cultural
Impacts of Tourism"

1. The Research Committee in a meeting on May 29 decided that, although this subject deserves serious consideration by the Bank, its embodiment in this proposal left strong doubts about the usefulness of the outcome. The reservations expressed were much the same as those contained in the review panel memorandum of May 14.

2. If the researchers wish to submit another proposal, perhaps aided by an advisory panel as in paragraph 11 of the review panel memorandum, the proposal would be considered in the normal course of a future Research Committee meeting. If you wish to pursue this course we will be glad to assist in the formation of the panel and give guidance on its terms of reference. There is, of course, no guarantee that a revised proposal would be accepted.

Distribution:

Messrs. J. A. Simmons, F. Mitchell, D. C. Rao o/r,
A. Ray, O. F. Grimes

OFGrimes:gm

Research

June 5, 1975

Professor R. J. Smeed
Traffic Studies Group
University College
London WC1E6BT

Dear Professor Smeed:

Research on Bikeways

I am writing to thank you for your further letter of 21 May but, more importantly, to advise you with much regret that our Research Committee turned down your proposal despite the support of this Department. Most members of the Research Committee are not transport specialists, and it is possible that we should have done more to explain the importance and relevance of the subject. However, the fact remains that we were turned down, and I am very sorry.

Our offer to meet up to \$200 of the expenses incurred in sending a member of your staff to the Bikeway Conference in Amsterdam still stands, and I am looking forward to receiving a report about that conference.

I hope that we will have the chance of pursuing subjects of mutual interest on a future occasion.

Yours sincerely,

C. G. Harral
Chief, Research Division
Transportation and Urban Projects
Department

cc: Mr. Dunkerley

 GJRoth:lh

Research

OUTGOING WIRE

TO: ROBERT DEWAR

DATE: JUNE 5, 1975 *WJ*

INTBAFRAD

CLASS OF LT

NAIROBI

SERVICE: ex. 5306

COUNTRY: KENYA

TEXT:

848

Cable No.:

R.D.DIVISION CPS HAS COMPLETED FIRST PHASE OF [CROP INSURANCE STUDY] STOP
I WILL SEND COPY OF DRAFT TODAY **STOP** AS SECOND PHASE PROPOSE SENDING
TWO EXPERTS, MCDONALD AND DIMOCK TO SRI LANKA AND KENYA TO STUDY CROP
INSURANCE PROGRAMS STOP MISSION WOULD SPEND TEN DAYS IN KENYA BEGINNING ABOUT
JULY 9 TO INVESTIGATE OPERATIONS OF THE GUARANTEED MINIMUM RETURN PROGRAM
IN KENYA STOP PLEASE ADVISE OF ANY OBSTACLES TO PROPOSED VISIT AND
POSSIBLE CONTACTS FOR MISSION STOP REGARDS

DAVIS

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

Ted J. Davis
Ted J. Davis
Agriculture and Rural Development

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

Ted J. Davis/cr
cc: Anders Ljung

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: *E*

ORIGINATOR (LH CODE)

DISPATCHED

REFERENCE

SIGNATURE OF INDIVIDUAL AUTHORIZED TO SIGN

POSITION

DATE

Handwritten signature and date: JUN 5 9 30 PM 1975

COMMUNICATIONS

cc: Angela King

John J. Deane

NAME

TELEPHONE NUMBER

TELEPHONE NUMBER AND COPY DISTRIBUTION

NOT TO BE TRANSMITTED

DVAIS

POSSIBLE CONTACTS FOR MISSION GROUP MEMBERS
IN KENYA GROUP PLEASE ADVISE OF ANY OBSERVATIONS TO PROPOSED AREA AND
TYPE & TO INVESTIGATE OBSERVATIONS OF THE DEVELOPMENT MINIMUM BELIEF PROBABLY
INSURANCE PROPOSALS GROUP MISSION WOULD SEND THE DATA IN KENYA BEGINNING ABOUT
AND MEMBERS' MCDONALD AND BIRCH TO SET FORTH AND KENYA TO SEND GROUP
I WILL SEND COPY OF DATA TO YOU GROUP AS SECOND PHASE PROPOSE SEND
H.D. DIVISION HAS COMPLETED FIRST PHASE OF [GROUP INSURANCE AREA] GROUP

COPY NO.
TEXT

COMMUNIC.

CLASS OF

DATE

KENYA

INDIVIDUAL

IMBVBVVD

BOBBEL DEMVE

CLASS OF

DATE

ex. 2300

TL

JUNE 2, 1975

OUTGOING WIRE

ASSOCIATION

INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

COOPERATION AND DEVELOPMENT

INTERNATIONAL FINANCE

Form No. 33

Handwritten signature

RESEARCH GEN.

June 4, 1975

Office of Research
Federal Highway Administration
Department of Transportation
Washington, D. C. 20590
ATTN: Ms. Julia Fee

Dear Julia:

Research on the Speed/Flow Characteristics of Bikeways

Further to our telephone conversation, ^{- NOT ATTACHED} I attach herewith, for your information, a brief proposal received recently from Professor R. J. Sneed, to establish speed/flow relationships for bikeways by means of controlled experiments.

The Bank is not in a position to finance research of this kind at present. Nevertheless, we would be interested in the results of any bikeway research that you may sponsor.

I appreciate that you would have to issue a general "request for proposals" before contracting for research work.

With best wishes.

Yours sincerely,

G. J. Roth
Urban Division II
Transportation and Urban Projects
Department

cleared with and cc: Mr. Harral

GR
GJRoth:lh

Distribution below

June 4, 1975

B. B. King, VPD *Signed B. B. King*

Research Allocations (FY76 and Total)

1. The attached list shows the financial allocations for all research projects in your department. Those for ongoing projects (up to RPO 324) should be considered tentative pending FY75 budget review. Project supervisors may, however, proceed to make budgetary commitments and initiate work. Those for new projects (RPO 325 onwards) are firm.

2. Projects are marked with an asterisk, when we are still awaiting pertinent information.

3. You will see that each project has an FY76 and a total authorization. "Total authorization" means the total amount authorized for FY76 and all subsequent years without further submission to the Research Committee; annual authorizations for the current fiscal year will, of course, continue as before. Funds in excess of the total will not be authorized unless a memorandum is sent to the Secretary of the Committee in good time, stating the reasons.

Attachments

Distribution:

- CPS D. Ballantine (List 1)
- E. V. K. Jaycox (" 2)
- Y. Rovani (" 3)
- M. Yudelman (" 4)

- DPS J. Duloy (" 5)
- R. Gulhati (" 6)
- W. Tims (" 7)

- LAC B. de Vries (" 8)

- cc: A. L. Doud (all lists)
- T. Mitchell (" ")
- F. Stone (" ")
- O. Grimes (" ")
- M. Hazzah (" ")

BBKing:gm

List 1 (Education)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
278	Project Evaluation Methodology: Education Attainments	31.4	31.4

List 2 (Transportation/Urban)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
226	Substitution of Labor and Equipment in Civil Works	(150.0) ^{/1}	(300.0) ^{/1}
227	Highway Design Study, Phase II	90.5	194.5
313	Port Pricing & Investment Policies for Developing Countries	14.0	14.0
314	Malagasy Feeder Road	*	*
315	Effects of Health & Nutrition Standards on Worker Productivity	*	*
316	Standards for Site & Services Projects	15.1	15.1
320	Urban Traffic Restraint (Singapore)	50.7	50.7

^{/1} To be reduced to the extent that expenditure in FY75 exceeds authorization.

List 3 (Public Utilities)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
267	Standards of Reliability of Urban Electricity Supply	14.4	14.4
276	Pricing & Investment in Telecommunications	3.4	3.4
311	Public Utility Pricing & Investment	*	*

List 4 (Agriculture and Rural Development)

None

List 5 (Development Research Center)

Income Distribution

<u>RPO</u>	<u>Title</u>	<u>Authorization (\$'000)</u>	
		<u>FY76</u>	<u>Total</u>
206	Short-run and Long-run Influences Upon Income Distribution	11.7	11.7
283	Evaluation of Latin American Data on Income Distribution	54.2	62.2
284	Growth Employment and Size Distribution of Income	*	*
285	Urban Income Distribution in Latin America	*	*
294	Employment and Income Distribution in Malaysia	10.0	10.0
296	Distributive Impact of Public Expenditures	16.0 ^{/1}	16.0 ^{/1}
308	Evaluation of Asian Data on Income Distribution	*	*
333	Ability Characteristics as Factors of Production	19.5	19.5

Development Planning

273	Rural Development in N.E. Brazil	*	*
286	Prototype Models for Country Analysis	115.0	190.0
317	The Analytics of Change in Rural Communities	*	*
329	Agricultural Pricing and Storage Policies in East Africa	73.0	73.0

Special Topics

223	Scope for Capital-Labor Substitution in the Mechanical Engineering Industry	5.7	5.7
224	Programming in the Manufacturing Sector	35.0	35.0
309	World Commodity Models	*	*

^{/1} Colombia component. Malaysia component (7) under Development Economics Department.

Other

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
287	Industrial Policies and Economic Integration in West Africa	13.0	13.0
327	Social Accounts and Development Models	63.0	63.0

List 6 (Development Economics Department)

<u>Industry</u>		Authorization (\$'000)	
<u>RPO</u>	<u>Title</u>	<u>FY76</u>	<u>Total</u>
305	Patterns of Industrial Development	36.5	45.0
307	CAMS	25.0	25.0
332	A Comparative Study of the Sources of Industrial Growth & Structural Change	45.3	91.4
<u>Urban/Regional</u>			
298	Urban Land Use Policies: Taxation & Control	5.0	5.0
318	Pricing & Financing of Urban Public Services: Water Supply & Sewage Disposal	23.2	23.2
<u>Population & Human Resources</u>			
299	Economic Aspects of Household Fertility Behavior & Labor Supply in N.E. Brazil	*	*
302	Population Growth & Rural Poverty	26.8	41.1
303	Maximizing Usefulness of Household Surveys	2.0	2.0
319	Economic Development & Educational Reform	21.8	21.8
326	Migration Patterns in West Africa	31.5	61.0
<u>Employment & Rural Development</u>			
243	Labor Market in Malaysia	10.0	10.0
245	Labor Force Participation - Income & Unemployment	47.5	47.5
330	Structure of Rural Employment Income & Labor Markets	55.0	100.0
331	A Comparative Analysis of Rural-Urban Labor Market Interactions	30.0	30.0

Public Finance

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
296	Distributive Impact of Public Expenditures	7.0 ^{/1}	7.0 ^{/1}
325	Commercial Bank Behavior	*	*
<u>Other</u>			
306	Employment Models & Projections	75.4	75.4
324	Simulation of Buffer Stocks	5.0	5.0

^{/1} Malaysia component only, Colombia (16) under Development Research Center.

List 7 (Economic Analysis and Projections)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000)	
		<u>FY76</u>	<u>Total</u>
268	International Comparison Project	90.0	270.0
323	Agricultural Commodity Projections	8.1	8.1
328	Linkage of Commodity & Country Models	28.5	100.5

List 8 (Latin America and Caribbean)

<u>RPO</u>	<u>Title</u>	Authorization (\$'000) <u>FY76</u>	<u>Total</u>
310	Promotion of non-Traditional Exports	*	*

RESEARCH - GEN
(BROOKINGS/ECIEL PROPOSAL)

Mr. B. B. King

June 3, 1975

E. Lerdau
E. Lerdau

Research Committee : Panel Report on Brookings/ECIEL Proposal

1. The Panel, consisting of Messrs. David Greene, Paul Meo, Oktay Yenal and myself, met on May 30 with Mr. Ahluwalia, to consider this proposal. Mr. Barend de Vries and Mr. Orville Grimes were also present.
2. The Panel felt that Mr. Ahluwalia's proposal to move from program type support to a project approach was not only a good one, but the only one that should be considered in view of the past record of performance. Moreover, it was noted that when another Panel, two years ago, recommended supporting the program, it was done on condition that the Bank be allowed a substantial say on program content. This, however, had not taken place.
3. The Panel also felt that the "short leash" approach recommended by Mr. Ahluwalia, under which disbursements would be in tranches against delivery of specified outputs of acceptable quality, was sound and that it should be enforced rigorously if any financial support at all was agreed to.
4. However, the Panel was also unanimous in the conclusion that Brookings' submission in its present form could not be supported. It was felt that the hypotheses that were to be tested were, to a considerable extent, uninteresting, and that the conceptual framework underlying them was unsatisfactory. To some extent, indeed, there seemed to be a confusion between explaining income inequality and explaining it away. In other respects, elementary questions of causal relationships seemed to be ignored. It was also noted that the questions to be researched were not of high priority in their relevance to Bank work or in relation to other possible research in the same broad field; and that the requested support was for financing a developed country institution.
5. Mr. Ahluwalia agreed with these criticisms and pointed out that even the present submission had only been produced after it was made clear to Brookings that the past open-ended, program-type support was not likely to be acceptable any longer.
6. The Panel considered rejecting the proposal outright, and there was considerable feeling that this might be the best solution. However, it opted for a less drastic conclusion and agreed, unanimously, to recommend that the Research Committee ask Mr. Ahluwalia and/or his staff to help Brookings prepare a better thought out proposal in which both the hypotheses to be tested and the testing methods to be used were to be re-cast. Only if a new proposal of a considerably higher level of intellectual rigor and interest were to emerge, would the Panel agree to recommend support.

7. Mr. Ahluwalia thought that this was a feasible course - that it would be possible to develop a project which would make better use of the ECIEL data than that contained in the Brookings proposal - but said that he wanted to point out that such assignments for himself and his staff were time consuming and not necessarily of high priority for his Division's overall work program. The Panel felt that Mr. Ahluwalia's point was well taken; while the Panel's recommendation remains as described above, this clearly is an issue which the DRC management and the Research Committee cannot ignore.

Cleared with and cc: Messrs. Greene,
Meo
Yenal
Ahluwalia

cc: Messrs. de Vries
Grimes

ELerdau:jd

Research

Mr. J. Warford

June 3, 1975

R. Smith

Effect of Increased Price Levels and Changes in
Rate Structures Upon Demand for Utility Services

1. As discussed with you on May 30, I believe that the effect of O.P.E.C. energy pricing has produced some far reaching effects on the demand for utility services. Price levels have increased substantially and considerable variations in price structure have taken place - even to incorporation of incremental pricing, peak-load pricing, time-of-day pricing etc. Many of these changes have now been effective for periods in excess of one year so that it is becoming possible to consider the effect upon usage. It is probably also the first occasion on which price changes have been of a magnitude which can be generally considered as overriding other extraneous and concurrently occurring factors, so that present changes are almost certainly reflective of price changes only - or certainly principally.

2. I further believe that these demand effects warrant research on our part in connection with our rate and rate structure work. If you agree I would be interested in following up on this matter, obtaining information and analysing results as time and other work permit. Initially I would envisage say a total of four weeks work during FY1976, to be reviewed as work progresses.


RSmith/dac

cc: Mr. Y. Rovani
Mr. C. P. Vasudevan

Mr. John Duloy, Director, DRC

June 3, 1975

B. B. King, VPD ~~igned B. B. King~~

Research Proposals Approved at Research
Committee Meetings of May 19 and 29, 1975

Social Accounting Frameworks

1. The Research Committee approved \$63,000 for data collection and analysis in two countries in FY76, on condition that the research take place in countries in which prototype models (RPO 286) have been built. Moreover, Peru should be dropped if prototype research- does not materialize or if the findings will not be publishable there. Consideration of the remaining \$14,000 of the FY76 request, for building a model, was deferred. The RPO number of this project is 327.

Agricultural Pricing in East Africa

2. Financing for the first country study (Zambia) of \$73,000 for FY76 was approved by the Research Committee. This was also the total authorization approved at this time. The RPO number of this project is 329.

Analytics of Rural Change, RPO 317

3. The Committee felt that the note supplied by the project sponsors shortly before the May 29 meeting brought the scope and cost of this project into much clearer focus. Mr. King suggested that Committee members contact him within the next few days with major objections to the proposal as it now stands: if none were received, the proposal would be considered approved and a FY76 budget of \$76,600 authorized. This suggestion was adopted. We will let you know the Committee's views as soon as we have them.

Ability Characteristics

4. This project was approved as presented. The total authorized budget is \$19,500 for FY76. The RPO number of this project is 333.

5. Please use the RPO numbers in all financial documents and other communications on the above projects. The first Quarterly Status Reports will be due in September.

Distribution: Mr. Pyatt, Miss Gary
Messrs. Ahluwalia, Norton
Hablutzel
Bell, Hazell, Selowsky
Mazumdar
D. C. Rao o/r
Grimes

OFGrimes:gm

Research

Research Committee Members

June 2, 1975

O. F. Grimes, Jr., ECDRB

Minutes of Meetings of May 19 and 29, 1975

1. Present at the May 19 meeting were Messrs. (Ms.) Chenery, Balassa, Hughes, Karaosmanoglu, B. B. King, Lerdau, Schulmann, van der Tak, Vergin, Waelbroeck, D. C. Rao and Ray. Attending the May 29 meeting were Messrs. (Ms.) Chenery, Balassa, Hughes, Karaosmanoglu, B. B. King, Lerdau, Schulmann, Thalwitz, van der Tak, Waelbroeck, Yudelman and Ray. Mr. Grimes, who will become the Research Committee Secretary on September 1, was present at both meetings. Action on the 11 projects presented is discussed below, in their order of consideration.

Social Accounting (I.c.1)

2. The Research Committee approved \$63,000 for data collection and analysis in two countries in FY76, on condition that the research take place in countries in which prototype models (RPO 286) have been built. Peru should be dropped if prototype research does not materialize or if the findings will not be publishable there. Consideration of the remaining \$14,000 of the FY76 request, for building a model, was deferred until the data phase is substantially completed.

Linkage of Commodity and Country Models (II.1)

3. The Committee approved the request of \$100,500 as a three-year package, FY76-78, and \$28,500 for FY76. The recommendation in paragraph 5 of the review panel memorandum, suggesting a review after the first phase, was accepted.

Agricultural Pricing in East Africa (III.1)

4. Financing for the first country study -- Zambia -- of \$73,000 for FY76 was recommended by the review panel and approved by the Committee.

5. Mr. van der Tak suggested that it would be useful to have a review of the agricultural sector models developed so far, emphasizing their application to agricultural planning and policy in countries where the research has been carried out. The question of the appropriate time to undertake this review was also raised. A wider discussion ensued about dissemination of research results. Ms. Hughes said that the Research Committee Secretariat ought to think about how to review work already completed.

Analytics of Rural Change L RPO 317 (III.2)

6. Mr. Ray reported that, although the review panel saw the usefulness in principle of the Muda Basin portion of this proposal, only the Development Economics Department contribution (allocation of time in rural households) was well defined. Responding to Mr. Vergin's comment on the need for careful phasing of this study, the Committee decided to organize a steering committee, chaired by Mr. Vergin, to review the project in December 1975 after the "interim report" (page 24 of proposal) is discussed with the government of Malaysia.

7. In the meantime, clarification was sought of the project's content and the budget for each part. This was supplied in a note by the project sponsors received shortly before the May 29 meeting. Committee members felt from a necessarily brief review of this note that the scope and cost of the project was now much clearer. Mr. King suggested that Committee members contact him within the next few days with major objections to the proposal as it now stood: if none were received, the proposal would be considered approved and a FY76 budget of \$76,600 authorized. This suggestion was adopted. The total budget authorization will be considered after the steering committee has reviewed progress on the project.

Rural Employment, Income and Labor Markets (VIII.b.1)

8. The Committee approved the total FY76-77 authorization of \$100,000 and the FY76 budget of \$55,000 on condition that the Western Africa Regional Office support the project. A statement of Western Africa support was circulated at the May 29 meeting. The question of whether portions of the Turkey research could be covered under a Bank loan to Turkey was left open.

Rural-Urban Interactions (VIII.b.2)

9. Considering the proposal on May 19, the Committee felt it could support only the initial conference, including a paper prepared by the researcher and Professor Harris on the conference agenda. However, it did not know the cost of either. A subsequent detailed budget submission showed \$32,400 for the conference and \$5,000 for a separate rural survey, for a total request of \$37,400. Deciding that the rural survey was worthwhile and that conference expenses could be roughly \$25,000, the Committee authorized \$30,000 for FY76 under this project.

Patterns of Industrial Development - RPO 305 (IV.1)

10. The committee excised the case studies portion of this proposal, feeling that it warranted a separate request at a later date, and consequently approved \$29,000 of the original request of \$40,500 in FY76 and \$45,000 total for FY76-77.

Sources of Industrial Growth (IV.2)

11. Clear support was expressed for this project as a worthwhile experiment in modeling industrial growth and structural change. To attain the desired richness of experience and fully use the expertise of the researchers, all six country models should be included, though not necessarily simultaneously. The total request of \$91,400 through FY78 was approved, with \$45,300 for FY76. The Committee directed each researcher to discuss fully all aspects of the project with the Regional Offices concerned throughout the course of project design, preparation and execution.

Bikeways (V.1)

12. Although the feasibility of constructing separate bicycle rights of way in developing country cities was a worthy topic for Bank concern, several aspects of this proposal seemed dubious. Modal splits, or the opportunity cost of bikeways compared with other modes of transport, seemed much more important than pure engineering feasibility. It was also not clear what LDC cities would get out of a study done in England. The Committee therefore decided to reject this proposal.

Socio-cultural Impacts of Tourism (IV.3)

13. The Committee again felt that, although the subject deserves serious consideration, its embodiment in this proposal left much to be desired. If the researchers wished to submit another proposal, perhaps aided by an advisory panel as in paragraph 11 of the review panel recommendation, it would be considered in the normal course of the next meeting. However, no endorsement of the project in principle was made or assurance given that funds would be available.

Ability Characteristics (VIII.a.1)

14. This project was approved as presented; \$19,500 was authorized for FY76.

15. Mr. King reported that a request for an additional \$85,000 under RPO 285 (ECIEL Urban Income Distribution in Latin America) would be considered by a review panel on May 30. He was also authorized by the Committee to negotiate the terms under which additional funds would be made available under RPO 284 (Yale Income Distribution Project) to complete the Taiwan case study.

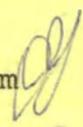
16. The next Research Committee meeting is scheduled for Thursday, July 3, 1975 at 3:00 p.m. in Room E1201.

Attachment

Cleared with and cc: Mr. B. B. King

Distribution:

Messrs. (Ms.) Chenery, Balassa, B. de Vries, Hughes, Karaosmanoglu, Lerdau, Schulmann, Thalwitz, van der Tak, Vergin, Waelbroeck, Yudelman, Ray

OFGrimes:gm 

Attachment

<u>Project</u>	<u>Authorizations Approved</u> ('000)	
	<u>FY76</u>	<u>Total</u> ^{/1}
Social Accounting	63.0	63.0
Linkage of Commodity and Country Models	28.5	100.5
Agricultural Pricing in East Africa	73.0	73.0
Analytcs of Rural Change	76.6 ^{/2}	76.6 ^{/2}
Rural Employment, Income and Labor Markets	55.0	100.0
Rural-Urban Interactions	30.0	30.0
Patterns of Industrial Development	29.0	45.0
Sources of Industrial Growth	45.3	91.4
Ability Characteristics	<u>19.5</u>	<u>19.5</u>
Total	419.9	599.0

^{/1} FY76 onward.
^{/2} Conditional, see paragraph 7.

June 2, 1975

Research

May 30, 1975

Professor Gustav Ranis
Director, Economic Growth Center
Department of Economics
Yale University
New Haven, Conn. 06520

Dear Gus:

Our Research Committee met yesterday to consider various projects including yours.- While they were unable to endorse the proposed work program enclosed with your letter of May 6, they did authorize us to discuss with you an alternative work program substantially along the lines of the enclosed outline.

In view of the past history of this project, including the most recent correspondence, there are a number of things which I feel I ought to make clear. We are still interested in a study of income distribution in Taiwan. We believe that the Growth Center is in a good position to carry it out. We hope that there is a basis for a cooperative effort in this respect, if you wish to pursue it.

The key, as far as I can see, is the notion of a cooperative effort. Hitherto, the atmosphere has been one of rivalry and competition. One of the troubles may have been a misconception of what the Bank's Research Program is all about. We are not a foundation. We do not behave like one, as you well know by now, and we do not pretend to; if we have at any time, that was a mistake. We are struggling to put together a program, which will ultimately - and in some cases more proximately - have a bearing on the whole operational activity of the Bank. There can be little doubt that that is the mandate that we have from our Board.

In a word we have our own special interests in what research we support, whether it is done in-house exclusively, partly within and partly without or almost wholly without. In view of the size of our budget for research and our responsibilities to make it relevant to the operational work of the Bank, we cannot afford to support activity which appears to us peripheral, however meritorious it may be. There are large resources outside for that purpose. Maybe they are not large enough, but they are large by our standards.

May 30, 1975

I have to say, frankly, that this project, as evidenced by its product, is not on the right track, at least as we define the track. This is not a statement of condemnation, but of a failure by a buyer and seller to agree on the right product. I want to make one thing completely clear. This is that my opinion is not simply a pale reflection of the views of the DRC which you believe, I think mistakenly, to be the views of a competitor. I have, myself, spent a good deal of time on this project. So have others. The view that some change needs to be made is by no means confined to the DRC. We have gone so far as to obtain in this particular instance the opinion of an outside referee.

There seems little point in expressing whatever criticisms we may have at this time. I do not wish to exacerbate an already uneasy atmosphere, unless there is a constructive purpose. You speak of harassment. Perhaps we are too used to mutual harassment in the Bank to realize its effect on others. I can only assure you that we do not have a set of knives specially sharpened for the Growth Center. If we are going to continue, I hope that we can perhaps moderate our style a little, but at the same time that you will take whatever we have to say in reasonably good part.

I think the next step is for you to tell us whether you agree on the general principles. These are that we would discuss with you quite specific products to be delivered during the coming fiscal year (the exact period is not important). The project and its financing would be identified with the delivery of those products.

If you do agree in general, then we can get down to specifics. I think that by now you are aware that we are interested in a completed case-study on Taiwan. The enclosure is only a rough outline. We may have other ideas to suggest and so may you. We are quite prepared to be flexible.

I hope that we can reach a satisfactory conclusion.

Sincerely yours,

Signed B. B. King

Benjamin B. King
Research Adviser
Development Policy

Enclosure

cc: Messrs. Chenery
Duloy
Balassa
Ahluwalia

BBKing:gm

Outline for a Study on Taiwan
(RPO 284)

The original interest for the Bank in this study was that it held the promise of demonstrating what could be achieved in the analysis of changes in the income distribution using an informal methodology, rather than a formal model, and focusing strongly on government policy. The Bank is currently financing a case study of Korea using a more formal methodology, viz: a multisector general equilibrium type model (Profs. Adelman and Robinson). A study of Taiwan is particularly valuable because it provides another example of improvements in income distribution along with strong growth.

In considering what a completed Taiwan study should include, the following outline has been drawn up:

(a) The Growth and Policy Framework

The study should include a historical review of development and of government policy in Taiwan over the period under study. This will serve to identify the major characteristics of the policy framework and also highlight particular policy instruments which in the authors' view had a significant impact on growth and distribution. The effects of the policy instruments so identified should then be evaluated by using the survey data thus far analyzed as well as other available data (labor force surveys, tax data, manufacturing surveys, etc.). This evaluation is clearly the most important (and most difficult) part of the study.

(b) Hypothesis Testing

The decomposition procedure has thrown up a number of interesting hypotheses. No doubt more will be forthcoming. It would be valuable to devise methods of testing these in a way which does not require a full general

equilibrium model. This is the situation in which the typical Bank economic mission finds itself. Among these interesting hypotheses are the following:

- (i) The paper should examine the data in order to find additional confirmation of the hypotheses that the labor surplus was exhausted (i.e. evidence apart from the observed decline in inequality which is after all the phenomenon that needs to be explained). One way of doing this would be to consider whether income gaps between different classes of labor within the labor market have narrowed over time. Note that this requires a disaggregation by population.
- (ii) The paper should examine the evidence for the existence of the hypothesized linkage between export-oriented industry and rural non-agricultural income. Such a linkage is asserted as providing an explanation for narrowing inequality.
- (iii) The exhaustion of the labor surplus and the growth of export industry should obviously be linked to government policy. Unless this link can be established, there will be no lessons for policy.
- (iv) The paper should pay attention to two of the major factors characterizing the distribution of assets in Taiwan: the land reform which occurred before the period studied and the distribution of skills (and changes in the latter over time). Some discussion is required of whether the land reform

was a necessary precondition for the subsequent observed pattern of income distribution. Similarly we need to examine whether changes in the skill composition of the labor force had any effect on income distribution. (Note that this is quite different from the narrowing of skill differentials mentioned above).

These are only some examples of the kind of hypothesis testing which would add up to a valuable informal case study.

(c) The Data Base

The exclusion of Taipei makes comparisons before and after 1968 potentially misleading. The authors should develop estimates for Taipei after 1968 and correct the data accordingly.

(d) Decomposition Procedure

The following extensions are needed for a better exploration of the decomposition technique as a diagnostic device.

- (i) There seems little pay-off for the Bank in further research on decomposition methodology per se. It would be of interest to evaluate the sensitivity of results when different decomposition procedures are applied to the same body of data.
- (ii) Widening the application of decomposition procedure to decompose by population groups. Because of the richness of the data in distinguishing between individuals (by skill, location, sector, education, etc.), a decomposition by population group permits much greater flexibility in defining "relevant categories" for explaining total inequality.

(e) Synthesis

The authors are well-equipped to attempt an integration of growth and distribution, particularly in the context of a dual economy, and to use this as the framework in which the analysis described above is conducted.

Research

Those listed below

May 27, 1975

D. C. Rao, VPD *DR*

Panel to Review Research Proposal

1. A panel consisting of Messrs. Enrique Lerdaud (Chairman), David Greene, Paul Meo and Willem Bussink will review the attached research proposal on Friday, May 30, 1975 at 10:00 a.m. in Room B906.

Proposal

Principal
Researcher

ECIEL Income Distribution Study -
Second Stage

M. Ahluwalia

2. In addition to the proposal, I am also attaching some informal guidelines for review panels.

3. The recommendations of the panel should be sent to me by June 4, preferably by June 3.

Attachments

Distribution: Messrs. Lerdaud, Greene, Meo, Bussink,
B. de Vries

cc: Messrs. Duloy, Ahluwalia, B. B. King, O. Grimes,
Mrs. Hazzah

OGrimes:gm



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

Area Code 202 • Telephone - Executive 3-6360 • Cable Address - INTRAFRAIN

Rejected proposal

May 20, 1975

Professor Frank Cancian
Department of Anthropology
Stanford University
Stanford, California 94305

Dear Frank:

Thank you for your letter of April 30 and the attached research proposal. As you know, we continue to be interested in the subject of risk and agricultural decision-making, and we would agree that its policy implications are only beginning to be brought out.

Nevertheless, the answer to your funding request has to be negative for the time being, for reasons which I will attempt to explain fully. First, both our funds and staff time tend to be committed a year in advance now, under our system of research planning and budgeting. In fact, recently there have been so many requests to the DRC staff, from both within and without the Bank, to carry out applications of some of our methods that we find careful advance planning indispensable. There is some leeway for fitting in small supporting research expenditures at the margin, but projects in the \$30,000 to \$50,000 range, as you propose, require recourse to the Research Committee as part of our regular annual petition for funds.

Second, I have some problems with the research methodology which you propose. We discussed the procedure somewhat in the January workshop here, but it was difficult to pursue a sustained line of logic in the general melee, so let me restate my objections. The hypothesis that peasant farmers' willingness to take risk is not monotonically decreasing with respect to wealth is of course an interesting one with important implications for the design of rural development programs. I do not object to formulating that hypothesis, or suitable variants of it, but rather to the proposed procedures for testing it. They do not appear incisive enough to tell us whether or not the hypothesis holds in a given case.

To start with definitions, the figures in table 1 (p.8b) refer to adoption rates by income strata defined as the percentage of total adopters falling in a given stratum. Wouldn't it be more

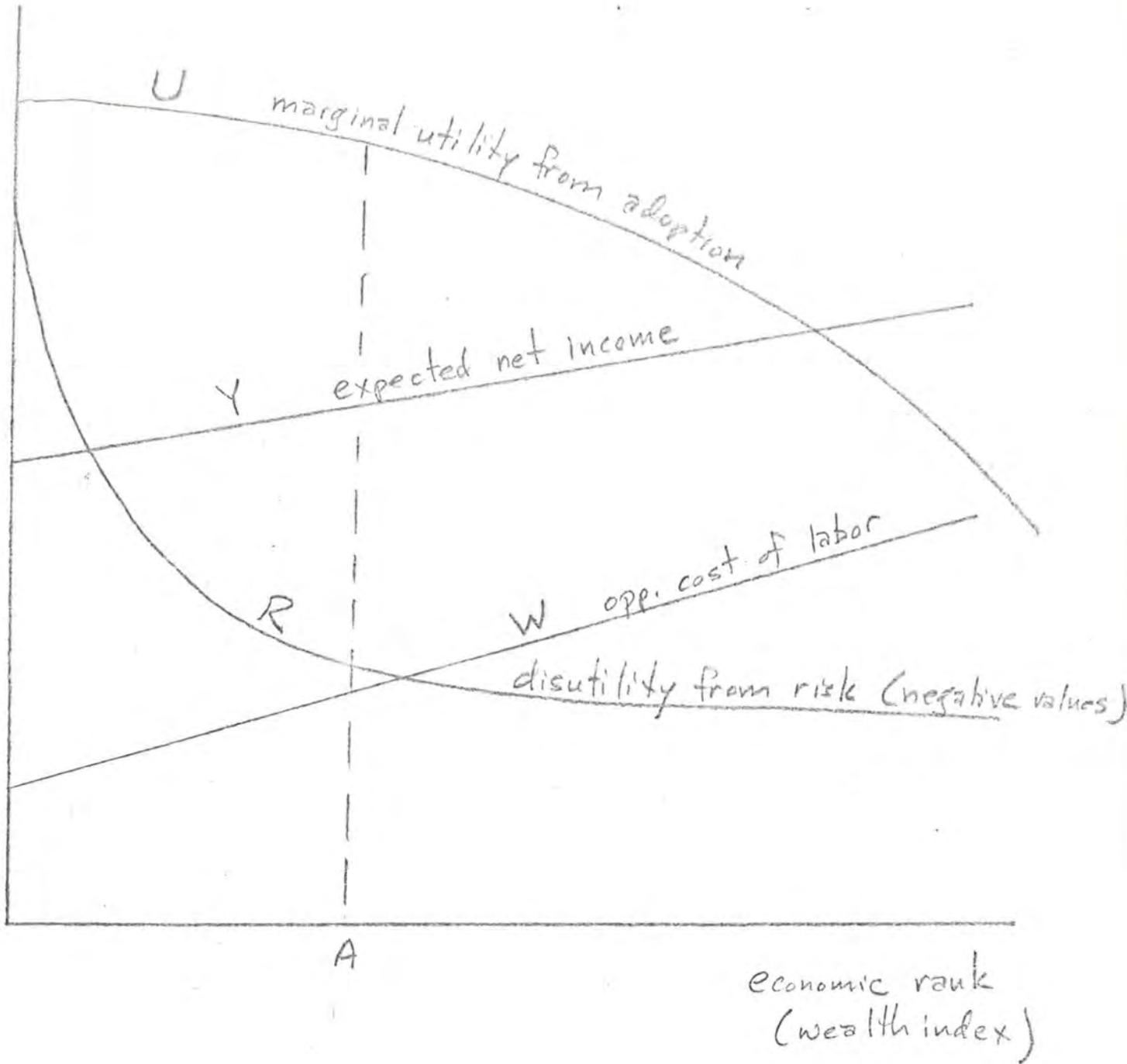
appropriate to define the rate as the percentage of the given stratum's population which chooses to adopt? For example, the upper left-hand figures in table 1 report that 17% of adopters are low-income people and 21% are lower middle-income people. But this would be consistent with, say, 2% of low-income people deciding to adopt and 80% of lower middle-income people deciding to adopt!

Going beyond definitions, in testing your hypotheses it is important to describe all relevant aspects of the decision to adopt. Current economic theory might tell us that the following points are taken into account in the farmer's decision to adopt or not adopt: (a) the net income per hectare he expects from the old and new technologies, (b) his perception of the variability of the returns from the old and new technologies, (c) the subjective weight he attaches to additional units of income, (d) the subjective weight he assigns to risk, i.e., variability of income, and (e) the subjective value he places on his own time - his own "opportunity cost of labor". The first two points concern the farmer's perception of the world around him, and the last three refer to his personal preferences among alternative possible states of affairs.

Your procedures take into account point (b) - correctly adding that the degree of uncertainty surrounding the use of a new technique diminishes as it becomes more familiar - as more people in the area use it. They also take into account point (d) - that a farmer is less likely to worry about risk as he gets wealthier, in general. And here you propose an anthropological modification to economic theory: that there are reasons connected with relative social status which would explain why some people with relatively low incomes would be more likely to accept risks than some other people who are wealthier. Fine! The modification to theory is welcome, but to test it you would have to account for all of points (a) - (e), in order to sort out various cross effects.

Another definitional point: in dealing with willingness to accept risk, you have to decide whether risk is defined in relative terms (e.g., ratio of income variance to mean income, or ratio of income standard deviation to mean income) or in absolute terms.

To illustrate the importance of including all of points (a) - (e) in your analysis, let me construct a hypothetical example which could explain your observed data in figure 1 and table 1, without recourse to the anthropological modification to theory. The enclosed figure is somewhat tedious, but it includes representations of all five of the points (a) - (e) above, so let me go through it piece by piece. The horizontal axis represents an ordering of the farmer population by economic rank. The vertical axis scale is expressed in monetary units, although for utility concepts the vertical displacement is arbitrary (i.e., we can equally well say that 1 util of satisfaction is equal to 1 peso or 73 pesos or any other value).



Decision variables for adoption of a new agricultural technology

The curve W represents the subjective wage rate, the opportunity cost of the farmer's own labor. It is assumed, quite reasonably, to rise with wealth. The curve Y represents the expected net income from the new technology, including the farmer's subjectively valued labor as one of the costs. It slopes less steeply than W, as labor is only part of total costs. (In drawing Y, it is assumed that at a given moment in time all * farmers have the same perception of the technology's expected net returns.) The curve U shows farmers' subjective valuation of additional income: in accord with the usual reasoning, it is highest for low income people, but it is everywhere positive. The curve R combines points (b) and (d) above: perception of risk and (negative) preferences for risk-taking. It is assumed that all farmers have the same perceptions about the technology's riskiness at a given moment in time,* but that aversion to risk declines with increasing wealth. The curve R has negative values on the vertical axis, and all others have positive values.

Now in this figure, the propensity to adopt would be directly proportional to the distance between curves U and R. That distance first increases, then decreases. So there is a range, up to point A, in which willingness to adopt is positively correlated with income (wealth) and another range in which the correlation is negative.

One can vary the curves' shapes to get yet more complex results. Suppose the curve W rose to a certain point and then flattened out - representing the highest attainable wage for part-time work in a nearby town. Then the curve Y would ascend more rapidly after that point and the curve U would, correspondingly, descend less rapidly. This could give a third range in which willingness to adopt were again positively correlated with wealth. Etc. etc.

These examples may seem far-fetched, but the point is that there are many interactive forces at work, and it is no easy task to sort them all out. I enclose for your reference a paper by Professor Gerald O'Mara, of Northwestern University, which attempts to get at some of these same questions via statistical analysis of farmer behavior in Mexico. (If you wish to make reference to his paper, it is to be published in the forthcoming volume, Programming Studies for Agricultural Sector Policy, edited by L.M. Bassoco, R.D. Norton, J.S. Silos, and L. Solis M.)

I'm sorry to be so negative, for I share your enthusiasm for probing this subject further. Since you are venturing into interdisciplinary territory, perhaps it wouldn't be a bad idea to team up with an econometrician and restate the hypothesis - testing in statistical and economic terminology.

* These assumptions can be modified without destroying the argument.

I wish you luck in a difficult undertaking, and I would look forward to receiving further reports on the progress of the research.

With best wishes,

Yours sincerely,

*Roger D. Norton
Chief
Development Planning Division
Development Research Center*

*cc: Messrs. J. DuLoy
P. Hazell
B. King
M. Leiserson*

Research

Mr. R. Gulhati, ECDDR

May 20, 1975

D. C. Rao, VPD

Research Proposal on "A Comparative Analysis
of Rural-Urban Labor Market Interactions"

The Research Committee would like some additional information on this proposal. What are the costs involved in having an Initial Conference only, to bring the various researchers together to discuss the common elements of their various studies; the extent to which they can address questions that the Bank considers important, using methodologies that we approve of?

In arriving at a budget estimate, please allow for some time from John Harris and the preparation of the necessary papers. Could you please send the budget, showing physical units as well as value of consultancy and travel, to Mr. King by May 26.

cc: Mr. B. B. King

DCRao:gm

gm

Research

Mr. S. Bose

May 19, 1975

Mark W. Baird (YP - India Country Programs)

The Proposed Research on the Structure of Rural
Employment, Income, and Labor Markets

1. I am forwarding to you a copy of a recent memo, which reviews the proposed research on rural employment, income, and labor markets (submission of May 1, 1975). This memo, and the initial project submission, have been discussed within the India Division, and although we support the high priority given to the problems of the landless, it is doubtful whether the proposed research can offer any meaningful results. From this Division's point of view, it would be preferable to concentrate on a particular project and analyze the impact of alternative technologies on the overall productivity of the project as well as on the distribution of the benefits among various social groups, including the landless. The problems are too immense, and the economic and social conditions too diverse, for any general results to be useful.

2. There are two specific issues raised in the memo on which you may wish to comment.^{1/}

- (a) To what extent will your research be able to incorporate and illuminate the problems of land reform?
- (b) To what extent are you hopeful of overcoming the "technical" problems which in the past have plagued the sort of theoretical analysis being proposed?

cc: Messrs. Baneth, Pilvin, Karcher
India Division

MBaird:is
ms

^{1/} Another issue raised by some members of this Division is the seemingly high payment to be made to Indian researchers. Is the \$2,000 per man-month fee in line with normal remuneration for this type of work in India?

OFFICE MEMORANDUM

TO: Mr. B. B. King

DATE: May 16, 1975

FROM: C. G. Harral *Jamal*SUBJECT: Bikeways for Urban Transport in Developing Countries

The interest shown by the Review Panel in the proposal to finance research on the possibilities of "bikeways" is appreciated. Following the meeting of May 12 (reported in your memo of May 14) we have received a brief proposal from Professor Smeed and also discussed the project with him on the telephone. We are therefore in a position to make some response to the points raised in your memo.

Scope and Content of Proposal, and Budget Breakdown. The attached note from Professor Smeed explains the method proposed to assess the capacity of bikeways, and provides a budget estimate.

Replicability of Results. This point was discussed with Professor Smeed on the telephone. He said that he expected the general form of the speed flow relationship to be the same in different countries, with local differences in the factors describing the relationships. For example, if the speed/flow relationship is of the form

$$v = A - B \times q$$

Where v is the speed and q the number of bicycles, the constant factors "A" and "B" would change from one area to the other, but there are good reasons to expect the general form of the relationship to remain the same. Professor Smeed feels that once the general form of the relationship can be established, it will be a comparatively simple matter, by taking spot measurements, to check the applicability of the relationship in other places and to determine the local coefficients. Professor Smeed could send a researcher to an LDC (say India) for this or could conduct the experiment in the presence of observers from LDC's. If desired, more than one LDC could be involved. The additional cost of a week's work of one researcher in India* could be U. S. \$2,000. Professor Smeed feels that there would be very little merit in conducting the main experiment in a developing country. It would certainly add to the expense and delay implementation.

Assessment of Demand. We agree that this subject should be tackled. As a first stage, potential demand could be assessed in relation to key variables such as rain, altitude, weather, income, and city size. It might also be useful to finance an initial stretch of bikeway and to make careful "before and after" measurements. It is

*Smeed has contacts with the Central Road Research Institute in Delhi, which he has visited.

TO: Mr. B. B. King

May 16, 1975

our hope, however, that the measurement of speed/flow relationships will not be held up pending preparation of a demand study.

Budget Estimate. On the basis of Professor Smeed's estimate, and with an allowance for one week's work in India, the cost of the study would be (at the rate of U. S. \$2.30 to the pound):

	<u>£ Sterling</u>	<u>U. S. \$</u>
Smeed proposal	12,944	29,800
Smeed contingency	1,000	2,300
One week in India		<u>2,000</u>
		\$34,100

4.5 Overhead

Although Professor Smeed's proposal is not as detailed as those to which the Committee is accustomed, it covers the essentials, and we hope that the Committee will see its way to approving the project, having regard to its relevance to the Bank's priorities and to the interest shown by Professor Smeed, who is an authority on measurements of this kind. If authorization is given now, it will be possible for the measurements to take place in the summer, when both the weather and the availability of student cyclists are favorable.

cleared with and cc: Mr. Churchill

cc: Mr. Dunkerley

GJR GJRoth:lh

CAPACITY OF BIKEWAYS

AIMS:

- (1) To investigate the capacities of bicycle facilities with particular reference to the effects of width and grade.
- (2) To derive speed-flow relationships for bicycle traffic on bikeways of varying width and grade.

METHOD:

It is proposed to use controlled experiments on test tracks to obtain the bulk of the data required. Results will be compared with published figures and results derived from theoretical methods.

Saturation Flows at Traffic Lights

The number of bicycles crossing a stop line at a controlled intersection will be measured using various green times and various proportions of left and right turners. It will not be possible in this initial experiment to examine the effects of opposing traffic.

Free-Speed Distributions

Samples of riders will be required to cycle along tracks of various grades, with the density kept low enough to eliminate interference and their speeds will be measured.

Capacity of a Bikeway between Intersections

A queue of bicycles will be maintained at the entrance to a 200 metre section of track and riders asked to ensure that as many as possible enter the track per unit time. The flow and speed along the 200 metre track will then be measured.

Speed-Flow Relationships

Various flows would be allowed to enter the above track per unit time and the speeds at each flow measured.

Effect of Width and Grade of Track

All of the above experiments will, as far as possible, be carried out on tracks of different width and slope.

Project: Capacit. of Bikeways

ESTIMATE OF COST

<u>Staff</u>	£	£
1 Research Assistant (7 months)	3080	
1 Technical Assistant (5 months)	<u>1186</u>	4266
<u>Cyclists</u>		
300 cyclist-days @ £10 (e.g. 100 cyclists for 3 days)		3000
<u>Travel and Subsistence</u>		
Visits to cycle facilities in U.K. and Northern Europe	280	
Mileage to visit test tracks	<u>300</u>	580
<u>Other Costs</u>		
Films and processing, tapes, paint, paper for recorders, advertising for cyclists, purchase of publications, stationery, international postage, batteries, maps, hire of test tracks and computer services.		<u>1400</u>
	Sub total	£9,246
<u>Overheads</u>		
Including office space and furniture, administration, use of workshop, use of equipment such as camera, event recorders, film analysers etc. typing and telephone.	Plus 40%	<u>3,698</u>
	TOTAL	<u>£ 12,944</u>

40%

Contingencies

It is considered that the above amount will be sufficient to enable the program to be completed, but it is recommended that a further £1,000 is available as a contingency item. The most likely causes of over-expenditure are:-

- (i) inflation leading to salary increases;
- (ii) the cost of hiring test tracks being larger than envisaged. There has not been time to investigate this.

Research gen

Mr. Attila Karaosmanoglu, Chief Economist, EMN

May 15, 1975

Martin Schrenk, Economist, EMIDC

YUGOSLAVIA: Financial Mechanism (Capital Market) Study

1. On May 28 Ms. El Tatawy and I had a meeting with Mr. Dimitrij Dimitrijevic, General Manager of the National Bank of Yugoslavia, the main Yugoslav contributor to the cooperative IBRD - Yugoslav study commonly referred to within the Bank as the "Capital Market" study. Main purpose of our visit was to get some idea which of the "recommendations" (drafted April 1973, prior to the new constitution) would have a chance for implementation.
2. Mr. Dimitrijevic sounded confident that the recommended depositor-controlled savings banks (as compared to the present monopolistic regional borrower-controlled business banks) will be created. These special banks - collecting both private and enterprise savings - would channel the collected resources either directly or through other intermediaries to the social sector.
3. Mr. Dimitrijevic sounded also hopeful with respect to the creation of other special-purpose, country-wide banking institutions, for example for financing of foreign trade, housing construction and specific national priority activities. In his view (reportedly shared by other "economists") the planning process and the plan implementation was seriously impeded by the present system of regional all-purpose banks. Mr. Dimitrijevic expects that legislation will be passed before the end of this year which would establish the basis for creation of savings and other special purpose banks.
4. We touched on the eternal issue of interest rates and their role (the "recommendations" of 1973 suggested an indexed system, Brazilian style, including continuous revaluation of fixed assets). According to Mr. Dimitrijevic there is almost unanimous agreement among economists in Yugoslavia that negative average real interest rates are detrimental with respect to both the volume of resource accumulation and the pattern of their allocation. He indicated that "the economy" and unspecified "policital forces" were strongly opposed to any change. The new constitution is ambiguous in this respect, it states only that no income should be earned "without labor". The economist faction in the on-going dispute argues that at negative real interest rates the borrowers receive an "unearned income", and "exploit" the depositors, while the other faction focusses on the nominal rate of interest aspect. Mr. Dimitrijevic indicated that the solution would probably not be found on the plain of principles but through the force of circumstances: depositor controlled banks - if and when they are established - will by their very existence tend to push the average interest rate level upwards to at least the rate of inflation.

5. We raised the question about a possible consistency problem between the two concepts of regulation of "extended reproduction" (net savings and net investment): some form of "scarcity" oriented mechanism approach (according to Mr. Dimitrijevic, being favoured by "most economists") on the one hand, and the principle of direct control over the "surplus value" by the workers who generated it through their labor on the other hand. Mr. Dimitrijevic seemed to see less of a consistency problem than we (and probably most of his politically relevant compatriotes). In his view, the apparent contradiction could be resolved by extending the "self-management principle" from the micro to the macro level. 1/ However, he reiterated in this connection the statements of the "recommendations" of 1973 that a "capital market" of the capitalist model (all decisions coordinated by the invisible hand) is for various reasons unacceptable, and that whatever elements of "mechanism" could be introduced, they should only improve the rationality of direct decisions, not replace them.

6. As to the spread of lending rates around the average (however determined), Mr. Dimitrijevic reiterated the position of the "recommendations" of 1973. Below average interest rates will remain in use as incentives and as a vehicle to distribute subsidies, and above average interest rates as disincentives and as a "fee" according to some "ability of pay" notion.

7. At the end of the meeting we inquired about his thoughts on a continuation of the cooperation and who, in this case, would have to initiate the next step. Mr. Dimitrijevic replied that the previous cooperation had served its purpose ~~and~~ (preparation of the new banking legislation). Once legislation has been passed and attention could be directed to the "next step", he would be very much in favor of further cooperation. The National Bank (or whoever) would approach the Bank again.

8. As an afterthought to the discussions with Mr. Dimitrijevic and others, it seems to us that the term "capital market" has become a semantic trap. There is no evidence that the Yugoslavs - devoted Marxists after all - accept the concept of "capital" as an independent factor of production, 2/ with a "market" as the regulatory agency. 3/ It is worth noting that the full title of the 1973 study reads "Recommendations for the Improvement of the Financial Mechanism", and "financial mechanism" is used consistently throughout the text. "Capital market" appears in small print and in the corner of the title page only (and, I suspect, in the English version only). If it had been deleted altogether, some confusion within the Bank could perhaps have been avoided.

1/ We find this solution difficult to imagine. The basic idea of the self-management principle is to establish decision making on the lowest possible organizational level, and to anchor it within the horizon of direct experiences, expectations and choices of the participating individuals: i.e. self-management is basically a micro concept.

2/ "Capital" is "past" or "coagulated" labor; and labor has lost its "commodity" characteristics with the abolition of "wage labor" and the "labor markets".

3/ Even for commodities the connotation of the "market" and "market forces" is now shifting from the "invisible hand" notion towards regulation through conscious decision of the directly affected suppliers and consumers.

RESEARCH - GEN.
(LINKAGE OF COMMODITY & COUNTRY MODEL)
AGRICULTURAL PRICING & STORAGE POLICIES IN
E.A.F.

Mr. D. C. Rao, Secretary, Research Committee

May 14, 1975

A. Karaosmanoglu, Chief Economist, EMENA

Recommendations of the Review Panel

1. The panel consisting of Messrs. Karaosmanoglu (Chairman), Baldwin, Beier, Vauris and Mrs. Lele reviewed two research proposals: (i) the linkage of commodity and country models and (ii) agricultural pricing and storage policies in East Africa.
2. The "Link" project is well-known and the research is being carried out by persons with considerable reputation in this field. The panel expressed support for the study to the extent that it would improve forecasting related to short- and medium-term prospects for individual commodities. It emphasized linking individual commodity studies with the overall trade framework as a potential improvement of great importance. The panel, however, felt that the information provided in the proposal with regard to the individual commodity studies and how these will be linked with the overall framework was inadequate. It, therefore, recommended that more information on the number and selection of individual studies be provided for the Research Committee meeting.
3. A concern was expressed as to the ability of economic models: (i) to predict overall rates of inflation and (ii) to reveal the nature of relationship between the short- and medium-term forecastings.
4. It was felt that the form in which the proposal was presented was justified as a complete unit. Nevertheless, the first phase was much better defined than were the subsequent phases. There was also a question as to who will carry out (and finance) research if improvement in the individual commodity studies was considered necessary on the basis of the detailed review of existing studies to be carried out in the first phase. It was therefore recommended that the researchers be asked to specify in greater detail the products to be expected at various times, and their content, with special emphasis on detailing the effort in the later phases of the study.
5. It was recommended that a careful review be carried out at the end of the first phase to assess progress made to date and further specific research needs before funds are released for the following phases. It was nevertheless agreed that the entire research operation proposed should be authorized at this time in order to back-up an adequate package of work.
6. The need for the study on Agricultural Pricing and Storage Policies in East Africa was documented by the substantial input provided by the Eastern Africa Region in initiating and preparing the research proposal. The design of the study was considered to be realistic in its emphasis on assessing the availability of the data needed to carry out the proposed study; this data assessment would constitute a well-defined phase I. A prerequisite to the success of the study is an operational model for the rural sector. Therefore, a subsidiary but interesting consequence of this study will be to test the usefulness of the present model building methodology used in DRC.

May 14, 1975

7. The panel expressed its view that, due to the operational objectives of the study, the research results should be presented as clear policy options in country-specific terms with the various implications of each of the policy options clearly spelled out. It was expected that the proposed Steering Committee will play a critical role in this regard.

8. The panel asked if the timing and efficiency of the studies to be carried out in Kenya and Tanzania would suffer if they were made conditional on the outcome of the Zambia exercise. Since it was felt that little would be lost by such sequencing of the proposed studies, the panel recommends that the first phase (which may or may not correspond with the first year) of the proposed study be initially financed, and that the subsequent phases be considered on the basis of the outcome of the first phase.

D.K.
ULele:AKaraosmanoglu:mb

cc: Messrs. Baldwin
Beier
Vaurs
Ms. Lele

Mr. D. C. Rao, VPD

May 14, 1975

B. B. King, VPD Signed B. B. King

Review Panel Report

1. A panel consisting of Messrs. de Weille, Renaud, Scott, Grimes and myself met with the proposers of the following projects on Monday, May 12.

Bikeways for Urban Transport in Developing Countries

2. In rapidly growing cities the congestion associated with vehicle use may point to the need for separate right-of-way for bicycle traffic. Although evidence is scarce, bicycle users may in large measure be too poor to afford other means of transport, including buses. This suggests that the feasibility of bikeways in developing country cities is an important question for the Bank to consider. Professor Smeed is well qualified to undertake research on this issue, and he can mobilize the research quickly.

3. This said, we feel that the proposal is still deficient in several ways. First and most important, from the page and a quarter submitted we could not determine the scope and content of the proposal or its budget breakdown. Clarification is particularly needed on the methodology to be employed in attaining project objectives (a) and (b) in paragraph 4. Given also that (c) through (e) in paragraph 4 are topics for future work rather than immediate research goals, we feel that some discussion of the links between present and future objectives would be helpful.

4. Professor Smeed is now at work on a formal proposal which is expected in the Bank by the end of this month. In view of the topic's importance, we feel that the Research Committee would be favorable to such a proposal provided that the following conditions are met:

(a) Replicability of results obtained in Britain to developing countries should be carefully assessed. Indeed, our strong feeling is that undertaking this research directly in a developing country city, if the right conditions exist, is preferable to the present arrangement. This would enhance the transferability of results and give a greater sense of commitment to developing country researchers. If Professor Smeed cannot do the work himself in such a context (for health reasons), and if one of his associates cannot, under his direction, perhaps he is not the best man for the job.

(b) Existing studies elsewhere in Europe, particularly in the Netherlands and Denmark, should be thoroughly analyzed to avoid duplication of research. If no developing country atmosphere proves suitable, we should at least know that Britain is the best alternative.

5. We agree with the need to assess the technical feasibility of constructing bikeways, but feel that consideration should also be given to carrying out a demand study in conjunction with or subsequent to the proposed research. Although a full-blown demand analysis is not feasible, some attention might be paid to analyzing first-order price effects such as changes in the proportion of bicycle riders at various prices (money and time) of bicycle use.

Socio-Cultural Impacts of Tourism

6. This proposal derives from a general uneasiness about the social and economic costs of tourism projects and specific objections raised by certain Executive Directors to Bank projects. The Tourism Projects Department would like to minimize these costs in Bank projects and, more broadly, be in a position to advise tourist authorities in host countries on ways to do this. The objectives of the proposal deserve serious consideration, especially as there is some evidence that there are severe social costs attributable to tourist projects in some circumstances.

7. The panel does not, however, believe that the proposal, as presently put forward, will serve the objectives adequately. Our objections are:

- (i) Discrimination is not made between the effects of tourism, per se, and economic development, in general.
- (ii) The administrative superstructure imposed on the projects (principal researcher, panel, etc.), besides being expensive, puts a considerable distance between the ultimate respondents and the ultimate users (the Bank) and requires justification.
- (iii) The input into the project of the respondents is not great and runs the risk of being superficial or irrelevant.
- (iv) The respondents are not likely to be effective on economic matters.

8. In short, we view the proposal at present as too much of a fishing expedition and would like to see it constrained in at least three ways. The first is to identify those characteristics of the tourist industry which are peculiar to it. For example:

- 1) It is a service industry.
- 2) The customers are mainly foreigners, usually much more affluent.
- 3) Foreign ownership and "life-styles" are associated with the infrastructure.
- 4) More specific characteristics may be associated with different elements of a typology of tourism projects (specialized tourism for the very rich or people with particular interests, mass-tourism of the package variety, etc.).

9. Secondly, there are specific social costs which should be identified as of particular importance. On this, we feel somewhat unready to prescribe a suitable list. It should be possible to use a document given to the panel after the meeting to make a selection. (Review of the Sociological Literature on Tourism by Raymond Noronha). It appears prima facie to be well prepared. Hypotheses as to the relationship between these costs and different types or scales of tourism could then be developed and tested.

10. Thirdly, we feel that economic consequences, if any, peculiar to tourism should either be excluded or, if included, treated as a separate subproject in conjunction with other specialized units of the Bank (e.g. the DRC for income distribution).

11. If the Tourism Projects Department wishes to prepare a new proposal, we recommend the appointment of a small internal advisory panel (at the working level) to assist them in carrying forward these ideas and to discuss possible alternatives to the present questionnaire approach. Some panel members, for example, felt that a limited but more intensive case-study approach might be preferable.

cc: Messrs. de Weille, Renaud, Scott, Grimes, Tolbert,
F. Mitchell, J. A. Simmons, Jaycox, Harral,
Roth

BBKing:gm

Research

Mr. Ernest Stern, Director, VPD

May 13, 1975

B. B. King, Research Adviser, VPD *BBK*

Abstracts

As you can see from the attached, we are starting the sausage-machine on the new abstracts. A summer student will be coming on June 15 to carry this forward. The finished article has to be ready by August 15 for the Information Department.

As D.C, Orville Grimes and I will be in and out all summer, we thought that it would be a good idea, in the interests of continuity and probably of greater efficiency, if Rachel Weaving were to take primary responsibility for this work, reporting to whoever is around. What do you think?

Attachment

cc: Mr. Rao (w/o attachment)

BBKing:gm

Those Responsible for External
Research Projects
D. C. Rao, Secretary, Research Committee

May 12, 1975

DR

Revision of Abstracts

It is time to start work on the revision of the booklet, World Bank Research Program: Abstracts of Current Studies. (If you do not already have a copy of this booklet, please get one from the Publications Office, Ext. 2057.) To this end, could you please submit drafts of the abstracts on the research project(s) for which you are responsible, so as to reach me by Tuesday, June 10, 1975. We are employing an editor to assist in preparation of the booklet, who will be here for a limited time. It is necessary, therefore, that your drafts be submitted in time.

The abstracts should be 2-4 pages (double spaced) and should provide information on the following topics:

- 1) Background: General motivation behind research in this area and this research project; the relation between this research project and other research projects in the Bank's external research program.
- 2) Objectives and Methodology of this particular research project. This section should represent the major part of the abstract. Particular attention should be given to specification of the output of the project.
- 3) Staffing: The names of the Departments, Bank staff members and consultants working on the project. Include collaborating institutions (full name and location), briefly outlining their contribution to the research design and execution.
- 4) Schedule: Month and year when the project is expected to be completed. Identify phases of the work that have been completed and phases that remain.
- 5) Reports:
 - a) List reports that have been completed and are available to the public. Items should show author, title, publisher and date of publication. If the item has been listed in the World Bank Catalog, show the catalog number in parentheses.

- b) List reports that are not available to the public as yet - including interim reports and drafts. State where interested Bank staff members can obtain copies. (These reports will not be listed in the Abstracts, but the information is necessary for other purposes. This seems like a sensible occasion to collect this information).
- 6) Please identify the Abstract with the title and RPO Number of the research project.

Distribution

Respective Department Directors
Administrative Officers

Mr. D. Bahl
Mr. B. B. King
Mr. O. Grimes
Mrs. M. de Tchihatchef
Mrs. Hazzah

DCRao:ls

OFFICE MEMORANDUM

Research

TO: Mr. Basil Kavalsky

DATE: May 9, 1975

FROM: Mark Baird *mb*SUBJECT: The Proposed Research on the Structure of Rural Employment,
Income, and Labor Markets 1/

1. The general objective of the proposed research is to test the hypothesis that Bank rural development projects may be expected to lead to both a higher real rural wage rate and increased employment for the landless and near-landless. In more detail, the research will test three specific sub-hypotheses. These are:

- a) supply and demand are important determinants of the structure of rural wage rates even in situation where self-employment predominates.
- b) the direction and degree of the change in the quantity of labor demanded by landowning households following the introduction of a new technology is determined by an income leisure trade-off.
- c) the supply curve of labor from landless and near-landless households treated as a group is less than perfectly elastic in the relevant range.

2. The validity or otherwise of these hypotheses has been argued ad nauseam in the academic literature and we should be relieved that the Bank has decided to settle the debate once and for all. Furthermore, it is pleasing to know that the research will "provide a method of analysis and to delimit the significant variables for an assessment of project impact on this particularly impoverished group." However, while I do not want to detract from the desirability of this aim (indeed I wholly support the high priority given to the problems of the landless 2/) the approach suggested involves many "technical" problems which may frustrate the search for meaningful results. 3/ The paper of May 1, 1975, which outlines the proposed research, recognizes many of these problems, but does not always offer satisfactory solutions.

-
- 1/ The initial research will be based on Indian data - most of my comments are therefore related to the Indian context.
 - 2/ In the World Bank paper on "Land Reform" (July 1974), it is stated that "this group (the landless) is increasing in size and the provision of employment for what is already a large rural proletariat may well be one of the greatest challenges facing many national governments in the future." To give a perspective on the problem, it is worth noting that the landless comprise over 30% of the active agricultural population and over 20% of the total active population in India.
 - 3/ Supposedly, it is these problems which have prolonged the academic debate on the determinants of labor supply in LDCs (rather than the more cynical view that without the debate many economists would be without a "field of expertise").

3. From the start, it should be recognized that the proposed research is very much a piece of "ceteris parabus" analysis - this is almost inevitable when the research involves the testing of hypotheses against historical data and the subsequent econometric estimation of labor supply and demand curves. In particular, the results will be dependent on the prevailing institutional structure, including the system of land ownership. 1/ This approach has three major drawbacks. First, land reform in itself may be able to contribute more to improving income distribution and expanding employment than any other form of rural development. Second, in many parts of India, it is doubtful whether it can be guaranteed that any particular project will improve the position of the landless, until the political and economic balance of power has been redressed. 2/ While it may be relatively easy to find a "productive" project, it is not easy to ensure the benefits are "equitably" distributed. One could, of course, provide direct assistance to the landless through work programs; but this is not a long-term solution, nor will it be very productive. Third, given that the Bank has decided not to lend on a large scale for rural development until the necessary land reforms have taken place, 3/ the impact of projects should be analyzed in terms of the reformed rather than the existing environment.

4. One outcome of assuming (albeit implicitly) the continuation of the existing environment, is that the research will not concentrate on the nature of the technological change introduced by alternative projects - this will be treated as a datum provided by the Projects Departments. If by this is meant, that for a given project the technology will be taken as given, then one of the central issues of the research will be overlooked, i.e. what form of technology will best help the landless? 4/ This question is closely related to some of the issues raised in paragraph 3. For instance, it may be considered desirable to adopt a technology, which although less efficient than some alternatives, ensures that the landless receive a larger share of the (reduced) benefits.

5. It is pleasing to note that the proposed research will modify the traditional models to include the influence of seasonality. One of the major criticisms of the z goods model of Hymer and Resnick (which is to be used in this research) has been that labor is not freely substitutable between the production of food and of z goods. 5/ The production of z goods is often undertaken in the off-season when the opportunity cost of labor is very low. An analysis of the allocation of labor over the agricultural cycle will help to clarify

1/ The use of cross-section data may help to overcome this problem provided the survey covers a representative range of alternative land ownership systems, including some which incorporate the reforms considered "desirable" by the Bank.

2/ At the moment, there is no indication that the bargaining power of the landless is improving. Indeed their economic position has deteriorated as payment in cash (which rarely keeps pace with inflation) has replaced payment in kind.

3/ See the Bank's reports on Rural Development (February 1975 - page 31) and Land Reform (July 1974 - page 11).

this issue. However, the substitutability of labor between food and z goods production is also limited by the fact that z goods are often complementary inputs to the production of food (e.g. the provision of infrastructure is defined as a z good).

6. The paper on the proposed research also recognizes the problems of aggregating the household results into a general conclusion. The z goods model, for instance, requires the specification of a utility function over food, urban and imported goods, and z goods. 6/ Although this may be attempted using some sort of revealed preference analysis, there is no way the household results can be aggregated. This will compound the problems of identifying a general set of rules and guidelines for monitoring the impact of projects.

cc: Mr. Wolf

MBaird:ebc

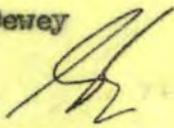
-
- 4/ This issue can only partially be analyzed in terms of the different (given) technologies associated with alternative projects.
- 5/ The provision of services for the household and the landlord.
- 6/ This model, as well as the proposed research, ignores the intrinsic utility derived from work.

Research

Mr. Chauncey F. Dewey

May 8, 1975

Geoffrey Evans



"Study of the Establishment of Nitrogenous Fertilizer Production in Developing Countries," by R. P. Cook and V. Rao Vangala (Unido Consultants)

1. The above referenced study received under cover of letter of April 25 from Dr. E. Becker-Boost compares the economics of producing ammonia/urea from alternative feedstocks; namely, natural gas, naphtha, fuel oil and coal, under present day conditions following the recent heavy escalations in plant and equipment costs and in liquid hydrocarbon prices. The study has also examined the economics of production of hydrogen for ammonia production by electrolysis of water as an alternative to hydrocarbon reforming.
2. The report concludes that naphtha is now too expensive as a feedstock for nitrogenous fertilizer manufacture, and that where natural gas is not available at reasonable prices the alternatives are coal or oil which are of approximately equal ranking. Production of ammonia/ammonium nitrate from electrolysis of water is necessarily confined to locations where large quantities of power are available at very low cost. These conclusions more or less automatically follow the assumptions made by the authors in respect to feedstock prices and plant costs based on processes involving the use of these feedstocks.
3. In general the paper impresses as giving a good perspective of the relative economics of ammonia/urea manufacture from the alternative feedstocks available and the conclusions would appear to be valid for the price conditions presently prevailing.
4. The estimates of production cost given in the paper are considered satisfactory for comparison purposes but should not be utilized individually for estimating absolute costs of manufacture. They would in general appear to be on the low side due to their not including all cost items and to certain items being somewhat underestimated for example "bagging and utilities" cost which is given in Table 5 at \$6/ton urea.
5. The capital cost estimates are considered to be realistic but about 20% lower than current bank capital estimates which now include very heavy allowances for price contingencies and other unknowns. This is, however, not a significant criticism of the paper.
6. The relative capital costs of plants based on the alternative feedstocks, however, are far more important in determining the paper's conclusions. The authors have based their estimates on increases of 10-15%, 30% and 75% in costs of ammonia plants based on naphtha, fuel oil and coal respectively over plants based on natural gas. On this basis the authors have estimated a 1,040 TPD urea works based on fuel oil to cost only \$8.3 million more to build than an identical sized plant based on naphtha. These comparative estimates are quite critical in assessing relative economics of production and the authors should endeavor to confirm their accuracy.

7. The values chosen for prices of naphtha, fuel oil and coal are considered to be reasonable. However, due to the critical effect of these price assumptions on relative urea manufacturing costs, the authors would be well advised to include more discussions on the factors which will influence these prices in the future.

8. The paper somewhat favors the high capital cost processes, e.g. coal based plants by adopting a high utilization factor in evaluating manufacturing costs. For natural gas, naphtha and fuel oil plants an annual onstream factor of 94% is taken and for coal based plants 87% is taken. It is considered that these efficiencies are normally not obtained in developing countries and consequently fuel oil and coal based plants are presented in an especially favorable light.

9. The paper perhaps should place more emphasis on the fact that while the economies of electrolytic processes are approaching more closely those of alternative hydrocarbon reforming processes, large scale production of nitrogenous fertilizer by hydrolysis of water cannot at this stage be considered feasible for developing countries. Quite apart from the fact that rarely is power available in such locations in the quantities and at the price needed, the electrolysis process is particularly vulnerable to any future drop in hydrocarbon feedstock prices.

10. If the capital cost, operating cost and plant utilization factors adopted in the paper were revised along the lines suggested above so as to reflect actual values more closely, then the relative manufacturing costs of urea from the various alternative feedstocks would tend to come closer together. It is unlikely, however, that the order of preference would change and consequently the conclusions reached are believed to be intrinsically sound and to give useful guidelines for developing countries in the process of planning new ammonia/urea projects.

GEVans:ts

cc: Mr. Pratt

Research gen

May 6, 1975

Mr. James R. Wall
General Motors Corporation
Inland Division
2727 Inland Street
Dayton, Ohio

Dear Mr. Wall,

We are at the moment engaged in a research study on the future prospects for rubber. An integral part of this research are the forecasts of future demand and supply of all rubbers.

Given the strong interdependence between automobile production and rubber consumption, it would be most useful to us if we could have some precise idea of the evolution of rubber use in non-tire automotive applications over the past 10-15 years.

The relationship between rubber consumption in tires and motor vehicle production is well known and quantifiable (even though the future changes are somewhat difficult to predict). The evolution of non-tire rubber automotive use, on the contrary, is less well known and considerably more difficult to pin down, partly because of the difficulty that one encounters in differentiating between plastic and elastomeric products.

For our purposes, it would be sufficient to have the average use of elastomeric products per car per year over the last 10-15 years. Obviously any breakdown by car size or application would also be extremely helpful.

If your Division has such information and the data can be made available to us, your assistance in this matter would be greatly appreciated. Needless to say, we would treat confidentially any information we receive from you.

Sincerely yours,

Enzo R. Grilli
Commodities and Export Projections Division
Economic Analysis and Projections Department

Research gm

May 6, 1975

Mr. Patrick Genevaz
Eurofinance
9 Avenue Hoche
Paris - VIIIe
FRANCE

Dear Mr. Genevaz,

Mrs. Barbara Agostini of FAO has brought to our attention your study on the "Western European Tyre Industry in the Seventies."

The World Bank is at the moment engaged in a research study aimed at assessing the long term prospects for natural rubber in the world.

We would contemplate placing an order for your study, provided that we could get a precise idea of the methodology used in forecasting motor vehicle and tire demand. The time horizon of our forecasts is 1990 and it is essential that we are able to extend the motor vehicle and tire demand forecasts to the end of the eighties.

We would, therefore, like to receive together with your study, the relevant explanations on methodology included in your previous report on tires and/or those of your more recent studies on the "Prospects for the Automobile Industry 1965/1980" and "Road Haulage in Western Europe to 1980." Should this be inconvenient to you, we would be prepared to pay the "supplementary copy" price for your previous studies.

Your prompt answer to our queries would be greatly appreciated.

Sincerely yours,

Enzo R. Grilli
Commodities and Export Projections Division
Economic Analysis and Projections Department

May 5, 1975

Mr. K. Goldsmith
Electro-Watt-Motor Columbus
27 Harcourt House
19 Cavendish Square
London, W.1.W.1.M. OEX

Dear Mr. Goldsmith:

Appropos of our discussion by telephone this morning, I would like to reiterate my regret that our comments on your study of NEBs⁺ tariff has disturbed you. Equally, however, I do think that your opposition to our suggestions about simple - but useful and important - improvements to tariffs is unreasonably strong. All we suggest is that:

- (1) For large consumers, time of day tariffs reflecting the large time of day variations in demand and marginal supply costs would be a good way of dampening peak demands, promoting off peak demands and perhaps generally slowing down the rate of demand growth on NEBs system. It would, we suggested, be worth NEB's time to explore the possibilities.
- (2) For both large and small consumers the extensive use of rapidly declining block tariffs is unduly load promoting, and not in the interest of conserving capital and energy resources. Some thought to flattening them out is needed. (To help small consumers a little, a low first block might be contemplated.)
- (3) Tariffs, even if they have to be nationally uniform, should at least vary with voltage levels as far as is practicable. Why should industry be subsidizing commercial and domestic consumers?

We see nothing tendencious or impractical about these suggestions, nor are they out of date. If, as you say, there are currently differing views about them, this is surely a reason to be open minded; it does not help to dismiss them so strongly. NEB were certainly open minded about them last September. I would not therefore like to see them discouraged from being more progressive in their tariff policy. As you know, there is more to tariffs than politically acceptability and raising revenues.

Ⓝ Electro-Watt Report on NEB tariffs

Mr. K. Goldsmith

- 2 -

May 5, 1975

I shall of course be pleased to discuss any of these points with you whenever the opportunity arises.

Sincerely,

Dennis Anderson
Development Economics Department

cc: Messrs: Beach, Sneddon, Ling

DA:krt

OFFICE MEMORANDUM

TO: Those listed below

FROM: D. C. Rao, VPD *DR*

SUBJECT: Panel to Review Research Proposals

DATE: May 6, 1975

1. A panel consisting of ^{B.B. King} Mrs. Hughes (Chairman), Messrs. de Weille, B. Renaud and I. Scott will review the attached research proposals on Thursday, May 8, 1975 at 3:00 p.m. in Room D529.

ProposalsPrincipal
Researchers

- | | |
|---|--------------------------|
| a) Socio-Cultural Impacts of Tourism | F. Mitchell/J.A. Simmons |
| b) Bikeways for Urban Transport in Developing Countries | G. Roth |

2. In addition to the proposals, I am also attaching some informal guidelines for review panels.

3. The recommendations of the panel should be sent to me by May 12, preferably by May 9.

Attachments

Distribution

Mrs. Hughes, Messrs. de Weille, Renaud, Scott, Tolbert, Simmons, Mitchell, Jaycox, Dunkerley, Roth

cc: Mr. B. B. King, Mrs. Hazzah, Mr. Grimes

Research

Those listed below

May 5, 1975

D. C. Rao, VPD *DR*

Panel to Review Research Proposals

1. A panel consisting of Messrs. Waelbroeck (Chairman), Westphal, Raj Krishna and Miss Yudin will review the attached research proposal on Thursday, May 8 at 10:00 a.m. in Room D426

Proposal

Principal Researcher

Social Accounts and Development Models G. Pyatt

2. In addition to the proposal, I am also attaching some informal guidelines for review panels.

3. The recommendations of the panel should be sent to me by May 12, preferably on May 9.

Attachments

Distribution

Messrs. Waelbroeck, Krishna, Westphal, Yudin, Pyatt, Duloy
cc: Mr. B. B. King, Mrs. M. Hazzah, Mr. O. Grimes

OG
OGrimes:gm

OFFICE MEMORANDUM

TO: Those listed below

FROM: B. B. King, Development Policy *BBK*

SUBJECT: Informal Guidelines for Panels
Reviewing Research Proposals

DATE: March 26, 1975

Research proposals are reviewed by a panel of staff members before being considered by the Research Committee. The attached note specifies the procedure and content of this review. As such, it is of interest to those preparing research proposals for submission to the Research Committee.

Could you please ensure that a copy of these guidelines reaches all those who are preparing, or might prepare, research proposals.

Attachment

Distribution

Directors, Deputy Directors, Advisors and Division Chiefs
in DPS and CPS.

Regional Office Directors, Deputy Directors, Assistant
Directors, Assistants to Directors, Chief Economists
and Senior Economists.

Members of the Research Committee

March 26, 1975

INFORMAL GUIDELINES FOR PANELS REVIEWING RESEARCH PROPOSALS

The guidelines are presented in two parts: (A) Procedure and (B) Substance.

A. Procedure

1. The Secretary to the Research Committee will arrange for a panel to review research proposals before consideration by the Research Committee.
2. The Chairman of the Panel will, in general, be a member of the Research Committee. Members of the panel will, in general, be two or three Bank staff members with relevant interests and qualifications.
3. The panel will have one or more meetings with the principal researchers to discuss the research proposal. The principal researcher or the panel may invite other researchers and research supervisors (e.g. department director, division chief, etc.) to attend this meeting. The Secretary to the Research Committee may participate in this discussion but is not a member of the review panel.
4. The review panel will submit a memorandum to the Secretary to the Research Committee containing its recommendations concerning the financing of the research proposal and the reasons for its recommendations. The review panel may also suggest modifications of the research proposal, after discussing these suggestions with the originators of the research proposal.
5. The originators of the research proposal may submit a rebuttal to, or a member of the review panel may submit a dissent from, the panel recommendation. Such memoranda should be sent to the Secretary to the Research Committee.
6. The Secretary to the Research Committee will forward the research proposal, panel recommendations and subsequent memoranda to the Research Committee for their consideration.

NOTE: General information concerning the Bank's research program can be had from Bank Group Research Program, January 8, 1975. (For copies call Ext. 5001).
Brief descriptions of ongoing research projects are published in World Bank Research Program: Abstracts of Current Studies, October 1974. (For copies call Ext. 2057).
General enquiries concerning the research program should be addressed to the Secretary to the Research Committee (Ext. 6003); queries on particular research projects to the departments responsible.

B. Substance

Members of the review panel should feel free to discuss all aspects of the research proposal with the originators of the proposal and with whomsoever they wish to consult. They may call upon the Secretary to the Research Committee for any assistance.

The following is a check list of items/questions to assist the panel in its assessment of a research proposal. Originators of research proposals are well advised to cover these points in the proposal itself, where appropriate.

1. Objectives

- a) What is the problem to which the proposal is addressed? Is the justification for this research more solid than an assertion that "there is a need to know more" about the topic? What precisely is the use of this research to the Bank, member governments or anyone else?
- b) What are the hypotheses? i.e. what is it expected to prove or disprove?
- c) Is the subject of research of general interest, rather than something specific (e.g. Information gathering relating to a single sector in a single country) which should be done as part of operations?

2. Opportunity Cost of the Proposed Research

- a) Has the Research Committee considered an "overview" of the subject? * If so, does the proposal conform with the priority guidelines agreed to?
- b) If no overview has been considered by the Research Committee, does the proposal have a discussion of what research is being done elsewhere in this field and how the proposed research relates to it?
- c) Why is the subject of the proposed research particularly important in relation to other possible research in the same broad field?

* Ideally, an overview would: (i) identify the nature of the problems that we are trying to solve in the real world; (ii) identify those lines of research which, on the face of it, are already mining low grade ore; (iii) identify those lines of research which might have a higher pay-off; (iv) identify which of the lines in (iii) are particularly suitable for the Bank.

3. Technical Competence

- a) Is the methodology appropriate to the defined objectives?
- b) Are the staff and consultants properly qualified?
- c) Is there adequate Bank staff time allocated to supervising hired consultants?

4. Phasing

- a) What are the points at which the progress of the project can be reviewed by the Research Committee to determine whether the project deserves continued financing? If the research proposal does not clearly identify these phases, the review panel ought to do so.
- b) Is it clear from the proposal precisely what the output of each phase of the research is going to be?
- c) Are there additional intermediate outputs that should be required of the researchers?

5. Departmental Coordination

Has the research proposal been seen by the relevant departments in the Bank and IFC, as signified by their having signed Part II of the research proposal form? For pragmatic reasons, signatures on the form should be interpreted simply as signifying awareness of the proposal. If departments feel strongly for or against a proposal, they ought to feel motivated enough to write a memorandum expressing their views.

6. Choice of Countries

- a) Is the choice of countries appropriate in relation to (i) relevance of problems; (ii) availability of information/collaborators; (iii) desirability of avoiding excessive geographical concentration of research projects; (iv) Bank/country relations.
- b) Have steps been taken to exploit interrelationships between this research proposal and other research projects in the same subject or country? (The booklet Abstracts of Current Studies, which has a table of contents by subject and an index by countries, provides relevant information).

7. Collaboration

- a) What is the extent of collaboration with researchers in LDC's? If there isn't any, why not?
- b) If collaboration is proposed with a developed country institution, what special reasons can be adduced in justification?

8. Dissemination

- a) Who is expected to use the results of this research?
- b) What steps, beyond "publication", will be taken to ensure that the results of the research reach the user in a suitable form?
- c) Has the potential user specifically supported the project (apart from just saying OK)?

9. Budget

- a) Is there an itemized budget, by fiscal year, for each phase of the proposed research?* The panel should not attempt to resolve budgetary issues but rather to alert the Secretary to the Research Committee who can then follow them up.

10. Rejected Proposals on Subjects of Interest

If the panel regards the subject of special interest but the research proposal in its present form inadequate, it should make a recommendation to the Research Committee that steps be taken to improve the proposal and, to the extent possible, describe these steps.

* The information should be consistent with Part IV of the research proposal form and should explain the bases of the budget estimates, e.g. the rate per man-month of consultants' time; the fares and per diem costs of travel. Data processing estimates should have been discussed with the Computing Activities Department. The amount of Bank staff time should be specified.

PART III. IMPLEMENTATION

Date Work to Start: July 1, 1975 2. Date First Draft Expected: September 1976

Final Report Due: December 1976

Implementation Method:

Names:

- a. Bank Staff G. Pyatt, R. Norton & other DRC
- b. Individual Consultants to be selected
- c. LDC Contractor/Institute
- d. Developed Country Contractor/Institute
- e. Seminar.

Reports Expected in the First Year:

Model Framework, October 1975

1st Country Case Study, January 1976

2nd Country Case Study, June, 1976

PART IV. FINANCIAL AND STAFF DATA

Dollar Costs (Estimated Disbursements by Fiscal Year):

	FY 76	FY 77	FY	After FY	Total
a. Contractual	37,000	8,000			45,000
b. Travel	30,000	5,000			35,000
c. Data Processing	10,000	5,000			15,000
Total	77,000	18,000			95,000

Staff Requirements (manmonths):

	FY76	FY 77	FY	FY	Total
a. Professional	16	8			24
b. Special Services	8	8			16
Total	24	16			40

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3. Final Report Due: December 1976

4. Implementation Method: Names:

a. Bank Staff G. Pyatt, R. Norton & other DRC

b. Individual Consultants to be selected

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d. Developed Country Contractor/Institute _____

e. Seminar. _____

5. Reports Expected in the First Year:

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Total	24	16			40

Research Proposal

Social Accounts and Development Models

Summary

I. GENERAL OBJECTIVES AND STRATEGY

- (a) The type of support expected to be rendered to Bank operations, country economic analysis and policy formulation:

Developments in country macro-economic analysis.

- (b) Expected contributions to knowledge on development processes:

To further understanding of income distribution and employment in relation to the growth process.

- (c) The relationship of the project to other current and planned research studies in the same subject area. Its priority in the context of such research:

Complementary to, and to be synthesised with the Country Prototype Model Project (RPO 286).

II. TECHNICAL ASPECTS

- (a) The analytical problems to be addressed:

The data problems of integrating employment and distributional aspects of development within a macro-economic framework, and modelling same.

- (b) The theoretical and empirical approaches to be applied:

The full range of econometric techniques, taking a social accounting matrix framework as the starting point.

- (c) The availability, reliability and characteristics of the data to be used:

The starting point is to bring together available data and enhance its quality on the basis of assessment of reliability and characteristics.

III. ORGANIZATIONAL ASPECTS

- (a) The work program and time schedule:

Model Framework	October, 1975
1st Country Case Study	January, 1976
2nd Country Case Study	June, 1976

- (b) Staff Members: Graham Pyatt and Roger Norton, plus suitable DRC recruit working in collaboration with those listed under the Country Prototypes Model Project.

Potential additional consultants include: Professor J.A.C. Brown (Oxford), Alan Roe (Warwick), Jeffrey Round (Warwick) and Erik Thorbecke (Cornell).

- (c) Choice of countries to be involved:

To be determined jointly in relation to RPO 286. Peru, Caribbean and Malaysia are under active discussion.

- (d) Nature and extent of collaboration envisaged with institutions in the countries to be involved in the study:

Substantial. Possibilities in this respect are a major consideration in the choice of countries.

IV. THE DETAILED BUDGET

	<u>FY76</u> <u>\$'000</u>	<u>FY77</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<u>Contractual</u> (based on \$160/day for 250 days + \$5,000 temp. assistance)	37	8	45
<u>Travel</u> *	30	5	35
<u>Data Processing</u> (based on \$300/hr. on an external machine because of software availability)	10	5	15
<u>Total</u>	<u>77</u>	<u>18</u>	<u>95</u>

- * Of the \$35,000, \$10,000 is estimated to the cost of bringing Government officials from countries concerned with the project to work in Washington, a further \$10,000 for subsistence abroad of professional staff and consultants, and the remaining \$15,000 is an estimate of travel costs.

May 1, 1975
GPyatt:am

Research Proposal

Social Accounts and Development Models

1. Introduction

The background to this proposal is in two parts. First, the methodology on which it is based involves an approach to the same set of issues as concern the Country Prototype Model Project (RPO 286), but from a somewhat different starting point which is essentially empirical and closely linked to data expressed in a social accounting matrix format. The complementarity of the two approaches, and their synthesis, is discussed below. Secondly, previous studies have been carried out using the methodology of this proposal and these are briefly reviewed in a subsequent section.

However, before turning to this in what follows the methodology of the social accounts approach is described in relation to data systems. Subsequent sections treat developments in terms of modelling; organisation of the proposed project; implementation and phasing; and, finally, the budgetary requests.

2. Alternative Research Methodologies

Country prototype model work is concerned with the development of systems to analyse the present position and future development of countries with respect to distributional issues as well as the more con-

ventional questions of overall growth and external balances. The work must therefore involve specification of the relevant facts; the formulation of models to process these facts; and systems both for collecting the necessary information and for processing it in terms of a model on a computer.

It is inevitable in approaching this range of issues that a particular aspect of them should be seized as the starting point. At the same time, it is essential that all other aspects should be held in mind, since the ultimate end cannot be reached without a reconciliation at some point of all the issues. This ultimate synthesis is, of course, more easily achieved if the approach to any particular aspect is flexible. Accordingly, work under RPO 286 (the Country Prototype Model Project) has to-date emphasized flexible equation systems (or models), and solution algorithms for their computation. The present proposal emphasizes flexible data systems within set standards. Since the scope for application of country prototype models and their content will be constrained by data availability, it follows that an appreciation of what can be achieved in terms of data is essential to the exercise. In particular, the rate at which country prototype models can be applied to an expanding set of countries will depend critically on the number of countries for which the necessary information is available. Building an appropriate model is, in the first instance, a once-and-for-all exercise: the critical path in applications will be determined on the data side thereafter.

The above is not intended to preclude the importance of continuously developing models once an initial set is established, and not least the importance of having flexible model systems which can exploit the relative richness of data in some countries (or richness within a country of data on some particular aspect of its economy). On the contrary, these are crucial considerations. However, it is implicit in them that modelling and data systems go hand-in-hand. And from this, it is suggested, there is validity in an approach which starts with the data and works from that basis toward models for projecting forward the empirical facts. It is this latter approach with which the present proposal is concerned.

Simply because models and data are inextricably linked if the former are to be used for empirical purposes, it follows that the two approaches discussed above must converge. Models or equation systems have to be modified to the extent that they cannot be calibrated for lack of information, and their calibration is not complete until the model is fully consistent with the data for at least some initial year. Accordingly, models which start with equation systems have to evolve in the direction of models which grow out of a consistent initial data set. Synthesis of models is the inevitable outcome of development effort following each of these distinct research strategies.

Given that both research strategies ultimately finish up in the same place, there are some advantages which can be pointed out in favour of the strategy proposed here. These are essentially concerned with its intermediate products. Thus, to establish a basic data frame-

work which is an information system for questions of growth, external balances, income distribution and employment, implicitly indicates the sort of information that is needed and so guides statistical efforts. It also points up the facts and relationships which need to be modelled if changes in one of these aspects are to be traced through in terms of their repercussions on another. To the extent that a social accounting framework is used, the information system specifies the identities which the model must satisfy: or put another way, the choices which exist as to which parts of the system are to be modelled.

Going further, the presentation of data in a consistent framework which captures all the issues is a product in itself before any modelling work is enjoined. The way in which income distribution is related to factor ownership, for example, in quantitative terms, is immediately suggestive of policy priorities for a particular country. Beyond this, the availability of a complete information framework and data permits modelling at various levels of sophistication. Thus it is not necessary to have a fully price consistent general equilibrium model to make some calculations about the impact of fiscal policy, effective protection, or the likely impact of some project. All these things can be approached with partial models, given availability of the basic data. At the same time, more general models will improve the quality of the results obtained. The point is only that the intermediate products of this approach towards a more general model are of value in their own right.

3. Social Accounting Matrices

Table 1 sets out schematically a social accounts information framework in matrix format, while Table 2 gives empirical detail for a particular case (Sri Lanka, 1970).

Both tables are to be read as having receipts recorded in the rows and expenditures in the columns. Thus, Table 1 shows total factor incomes as being made up of income from direct services to households, wages and salaries paid by Government, factor payments by production activities and net income from abroad. Table 2 shows that all this totals 11,360 in the particular example. However, the example is an aggregate version which therefore does not show details. In fact, 30 different rows correspond to the row 1 in the example. Each has a total, and these totals show, therefore, how the aggregate is distributed over 30 different factors (different types of labour and capital), thus giving the factorial distribution of income. Further, since there are 48 production activities in the example, the figure 10,098 in row 1, column 6, is the aggregate of a 30 x 48 matrix which shows in great detail how each of the different factors is dependent on the various production activities for its income. This then is the mapping from the structure of production to the factorial distribution of income.

Column 1 shows how the incomes of the (30 different) factors of production accrue to the institutions of the economy. Firms (comprising State corporations, Private incorporated and private unincorporated) receive profits of 3314. The rest is household income (i.e. wages and the income of household enterprises). There are 21 types of households

in the full detail and 27 of the factors are labour of different types. Thus the figure 8046 aggregates a 21 x 27 matrix showing which types of household provide what sorts of labour, and how much remuneration they get for doing so. Accordingly, the mapping between skill groups and household types underlies this part of the matrix.

The block formed by rows and columns 2 to 4 of Tables 1 and 2 shows current transfers in full detail - the distribution of profits to households, the receipt of various Government benefits, tax payments, etc. Again, there is considerable detail behind the aggregates, so that, for example, Government receipts are decomposed into fourteen different revenue raising accounts corresponding to different fiscal instruments.

Payments of factor incomes to institutions plus net transfers are the main determinants of the distribution of income. (Government revenue from other accounts and non-factor income from abroad complete the picture.) Thus total Government revenue is 2346 (broken down into 14 types), while households receive 10,698 which is distributed across 21 different household types in the full picture. By implication, the latter shows which households receive Government transfer benefits, and which receive distributed profits, etc.

The expenditures of institutions appear in columns 2 to 4, with savings (i.e. transfer to capital account) as the balancing item. Firms (of different types) are seen to distribute profits, pay taxes, save, and make small transfers abroad. Households pay for domestic servants, pay taxes, save, and consume both domestic and imported goods. All this

detail is available for all 21 household types so that questions concerning the propensity to consume imported goods for different households, for example, are answered. Also the pattern of savings across household types is shown. Similar details are shown for Government, distinguishing education, health, etc., activities in the full detailed account.

Total savings in row 5 include, of course, capital transfers from abroad. The intersection of row and column 5 is left blank since the particular illustration being used here did not permit analysis of flow of funds. Had this been possible, the diagonal cell would be a matrix showing the relevant detail. Similarly, column 5 is a combined capital account since disaggregation of investment expenditures could not be carried through this particular exercise.

Row 6 (aggregating 48 activities) shows final demand built up of consumers expenditure, government consumption, investment demand and exports. To this is added 4,358 of intermediate demand taken from the 48 x 48 input-output table. The total gross revenue of 16,336 is spent in column 6 as factor payments, indirect taxes on materials, on imported materials and, again, 4,358 on intermediate transactions.

Finally, row and column 7 show respectively the receipts and expenditure sides of balance of payments with factor and non-factor payments distinguished from the trade flows; and with the net capital flow as the balancing item.

The above is a very brief outline of one example, undertaken two years ago, which serves to bring out a number of points.

The most obvious point is that in appropriate circumstances it is possible to construct such a table. In doing so, a great many judgments have to be made about the quality of primary sources and the extent to which these can usefully be updated and reconciled. In particular, there are many issues concerning the appropriate classifications of factors, institutions, production activities, etc., which have to be resolved by reconciling what is desirable in terms of economics with the possible in terms of data.

Secondly, it can be noted that the framework captures the usual national income accounts and the balance of payments. Further, it includes all that is needed for conventional input-output analysis. And it goes beyond this to set out the interrelationships between production structure, factor markets and the factorial distribution of income, the ownership of factors and household income, and hence the distribution of income across household types and how this is affected by transfer payments. It also shows domestic savings in detail and opens up the possibility for looking at capital transfers. And it shows how the domestic economy is interfaced with the rest of the world.

The above are, of course, among the things which need to be modelled in country prototype model work. Indeed, the Sri Lanka case study used here was set up to serve the Government's need for a basis for planning, and at the same time to explore the possibilities in terms of data for a stronger basis for the World Employment Programme comprehensive country missions.

4. Other Previous and On-going Studies

Social accounting matrices of the type described in the previous section have been estimated for the U.K. as a whole, Wales, Iran and Swaziland, as well as Sri Lanka.

The U.K. estimation was the initial basis for the Cambridge Growth Model as well as the U.N. System of Standardised National Accounts (the SNA). The study on Wales is almost certainly the first attempt to put a regional model in the social accounts matrix (SAM) format.

The Sri Lanka case study is being written up for publication as an illustration of how the SNA can be applied to a developing country. Previously, Sri Lanka had been modelled in the Cambridge Growth Project style, and current work is being undertaken on using the case study to analyse various aspects of Government policy. Consideration is being given to updating the matrix.

The matrix for Iran is a cruder affair and was set up and modelled as part of the World Employment Programme Mission to Iran. It is published as Appendix 12 to the report of that mission.

The matrix for Swaziland is in similar detail to that for Sri Lanka and was undertaken as a joint exercise with the Overseas Development Ministry, London. The report on it is not generally available, pending Government consideration of the policy analysis and recommendations which follow the empirical data system. Meanwhile, it is being used as a framework for major project evaluation.

The diversity of these previous studies underscores the robustness of the social accounts framework in relation to a wide variety of country situations. Moreover, in an outspoken critique of the UN SNA, Seers has recently argued that, in relation to developing countries, questions of dualism in technology and consumption, for example, are not given appropriate prominence. However, he comments, "It will be seen that the new SNA is sufficiently flexible to cover the needs outlined above." Meanwhile, the Sri Lanka and Swaziland studies contain initial attempts at trying to get closer to the classification systems within the SNA which Seers is arguing for, e.g., separately distinguishing domestic and foreign controlled corporations.

5. Developments in Modelling

Developments in modelling have taken place in parallel with those of social accounting matrices over the last 10 years. Accordingly, a number of models are already available corresponding to the SAM data format. These include advanced input-output exercises, such as those of the Cambridge Growth Project, and their extension into distributional issues by Narapalasingham, Thorbecke and Pyatt in collaboration with others working on Iran.

Like the other models referred to, the Iran model is essentially a synthesis of input-output analysis and Keynesian effective demand analysis. However, in this case the feedback from the generation of value added by production to the distribution of income by institutions, and hence to the determination of consumption was modelled. This led to consistent and disaggregated output and income multipliers through a generalized matrix inverse involving the usual Leontief coefficients plus the mapping from value added payments to household incomes, complemented by transfer payments. In other words, the model generated the level and distribution of income simultaneously with the structure and level of production. On this basis it was possible to cast doubt on whether the Iran 4th plan proposals of the time would do much if anything to reverse the drifting apart of urban and rural incomes which characterised the preceding years. At the same time, it was possible to show that the plan would sustain the current (under)employment levels, assuming that there was unlikely to be difficulty in financing the non-oil trade deficit.

The Iran model did not investigate price movements, except with respect to oil. However, a fully price-sensitive model has been built on a SAM framework by Ng, working on the Philippines and, indeed, such a model is specified in the first publication of the Cambridge Growth Project.

Various aspects of models and modelling in relation to growth, distribution and employment are considered in a book being completed by Pyatt and Thorbecke on the basis of experience on World Employment Programme missions. Before turning to these, however, it is worth pointing out that many of the equations needed for a model, albeit the more mundane ones, have to be specified in empirically estimating a Social Accounting Matrix. These are not only the required accounting identities. Additionally, there are a number of classification relations which have to be got right. For example, exports as an element of final demand must be expressed at producer prices before commodity balance is achieved. This means that export revenue, f.o.b. for some commodity must be expressed in terms of any tax component (accruing to Government), the producers' receipts (at ex-factory prices), and complementary demands on the transport and distribution sectors by the Rest of the World, which cover the margins earned by these sectors on the exported good. It is obviously important that any model should get such details right; and the SAM approach helps to ensure that they are not overlooked.

Diagram 1 sets out schematically the various relationships to be modelled in planning for growth, redistribution and employment as set out by Pyatt and Thorbecke. They have not attempted to produce most-

favoured formulations at this stage, but rather to review the possibilities. However, two examples might serve to illustrate the sense in which the model grows out of the framework.

The first example concerns the links between welfare, living standards and expenditure patterns. The primary purpose of the model must be to determine how living standards vary and are likely to change among different household types. This implies that the definition of household categories in the SAM must be according to socio-economic classes that can be distinguished with reference to policy instruments. Hence, we are concerned with regional groupings, wealth (including land) or access to it, and, potentially, with discrimination. In particular, the classification distinguishes poverty groups. (It is not directly concerned with income classes, however.)

If the overall index of welfare is related to individual standards of living and their distribution, it is clear that a model based on groups will not capture the variation within groups. The problem, then, is to formulate the link between some aggregate index and differences between group means. One approach is as follows:

If the aggregate index is taken as log of the geometric mean of living standards (as considered in Redistribution with Growth, for example), then the increase in this objective over time can be written as

$$g - \dot{I}$$

where g is the growth rate of average standards, i.e. the growth rate as conventionally defined, and \dot{I} is the change in Theil's (second)

measure of inequality.

It is well known that Theil's index decomposes into an effect within groups and an effect between them:

$$\dot{i} = \dot{i}_1 + \dot{i}_2$$

A model based on household group averages will capture the second component. The first component has a particularly simple form if income within each group is log-normally distributed; and what empirical evidence there is supports this hypothesis. If it is true and the inequality within groups stays stable, then \dot{i}_1 is simply a linear combination of the migration rates between groups. Thus, we are led to modelling migration between socio-economic groups of households (and differential rates of population expansion) if we want to capture this component.

Going further, there is a strong argument for regarding permanent income as the index of living standards which a model should be concerned with. This reinforces the view that wealth should be a criterion in the socio-economic classification of households. However, permanent income is not measurable at least in our context. Consumption can be used as a proxy for it, and this can also be justified on the usual utility grounds.

Now if the log of real consumption is defined as the index of welfare in a household, we are in the world of the linear expenditure system. Alternatively, we can reach this point directly from permanent income and Luch's extended linear system. However, in doing so, we have to avoid negative expenditures which are not automatically excluded and have therefore developed a piecewise linear expenditure system which

can easily be estimated from cross-section studies. This system retains the "committed" expenditures of the original system yet recognizes the harsh reality that these cannot be covered at very low levels. Thus, we can formalize the concept of poverty as being below the level needed to afford a poverty level basket of goods. At the same time, we get out different price deflators for different household types and can extend this, through equivalent adult scales, to allow for different household demographic composition. Accordingly, the parameters of the demand system for each household type determine the value of the objective function; and the contribution of \dot{i}_1 and g to overall performance are easily calculated.

Starting with a utility function clearly implies that shadow benefit rates from relaxed constraints are easily calculated from a complete model - a point also noted by Blitzer in his work on Zambia. With the particular form of utility function proposed, the demand system appropriate for such a model is of a particularly convenient form - expenditure proportions stay constant over commodity groups for each household type. And these proportions can, of course, be directly obtained from SAM.

This example shows how SAM data can be used to fully specify a demand system and trace it back to an objective expressed in terms of the level and distribution of living standards. It also shows how more data in terms of household expenditure surveys can be used to distinguish different price deflators for different household types. And it can be extended, because the utility function is explicit, to indicate

the welfare benefits of government subsidies on food, for example.

In some situations the linear expenditure system is too restrictive. An alternative to replacing it by some other is to regard the system as applying to wants, rather than goods. The model then needs to be complemented by a consumption activity analysis (analogous to production activity analysis) with various goods providing different combinations of wants. A simple example would be the substitutability of wheat and rice as a food staple in some societies. This is an analogous problem to that of determining imports versus domestic production for the supply of some commodity. In both cases activity analysis may be too extreme in determining the choice as a knife-edge issue. Greater flexibility can be obtained by use of CES functions, the calibration of which calls for a single parameter estimate (the substitution elasticity) in addition to the data contained in a SAM for a particular point in time. Meanwhile, the CES can, of course, approximate the choice as posed by activity analysis arbitrarily closely if this is the right direction in which to proceed. Meanwhile, the expression of utility in terms of wants rather than goods provides another means of linking the model framework explicitly to poverty studies; and the fact that all the above discussion can be set in a framework of allocating total expenditure over commodities implies that we have complete freedom in specifying savings behaviour and its links back to the ownership of assets and hence to non-wage income.

As a second example we may take the determination of inter-industry demands. Since the SAM shows these in full detail, it is

apparent that a complete set of input-output coefficients can be estimated from it. If these coefficients are assumed to be fixed independent of prices, then the accounting identities for the rows and columns in the SAM generate the familiar Leontief quantity and price equations. However, some authors have preferred to regard the coefficients as fixed in value terms rather than in physical units. This leads to different model formulations given the row and column constraints. The flexible formulation which covers this whole range of possibilities is to assume that activities demand combinations of material inputs so as to minimise the cost of a single materials index subject to technical possibilities specified by a CES model. This leads to the conclusion that the matrix of interindustry transactions will evolve as an RAS transform of its initial value, and has been used extensively in the Cambridge model. Since RAS can be applied to the whole or any part of the matrix of interindustry transactions, it can obviously be focused on particular issues. A case in point would be the substitutability of fuels in view of present oil prices.

An RAS model of interindustry demands can be calibrated directly from a SAM data base with complementary information on substitution elasticities. In such models the R and S elements depend on prices and quantities, with the price elements dropping out in the Leontief special case. In general, however, prices have an effect so that a model based on fixed prices will be inaccurate: as with demand systems, it is important to work towards the endogenous determination of prices. In doing so, the SAM commodity balance equations must maintain and hence

they determine between them constraints on the supply side between production structures and relative producer prices.

The above are two examples of the link between the social accounts framework and modelling. There are many more, of which a number need to be explored further before a complete model is available. Meanwhile, an important point brought out by the framework is that it is not necessary to model everything. Usually it is the balance between savings and investment which is left to be determined by accounting constraints. But there are reasons for thinking that this is not very appropriate in the development context where free capital mobility between sectors is not typical. More typical is a simultaneity between savings and investment decisions, at least in so far as they concern household production activities. Thus, aggregate balance between savings and investment is not enough, especially when we are concerned with the accumulation of assets by small-scale farmers, for example. It may therefore be that emphasis should be put on the modelling of savings and investment in disaggregated form, implying some element of the Cambridge Theories of distribution.

But since the whole model is set in an accounting identity framework, the model will be overdetermined unless some degrees of freedom are injected. These could take the form of regarding some other part of the model as providing the residual balance. Thus progress with savings/investment models could lead to being able to drop detailed inter-industry flows. At this point, then, it would not be necessary to have full input-output details in order to bring a country into the prototype model domain.

6. An Overview of the Research

While it is commonplace for modelling work to be involved with data from the outset, the present proposal is based on the advantages of going further with data questions in the initial stages. There are two aspects to this. First, while consumption propensities, for example, can be estimated directly from a household survey, it is not until such a survey has been set into a framework of other data as proposed here that an evaluation of biases in reporting (with respect, say, to expenditure on drink, or savings) can be judged. Thus, the quality of available information is enhanced by the consistency checks which run throughout the SAM approach, i.e. one product of the approach is better information than was previously available. And one reason for pursuing it is the possibility of establishing general procedures for improving data along the lines now familiar with respect to input-output tables. Indeed, these same techniques of updating have already proved to be useful in other fields such as manpower. Secondly, the availability of a SAM is an important contribution to calibrating a model. Usually much time is spent in reproducing known facts by adjusting initial equation estimates. One aspect of the present proposal which is made possible by the explicit SAM data is to avoid this problem completely by fitting equations which pass through data points which are known to be consistent. Accordingly, validation of model calibration is a much simpler task.

Developing the present "state of the art" in the above respects is an important reason for wanting to carry out further work. Another

is that many of the important issues in terms of the impact of policy instruments depend on the classification systems used. In relation to each of factors, households and production activities the question of what classifications are both practical and meaningful in terms of capturing the sense of duality which might exist, and how policies impinge on sub-categories must be explored further. Thus, it is important potentially to distinguish private from state owned production. But more case studies are needed to test how far one can go in practice on such issues. One concern of the research, then, is with these questions.

To the extent that a SAM is a static picture of an economy, its relevance to dynamic issues can be questioned. The answer, in part, is that some time series data are also needed to trace dynamic effects, and so there has to be complementary data available. However, this does not have to be of set form. For example, in calibrating dynamic effects in production either gross output or value added time series can be used. More generally, because calibration is constrained by the consistent detail of the SAM, the number of degrees of freedom among model parameters which have to be estimated from supplementary time series data can be quite small.

The second respect in which a SAM contains important dynamic elements derives from the fact that it contains both current and capital accounts. Consistency of a model with respect to these forces a number of important dynamic consistencies. Thus, detail on savings generates detail on who accumulates wealth; and a new wealth distri-

bution generates new patterns of payments from factors to people. Simultaneously, the deployment of savings determines investment and hence where capital stock or infrastructure expand. This will also influence factor payments and hence back to income distribution over socio-economic groups and their savings in a subsequent period. Formalising these considerations is to be an important part of the future modelling work.

The modelling work will proceed by first adding technological relationships to the static and dynamic accounting constraints made explicit by SAM. This is an area in which a certain amount is known, and existing studies can be drawn on heavily. The next step is to formulate behavioural equations and here ignorance is much greater. Accordingly, in relation to investment behaviour, for example, there has to be some experimentation with alternative formulations. The fact that the SAM framework constrains these alternatives and minimises the problems of calibrating them consistently with other relationships will greatly facilitate this part of the work.

The present proposal will borrow heavily from the Prototype Country Model for alternative formulations of technology and behaviour. Conversely, the advantages of having a SAM data base will greatly facilitate the experimentation with Prototypes. This communality of interests brings the two projects together.

7. Organization

The proposal for continuation of work on the development of the SAM approach to country economic modelling calls for careful choice of countries for future work and integration of the studies into the prototype model work under RPO 286.

On choice of countries the main considerations are:

- i. local involvement
- ii. availability of data
- iii. historical and contemporary features.

Local involvement proved essential in both the Sri Lanka and Swaziland studies in a variety of respects. One is simply a matter of manpower, since many man-months are involved in data exercises of this type and it is hard to justify the expense of bringing in the research assistant-type labour inevitably required. At a higher level, since there are innumerable conflicts involved among existing statistics it is necessary to form judgements on the relative qualities of different series. Discussions with domestic statisticians are therefore a key part of the exercise. Beyond this, local involvement typically implies cooperation in other respects, such as access to unpublished data sources for any new tabulations which might be crucial.

* Availability of data is an obvious consideration. However, requirements fall short of the need to have everything all ready to assemble. Much of the work in previous studies has involved updating and complementing some fragmentary information. This can be done in part by intelligent guesswork within the overall frame. Since the latter is a consistency framework, all information within it must be

reconciled. Thus any "guesstimation" which does take place has to be within a context of more solid facts or in contrast with other guesstimates. In these terms knowledge of the economy in question is crucial, and this brings us back to the importance of local involvement. Beyond that, the framework itself defines the data needs for a base year. Supplementary information is then required to permit separation of quantity and price effects and on other variables important in modelling but outside the SAM framework. The most important of these are the production capacities of industries and details of labour supply and other resource constraints.

"Historical and contemporary features" applies both to events in time and geographic considerations. Certain events, such as revolutionary political change or war are likely to so alter the behavioural relations within an economy as to make it difficult if not impossible to calibrate a model in such a way that it not only reproduces a base data point but also simulates the historical trends in key magnitudes with reasonable accuracy. For similar reasons it is difficult to model any significant changes in geographic boundaries which may take place.

A further geographical consideration concerns country typology. It is not clear to what extent country prototype work must reflect different types of countries by size or region. Other things equal, it is desirable to extend the variety of examples so far worked on. If this can be done some interesting comparative results may emerge beyond those already possible from the previous work in Sri Lanka, Iran and Swaziland.

Since many of the same considerations as listed above apply to RPO 286, it is important that choice of countries should be a joint decision with that project. And in making the decision, some overlap is important to facilitate the synthesis between that project and this proposal: comparisons are easiest when made relative to a fixed data base. And at this point it is worth emphasizing that since the demands of prototype models in forms of detailed disaggregation should be less than those of the Sri Lanka and Swaziland case studies, it follows that links with the prototype suggest that demands in terms of data availability might be eased.

With the above factors in mind, the Caribbean, Malaysia and Peru have been indicated as possible areas of interest for the present proposal, with a number of others under consideration as potential reserves, including Kenya or Zambia.

Interest in the Caribbean derives from concern of Bank economists to see some data and modelling activities develop there in response to the express wishes of the Government. The possibilities are being explored outside the scope of this proposal with a view to a judgement for present purposes in July or August.

The situation with respect to Peru is essentially similar, although here the exploration will be a part of the preparatory work for the forthcoming basic mission.

In relation to both these countries Roger Norton and I meanwhile have only a background involvement.

Malaysia is already a subject of country prototype studies and,

because of the complementary studies which have been undertaken, is potentially an ideal case for cooperation and comparison with RPO 286. Accordingly, it is intended that work on this country will bring in Montek Ahluwalia's contribution to the whole range of issues.

8. Implementation and Phasing

The work under this proposal would be carried out by a combination of existing DRC resources, including the major part of my own research time and that of any recruits who may possess the necessary skills, and external consultants. In this way it would be possible to complement resources within the Bank with the talent and experience available outside, not least among present and previous collaborators. These latter include:

Professor J.A.C. Brown (Oxford) who was joint director of the early Cambridge project and a collaborator in Sri Lanka. He has recently been doing work for UNIDO in Iran.

Alan Roe (Warwick) who participated in the Sri Lanka and Swaziland studies and is undertaking subsequent work in Sri Lanka. He may be involved in exploring possibilities in the Caribbean. Earlier he worked on the Cambridge Growth project and the Regional Study of Wales.

Jeffrey Round (Warwick) also participated in the Welsh regional study, and in both the Sri Lanka and Swaziland projects. He is responsible for follow-up of the latter and may be associated with Roe in the Caribbean.

Erik Thorbecke (Cornell) shares experience of World Employment Programme Comprehensive Missions and is likely to be a member of the forthcoming Bank Mission to Peru.

It is not necessarily intended to involve all these as consultants: DRC recruiting will be an important factor, since a particularly well-qualified candidate for this specialist work is under consideration. And others may be available. Beyond this need for relatively scarce skills, programming and research assistance are to be provided within the DRC.

The planned phasing of the work is as follows. By September a number of issues will be clarified:

- i. The potential for further work on one or more Caribbean countries;
- ii. ditto in relation to Peru;
- iii. The results of prototype model work in Malaysia and of current DRC work contributing to Plan formulation there;

and in all three cases, the likely extent of Government cooperation in developing case studies.

Also by September/October, a specific model emanating from the SAM framework and directed towards convergence with RPO 286 model frameworks will be available.

As a next step, therefore, the model should be calibrated and run for at least one country so as to provide a case study to set aside others when progress on prototypes is reviewed in January.

It is anticipated that at least a second country calibration and computations could be achieved by the end of the financial year.

According to this schedule, the proposal would result in intermediate results as follows:

- (a) a model framework by October;
- (b) at least one country study by January, 1976;
- (c) at least a second country study by June, 1976.

9. Budget

Because their available time is not unlimited, if it is necessary to rely heavily on consultants the pace of the proposal may be slowed down. The following is therefore an upper limit on the likely costs.

Consultants	\$ 45,000
Travel and Subsistence	\$ 35,000
Computing	\$ 15,000
	<hr/>
	\$ 95,000
	<hr/>

I would propose to spend 40 percent of my own time on work under this proposal. Norton's time would be derived from his commitment to RPO 286. The travel and subsistence budget allows for Norton and myself in connection with this project as well as consultants. It also involves a rough estimate (\$10,000) for the cost of bringing Government officials to Washington to work with Bank collaborators in developing data and model specifications for their country. Such collaboration has already been taking place on other projects with the DRC. It could be particularly useful in relation to the present proposal and so provision is made in the budget accordingly.

	(1) Factors of Production	(2) Indirects Current Accounts		(3) Indirects Current Accounts		(4) Government	(5) Combined Capital Account	(6) Production Activities	(7) Rest of World (Current)	Totals
		Firms	Household	Household	Government					
(1) Factors of Production	4	3	3	3	3	3	1	48	1	1
(2) Institutions	Firms		Value Added of Domestic Servants	Value Added in Government				Value Added in Production	Net Factor Incomes from Abroad	Total Factor Incomes
(3) Current	Gross Profit Investment Government		Govt. transfers to Firms	Govt. transfers to Firms						Total Current Receipts - Firm
(4) Accounts	Household Govt. Transfers to Govt.	Govt. Transfers to Govt.	Household Transfers to Government	Indirect Taxes on Government Expenditure	Govt. transfers to Households			Indirect Taxes on Production	Transfer from Rest of World	Total Current Receipts - Household
(5) Combined Capital Account		Savings of Firms (Residual)	Savings of Households (Residual)	Savings of Govt. (Residual)					Balance of Payments Deficit	Total Capital Receipts
(6) Production Activities		Transfers to Rest of World	Consumer Expenditure on Domestic Goods	Govt. Expenditure on Domestic Goods	Govt. Expenditure on Domestic Goods			Inter-Industry Transactions	Export of Goods & Services	Gross Output
(7) Rest of World (Current)			Consumer Expenditure on Imports	Govt. Imports and Transfers Overseas	Imports of Investment Goods			Imports of Intermediate Goods		Total Current Payments Abroad
TOTALS:	Total Factor Incomes	Total Expenditure by Firms	Total Household Expenditure	Total Government Expenditure	Total Capital Payments	Total Cost of Production	Total Current Receipts from Abroad			

• includes indirect taxes on consumption expenditures

Table 1

TABLE 1A

Social Accounting Matrix for Ceylon in Schematic Form

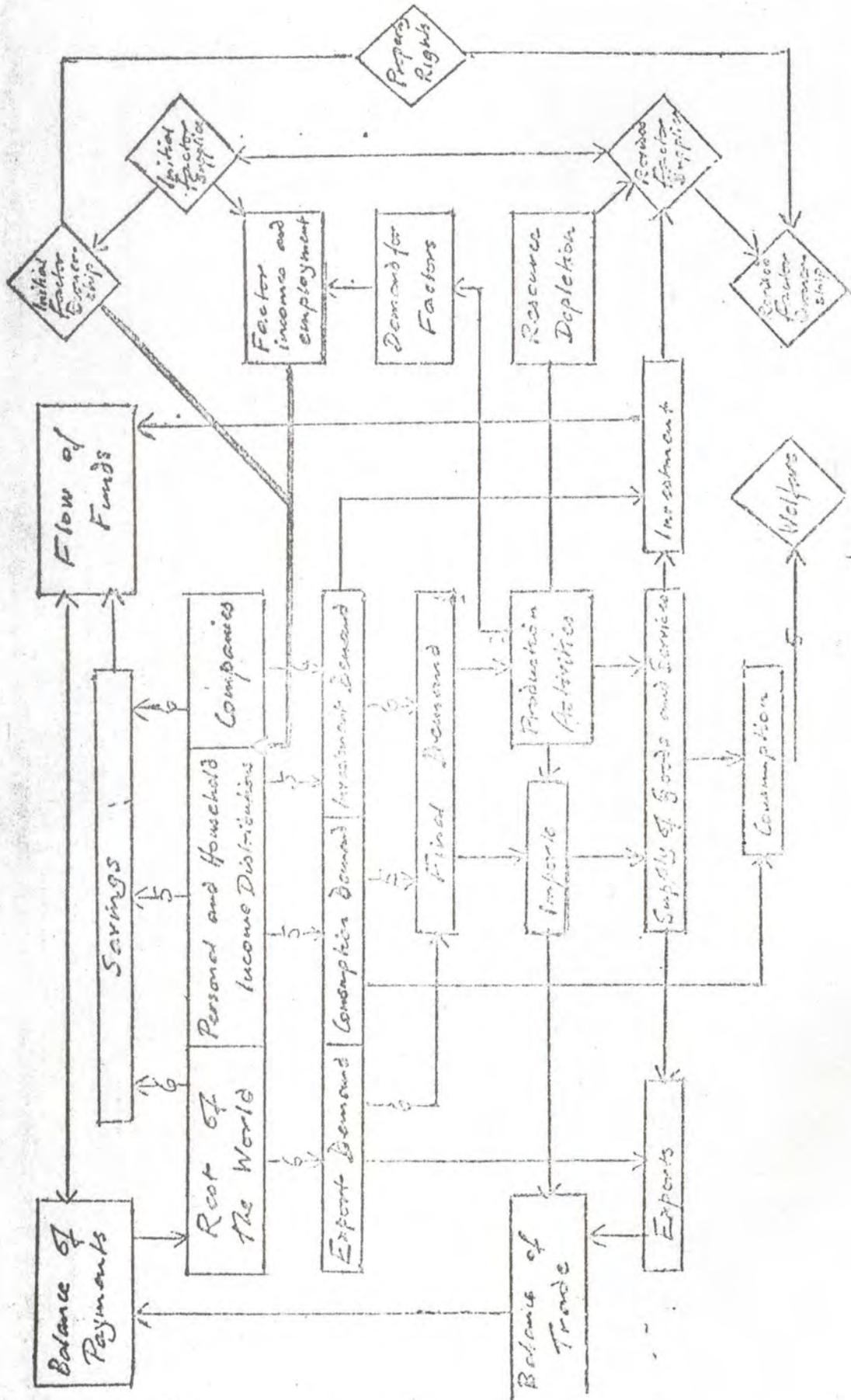
	(1) Factors of Production	(3) Institutions Current Accounts			(5) Combined Capital** Account	(6) Production Activities	(7) Rest of World (Current)	Totals
		(2) Firms	Household	(4) Government				
(1) Factors of Production			180	1275		10098	- 113	11360
(2) Institutions	Firms	3214		294				3508
(3) Current	Household	8046	2385	245			18	10695
(4) Accounts	Government	-	376	567*	313	886	130	2346
(5) Combined Capital Account**			833	1339	42††		425	2640
(6) Production Activities			7601	302	1962	4338	2113	16336
(7) Rest of World (Current)			16	1091	79†	1024		2573
TOTALS	11360	3611	10698	2346	2640	16336	2573	

- * includes indirect taxes on consumption expenditure
- † includes in parts and current transfers to Rest of World
- †† not exactly accurate because of rounding errors
- ** includes rest of world capital account

TABLE 62.

Social Accounting Matrix for Ceylon 1970 - Full Aggregation

The Conceptual Framework



RESEARCH - GBN.
CRUBBER STUDY

May 2, 1975

Mrs. Barbara Agostini
Commodity Specialist
Commodities and Trade Division
Food and Agriculture Organization
of the United Nations
Via delle Terme di Caracalla
00100 - Rome
ITALY

Dear Barbara,

I thought that I should let you and Mr. Lamade have my preliminary comments on the projections of total elastomer consumption in Western Europe.

My specific comments and proposals are contained in the annex. The main assumption of my alternative proposals is that consumption of rubber in motor vehicles can be differentiated from consumption of rubber in other sectors. This would involve an estimate of the average rubber use in non-tire automotive parts over time and a reestimation of the conventional data on "non-tire" rubber consumption of the four major countries for which the detailed projections were made. As for the other data requirements, I think that Mr. Lamade is the person best qualified to speak on it, but I also think that the Eurofinance Study - which we could probably get - would be of considerable help (average mile driven per car, average weight of tires, etc).

Clearly there is a trade off which has to be carefully evaluated: are the possible improvements in the forecasting framework worth the additional time and expenditure involved? The answer to this question in turn depends, at least in part, on your and Mr. Lamade's time availability. What concerns me is that the forecasts prepared by Mr. Lamade - even though technically very well done - represent only a basic improvement over the traditional aggregate forecasts based on the GNP - Total Elastomer consumption growth relationship. What we have to try to capture are the possible effects of structural changes in the demand for rubber. To do this, a more disaggregated model must be used.

The suggestions that I make are merely based on ideas that have crystallized in my mind during the past 2-3 months. A lot of the stuff still needs to be sorted out with precision. I have not yet talked to any of our econometricians about the possibility of setting up a model to forecast - aside from vehicles in circulation - vehicle production. This involves forecasting vehicle replacement. I am sure, however, that this

Mrs. Barbara Agostini

-2-

May 2, 1975

should not present major problems: the work done by Mr. Lamade is very good and the literature on this subject is ample. Neither have I talked to anyone about the specification of the functional relationships envisaged in the model that I propose for forecasting tire demand. I don't want to go ahead without first discussing the whole thing with you and Mr. Lamade who has done the work and is certainly the person who can best judge the feasibility of the alternatives that I propose.

I am fully aware that this should have been done before, but it simply was not possible for me to think of anything specific without doing my homework. I think, however, that the potential benefits from this exercise are very great. The traditional forecasting framework for rubber demand is clearly in need of a major overhaul. If we get into this now, we might have to suffer a little in the short term but we will be in a much better shape later on. I hope we can work something out during the discussions that we will have after the jute meeting. I am sorry that Maria will not be there.

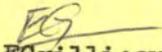
I look forward to seeing you. My very best to all of you.

Yours,

Enzo R. Grilli
Commodities and Export Projections Division
Economic Analysis and Projections Department

Enclosure

cc: Mr. Vernon Lamade (FAO, Commodities Division)


EGrilli:cw

OFFICE MEMORANDUM

IV.3

TO: Mr. D.C. Rao

DATE: May 1st, 1975

FROM: ~~S.M.~~ P.P.
S. M. Tolbert

SUBJECT: Research Project on Socio-Cultural Impacts of Tourism

-
1. I request that the attached proposal be considered by the Research Committee.
 2. We have encountered two major obstacles in putting the proposal together. As the attachment makes clear, many of the details of methodology and also of selection of personnel for the study, are inherent components of the study itself. Moreover, it will be possible to arrive at more accurate budget estimates only after having selected the organization to carry out the research and the principle researcher. Thus formulation of a more detailed proposal will require the cooperation of the potential contractor, and this can only be forthcoming if there is some assurance that adequate funding will be available. I look forward to your advice on this matter.
 3. The second obstacle in putting together the proposal arose out of our abortive discussions with the AAAS. For several weeks we have been discussing with Dr. Reining of the AAAS the content of the research to be carried out; it was anticipated that she would be presenting a proposal incorporating AAAS's views as well as additional ideas upon the anthropological and methodological background to the study. The result is that this proposal has had to be put together without that input.
 4. I will contact you on my return to Washington on May 8.

JAS:caf

WORLD BANK RESEARCH PROGRAM

Project Proposal

N. 3

Date of Submission: May 1, 1975

SECTION A

PART I. PROJECT IDENTIFICATION

1. Title: SOCIO-CULTURAL IMPACTS OF TOURISM

2. Department Responsible: Tourism Projects

3. Staff Member Responsible: Frank Mitchell

4. Total Cost (U.S. \$): approx. \$50,000

5. Total Staff Time (manmonths)

Professional: 3 Special Services:

PART II. COORDINATION AND APPROVAL

1. Interdepartmental Coordination:

Department	Name & Signature	Support Project	Do not Support Project-Comments Submitted
a.			
b.			
c.			
d.			

2. Approval:

A. Odone
Division Chief
A. Odone

S.M. Tolbert
Department Director
S.M. Tolbert

NOTE: Please consult instructions issued August 1973 for completion of this Form and preparation of project narrative.

Do not fill

Date received:

Review Panel:

5. VI

PART III. IMPLEMENTATION

1. Date Work to Start: July 1975 2. Date First Draft Expected: June 1976

3. Final Report Due: July 1976

4. Implementation Method:

Names:

- a. Bank Staff / 1+ / F. Mitchell (plus other staff in advisory capacity)
 - b. Individual Consultants / 1 / Raymond Noronha *
 - c. LDC Contractor/Institute / /
 - d. Developed Country Contractor/Institute / 1 / To be determined
 - e. Seminar / /
- * Not to be funded under research budget

5. Reports Expected in the First Year: Progress reports after 3 and 7 months. Final report.

PART IV. FINANCIAL AND STAFF DATA

1. Dollar Costs (Estimated Disbursements by Fiscal Year):

	FY	FY	FY	After FY	Total
a. Contractual	30,000				
b. Travel & subsistence	20,000				
c. Data Processing					
Total	50,000				

2. Staff Requirements (manmonths):

	FY 76	FY	FY	FY	Total
a. Professional	3				
b. Special Services					
Total					

RESEARCH PROJECT ON SOCIOCULTURAL IMPACTS OF TOURISM

I. General Objectives and Strategy

1.1 For many years judgments about the desirability of expanding tourism in less developed countries have been based upon the economic gains to be secured from this activity. However, possible sociocultural impacts of tourism have come in for increasing discussion. This has usually but not always been critical of tourism as a development activity.^{1/} In recent meetings the Board has been concerned with these criticisms and expressed the fear that adverse social impacts of tourism development might eventually diminish the attractiveness of destinations, thus jeopardizing the financial and economic viability of projects.

1.2 Despite widespread interest in the subject, there is no consensus on exactly what the sociocultural impacts of tourism are, how they take place and how they may be modified by policy or project design. For example, there is no classification of types of tourists and of destinations whose combinations may stimulate positive or negative social impacts. Nor is it clear to what extent social impacts vary with tourist densities and growth rates, and differences in the scale of values (i.e., culture, traditions, lifestyle) between the tourists and host societies.^{2/} The main purpose of the proposed study is to assemble hitherto inaccessible knowledge and to give better insight into the sociocultural impacts of tourism. This will serve as a basis for formulating new policies and methodologies useful in the identification, preparation, appraisal and implementation of projects. In addition, the study would indicate possible needs for further policy-oriented research.

1.3 Sociological research is normally carried out over extended periods of time and usually in restricted settings. Since such an approach would be impractical for our study we intend to adopt instead a technique which has been successfully applied to at least one similar endeavor: the sociocultural aspects of population planning.^{3/} This technique would call for:

- (a) the selection of a panel of social scientists to draw up a questionnaire to be sent to anthropologists and sociologists with fieldwork experience in LDCs where tourism is a significant economic component. This questionnaire will elicit relevant unpublished information on the impacts of tourism on several societies;
- (b) the analysis by the panel of the responses; this analysis combined with that of the existing literature (para. 2.2) will lead to the preparation of a comprehensive paper which would:
 - (i) describe the sociocultural impacts of tourism;
 - (ii) provide guidelines on how these impacts should be taken into account;
 - and (iii) define the additional research efforts needed to bridge the gaps in existing knowledge;

^{1/} For two popular treatments, see Sir George Young, Tourism, Blessing or Blight, (London, Penguin, 1973) and Louis Turner and John Ash, The Golden Hordes (London, Constable, in proof).

^{2/} Godfrey and Monica Wilson, The Analysis of Social Change.

^{3/} Angela Molnos, Cultural Source Materials for Population Planning in East Africa, Institute of African Studies, University of Nairobi, Nairobi, East African Publishing House, 1972, 3 volumes.

- (c) the discussion of the paper at a seminar composed of social scientists, officials of international development agencies and representatives of selected LDCs.

The paper, as amended after the seminar discussion, would be published.

1.4 The conclusion of the proposed research will most likely be applicable to fields other than tourism, since the social impacts attributed to tourism arise from two factors common to projects in other sectors. First, the immigration of substantial numbers of workers at the investment and/or operation stage of projects with the resulting contact between peoples of different cultures is a feature of most projects. (In tourism this cross-cultural factor is, of course, heightened by contacts between consumers of project outputs (tourists) and local residents.) Second, tourism and non-tourism projects alike may require the implantation of modern enterprises in remote areas. The resulting juxtaposition between new structures of authority, employment practices and levels of remuneration on the one hand, and traditional technologies and unsophisticated social organizations on the other, may create social stresses as well as economic opportunities.

II. Development of the Proposal and Technical Aspects

2.1 In order to gain preliminary knowledge on the sociocultural impacts of tourism, TMP contracted for the services of an anthropologist to review the English language literature on the subject, and to outline terms of reference for obtaining complementary information from field investigations in selected LDCs. It was expected that analysis of these data would provide the information necessary to draw up guidelines for introducing the social-impact "dimension" in the planning of projects. In discussing the consultants' report, however, it became apparent that:

- (a) although interesting, the existing published literature was inadequate as a guide to policy;
- (b) the methodology initially assumed was unlikely to lead to meaningful results; sociocultural impacts evolve over extended periods of time, and understanding them requires an intimate knowledge of the initial social situation and of changes over the years, neither of which could be acquired in the course of short field visits; and
- (c) there is considerable unpublished information potentially available in the field notes of anthropologists and sociologists who have studied societies where tourism is an important sector.

2.2 In the meantime, TMP learned that the Department of Cultural Heritage of UNESCO also had an interest in the sociocultural aspects of tourism. After discussions with UNESCO, it was decided that UNESCO would sponsor a review of the literature on the subject in languages other than

English,^{1/} and that TMP would reengage its consultant to cover additional sources in English and make recommendations upon the contents of the questionnaire to be circulated to social scientists with field experience in selected tourist destination areas.^{2/}

2.3 The following discussion of the social impacts and cultural change which may be stimulated by tourism, and the examples of hypotheses on these issues, is drawn largely from the consultants' work (para.2.2) and ideas of Dr. Priscilla Reining.^{3/}

2.4 Tourism may affect the social relationships among several groups:

- (a) indigenous residents of the area visited by tourists;
- (b) nonindigenous residents who have migrated into the area due to tourism;
- (c) the tourists themselves;
- (d) possibly other parties who are involved in the development of tourism proper, whether of indigenous or nonindigenous origin.

The social impacts of tourism will depend upon the characteristics of each of these groups. From the sociological standpoint, rational planning of tourism projects would ensure that the combination of groups is in line with the country's sociocultural objectives. Location of tourist facilities in certain areas rather than others determines the indigenous group which will come in contact with tourists. Nonindigenous migrants are also controllable, at least indirectly, through decisions upon the scale and rate of expansion of tourism development. The geographic origin and the cultural backgrounds of the tourists are subject to screening within the limits of existing market options. The active participants in the development are possibly most subject to control, given the wide variety of choices among the organization of tourism facilities, the degree of involvement of local institutions in planning and implementation, the role of international companies such as hotel chains and tour operators.

2.5 A crucial aspect of the research methodology will be to select for study destinations which would provide substantial differences among the main groups. Other criteria for selection will be Bank interest in particular destinations, the availability of sociologists who are knowledgeable about those destinations and the length of time that tourism has been present there. To avoid possible biases inherent in any one researcher, efforts will be made to secure at least two questionnaire responses on each destination or geographic area homogeneous in terms of social background and tourism traffic.

2.6 Because the addressees of the questionnaire would most likely have limited their social studies to the host populations, the proposed research might also include an investigation of the types of tourists in the selected destinations. This would provide a better basis on which to assess the interaction between the two groups.

^{1/} The work was contracted to the Centre d'Etudes du Tourisme, Universite d'Aix-Marseille, and the preliminary draft is due at the end of April 1975.

^{2/} Raymond Noronah, Review of Sociological Literature on Tourism and Questionnaire for a Study of the Social Impact of Tourism, April 1975.

^{3/} Staff anthropologist, Office of International Science, American Association for the Advancement of Science.

2.7 Classifications of tourists according to the sociocultural impacts they might have on host countries may be based on such criteria as the extent to which sociocultural attributes of the destination form part of the motivation for the tour,^{1/} the extent to which the tourists seek the 'strange' or the 'different'^{2/} and the extent to which the tourists rely on prefixed 'packaged' travel arrangements (the renter of a villa who deals directly with its owner and the 'package' tourist who pays a tour operator in his own country a lump sum which covers almost all expenses may have different social impact potentialities). It is possible that the review of the European literature will identify the existence of more research on this topic there than exists in North America. In addition, it may be desirable to circulate a questionnaire to operators of tourist-receiving establishments and also to tour operators conveying tourists to the particular destinations sampled. This inquiry would be aimed primarily at seeking a clearer definition of the types of tourism in the different destinations and at describing their interreactions (both successful and unsuccessful) with the host population (e.g., at the level of formal employment their interreactions might reflect the provision of 'satisfactory' standards of service; at the level of 'person to person contact' the perception of the extent to which crime is directed specifically at tourists).

2.8 The sociocultural impacts of tourism are potentially as wide as the definition of culture.^{3/} There may be impacts on all of the following areas:

- education (training for tourism occupations, acquisition of new language skills, respect afforded to traditional educational practices)
- health (incidence of disease in both tourist and host populations, plus the external effects on the local population of health-related services provided primarily for tourists such as sanitary, water supplies, sewage treatment, medical services)
- agriculture and other primary sector activities (changes in employment patterns, changes in the types of crops demanded, changes in local food preferences)
- transportation (mode and availability, new routes)
- urbanization, town planning (including the effects of entry of migrants to work in tourist activities)
- recreation; rituals including possible correlations between seasonality of visitor flows and periodicities of cultural manifestations

^{1/} McKean, P.F. 'Towards theoretical analysis of tourism: Economic Dualism and Cultural Involvement in Bali! Paper read at the Annual Meeting of the American Anthropological Association, November 24, 1974.

^{2/} Cohen, E. Toward a Sociology of International Tourism, Special Research, 39, 1972, p.164-182.

^{3/} Each anthropologist has his own definition of this term. It will perhaps be most tactful to take a standard dictionary definition: 'the integrated pattern of human behavior that includes thought, speech, action and artifacts and depends upon man's capacity for learning and transmitting knowledge to succeeding generations; the customary beliefs, social forms, and material traits of a racial, religious, or social group' Webster's New Collegiate Dictionary, Springfield, G&C Merriam Company, 1975.

between seasonality of visitor flows and periodicities of cultural manifestations.

- prostitution, crime, and other types of social 'disorganization'
- land use and land tenure
- beliefs, values, perceptions and understanding of the world, and of one's own position and that of other people within in
- the type and relative importance of different local organizations and political hierarchies.

2.9 Social changes "caused" by tourism will be the core of the proposed research. In order to assess the changes actually attributable to tourism it is necessary not only to obtain information on the existing 'pre-tourism' situation, and then on the consequences of tourism, but also to gain appreciation of the changes which were under way anyway.

2.10 A few of the possible hypotheses which may be tested in the course of the proposed study are:

- (a) Tourism can falsify, disorganize, or challenge the participants' belief in the authenticity of their culture and threaten it with collapse;
- (b) Tourism can lead to a revitalization of art forms;
- (c) Where major cultural differences exist between tourist receiving societies and tourist sending societies, problems of adjustment are scarce;
- (d) Where no or minimal cultural differences exist between tourist receiving societies and tourist sending societies, problems of adjustment are scarce;
- (e) Tourism results in an increasingly unequal distribution of wealth.

2.11 A voluminous literature exists on social change, including many different theoretical approaches to the question. For the present study, none of the existing approaches can be regarded as definitive, due to the current levels of knowledge of tourism and sociology. Nevertheless, it should be possible, in the successive stages of this study (the definition of the questionnaire, the analysis of the results, and the discussion of the latter) to make significant progress in the following directions:

- (a) a better appreciation of the most important variables of the social impact of tourism on different societies;
- (b) a more explicit delineation of the effects of tourism on less developed societies in contrast with the effects of developments in other sectors;
- (c) the extent to which social impacts can be influenced by decisions on the location, scale, phasing, physical design and organization of tourism projects.

2.12 Only a well-designed questionnaire will elicit valuable responses. Previous experience indicates the general types of questions to be included:

- (a) information about the researcher;
- (b) description of his field work in the selected destination (timing and object of the enquiry, sponsorship, basic techniques used, list of publications resulting from the research);
- (c) instructions on how to give answers that do not arise directly from his own field work but from the work of others or from inferences drawn from his own general experience;
- (d) guidelines as to which questions should be answered briefly and which at length.

2.13 Another important requirement for securing useful information is the respondent's willingness to devote substantial intellectual effort and time reading the questionnaire, referring to their previous work, and then formulating satisfactory responses. To ensure the full cooperation of the recipients, the following steps should be taken:

- (a) Assure the recipients that their answers will be analyzed by competent professionals.
- (b) Allow sufficient time for the analysts to correspond with recipients to clear up uncertain points or elaborate on others.
- (c) Make recipients aware that theirs would be an important and acknowledged contribution to advance knowledge in the field.
- (d) Strengthen their belief that the analysis will result in some concrete benefit to LDC populations.
- (e) Offer an adequate honorarium (e.g., \$200 for adequate responses).

It is believed that if these conditions are met, adequate responses should be secured from at least 50% of the sociologists to whom questionnaires are sent.

2.14 A lower response rate is anticipated from the possible questionnaire to tour operators, hoteliers and other tourism professionals. No honorarium is intended in this case.

III. ORGANIZATIONAL ASPECTS

3.1 At the outset the study was conceived as a joint project of the Bank and UNESCO. UNESCO has now indicated that they are willing to participate in the supervisory panel and in the final seminar but not in the questionnaire. They would have preferred instead to invite papers from acknowledged scholars on different aspects of tourism (including economic and sociocultural impacts) for the seminar discussion. In our

view this approach would not advance knowledge significantly beyond what may be gained from the literature referred to earlier. It would neither tap additional information nor focus on policy, which is the immediate Bank objective for this study.

3.2 The proposed research would be carried out and administered by an outside agency which would be responsible for selection and payment of respondents, preparation of the questionnaire, typing and circulation of questionnaires and papers, arrangements for the seminar, etc. The Bank would, however, exercise control at each major stage of the work (e.g., selection of the supervisory committee, selection of sample destinations and questionnaire recipients, finalization of the questionnaire and publication of the results of the study).

3.3 TMP at first thought of the Office of International Science of the American Academy for the Advancement of Science as a suitable party to carry out the work. (Mr. Raymond Noronha, anthropological consultant would have assisted this agency with monitoring technical aspects of the study.) On April 29, 1975, however, the AAAS review committee expressed doubts about their participation.

3.4 TMP will now contact other organizations which might be capable of carrying out the work. The agency selected should be highly respected among social scientists and for adequate control of the study, be easily accessible (preferably near Washington). TMP will welcome suggestions from members of the Research Committee and from other social scientists in the Bank. Relevant professional associations and institutions (such as the Smithsonian) which have engaged in this type of work in the past are being considered.

3.5 A work schedule for the proposed study follows:

Calendar months

- | | | |
|-----|---|-----|
| (a) | Selection of an organization to carry out the work and of a principal researcher from within this organization | 2 |
| (b) | (i) Selection of a supervisory committee, ^{1/} with an optimum size of eight or nine members: | 2-3 |
| | - three members who will analyze the questionnaire responses, preferably one each from a developing country, Europe and North America (with a possible fourth to analyze tourist types and the operators' questionnaires should this idea be retained in the research design) | |

1/ Several potential members of this committee have already been identified but they are not given here since changes are expected with new contacts and suggestions from the Research Committee.

- the principal researcher
 - representative(s) of the Bank
 - two to three other social scientists with experience in the field and interest in the topic
 - possibly UNESCO, IDB, etc.
- (ii) Draft questionnaire by principal researcher, including proposals for destinations to be covered;
- (iii) Inquiry among research institutes, especially in LDCs, for names of potential respondents to the questionnaire;
- (iv) Canvass of standard bibliographic sources and formulation of recommended list of potential respondents.^{1/}
- (c) First meeting of the supervisory committee 1 week
- (i) to decide on questionnaires, destinations and respondents
 - (ii) to divide responsibilities among panelists for synthesis of forthcoming results of questionnaires and the literature reviews.
- (d) Mailing of questionnaires, responses, communications with respondents, and drafts of panelists' papers for discussion at seminar. 4 months
- (e) Second meeting of the supervisory committee, at which the panelists' papers are thoroughly discussed and modified for consideration by the seminar. 2 weeks
- (f) Circulation of papers and holding of seminar (seminar itself takes three days). 1 month
- (g) Preparation of report, including succinct statement of guidelines proposed, and of research priorities, as well as panelists' papers as revised after seminar discussion in form suitable for publication.
- (h) Publication of report.
- TOTAL 11-12 months, not including the time to find contractor or publish results.

^{1/} e.g., International Directory of Anthropologists, National Science Foundation, NIMH, principal donor foundations, specialists listed by American Anthropological Association and similar organizations.

IV, BUDGET

4.1 Budget estimates for this study are very tentative, pending selection of the institution and the principal researcher. Hence the following figures (which reflect those suggested by the AAAS when it was interested in this project) are to be considered approximate.

1. Principle researcher, say three manmonths at \$3,000 per manmonth	9,000
Overhead of his organization	5,000
Secretarial	<u>3,000</u>
Total, organization	17,000
2. <u>Supervisory Committee</u>	
Three or four members who will prepare papers, one each from Europe, LDC and North America:	
- honoraria for papers @ \$1,000	3-4,000
- subsistence in Washington, three visits, total of 26 days @ 60/day	4,680-6,240
- transport, three round trips at an average of \$200 for the North American, \$600 for the European and \$1,500 for the LDC member (panelist on sociology of tourists, if this decided, assumed to come from Europe)	6,900-8,700
Subsistence in Washington of two other members of supervisory committee (the rest assumed to be paid by their organizations) for 14 days each	<u>1,680</u>
	16,260-20,620
3. <u>Questionnaires</u>	
40 respondents (out of 80 contacted) producing adequate responses, honoraria @ \$200	8,000
4. <u>Seminar</u> (this will depend upon number of participants) say	6,000
5. <u>Grand Total</u>	<u>47,260-51,620</u>

Research

Mr. D.C. Rao

May 1st, 1975

~~S. M. Tolbert~~
S. M. Tolbert

Research Project on Socio-Cultural Impacts of Tourism

1. I request that the attached proposal be considered by the Research Committee.
2. We have encountered two major obstacles in putting the proposal together. As the attachment makes clear, many of the details of methodology and also of selection of personnel for the study, are inherent components of the study itself. Moreover, it will be possible to arrive at more accurate budget estimates only after having selected the organization to carry out the research and the principle researcher. Thus formulation of a more detailed proposal will require the cooperation of the potential contractor, and this can only be forthcoming if there is some assurance that adequate funding will be available. I look forward to your advice on this matter.
3. The second obstacle in putting together the proposal arose out of our abortive discussions with the AAAS. For several weeks we have been discussing with Dr. Reining of the AAAS the content of the research to be carried out; it was anticipated that she would be presenting a proposal incorporating AAAS's views as well as additional ideas upon the anthropological and methodological background to the study. The result is that this proposal has had to be put together without that input.
4. I will contact you on my return to Washington on May 8.

JAS:caf

STANFORD UNIVERSITY
STANFORD, CALIFORNIA 94305

DEPARTMENT OF ANTHROPOLOGY

April 30, 1975

Roger D. Norton, Chief
Development Planning Division
Development Research Center
International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington, D.C. 20433

Dear Roger:

I'm writing in the hope that you and the Development Research Center might be able to help me with funds to support research on the reaction of small farmers in various countries to opportunities for innovation in agriculture. As is explained below, the research is well underway. I'm making this unusual query because anticipated ample funding from regular sources did not come through.

The research is formally described in detail in the enclosed proposal. It shares much with research traditionally done by rural sociologists and agricultural economists, but is substantially different from it in two ways. First, it conceptualizes wealth (size of operation) in the rural community in a relative rank framework that predicts a non-linear relation of wealth and inclination to adopt. Second, it focuses on uncertainty and the lack of information often characteristic of adoption situation.

Preliminary results indicate that small farmers are more likely to be innovative than large farmers under many conditions. While we presently pay increasing attention to the small farmer, much of the support for this attention is based on welfare considerations. These are important, but I believe they reinforce an unwarranted preconception about the fundamental economic backwardness of small operators. My research suggests quite a different picture. Preliminary results also point to the importance of individual initiative under uncertainty in the early stages of innovation, and imply a reorientation of the planning effort focused on small farmers.

In sum, I believe the research has important policy implications different from those produced by the usual research in rural sociology and agricultural economics, and I am anxious to carry it forward to an early conclusion.

The present research involves reanalyses of data on farmers in many countries. After more than six months of effort I have in hand 15 studies done in nine countries with more than 5,000 farmers. They are noted on the enclosed sheet.

I hope to do a substantial part of the analysis this coming summer. I presently have one interested student working with me as a paid one-half time research assistant and two others giving smaller amounts of time without academic credit or financial reward. Since the data sent by other investigators often need extensive "cleaning" and since we must familiarize ourselves with the original publications and the context and concrete details of agriculture in each case, analysis is time consuming. I believe the basic analysis can be done with the help of one-and-a-half research assistants this summer and one half-time research assistant during the coming academic year, plus about \$1,500 for supplies, communication and computer time. For this purpose about \$7,500 is needed.

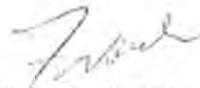
Some of the data already in hand are rich in contextual variables that suggest alternative analyses that will better specify the conditions under which the principal generalizations hold, and I very much want to capitalize on the data preparation effort which could easily include these variables. This would involve additional research aid. I would also like to provide compensation for my time during summers and a quarter of leave and to anticipate secretarial expenses which would greatly facilitate my work and that of my research assistants. These expenses could run to \$30,000-\$40,000 in addition to those listed above.

I am particularly concerned to sustain the momentum created by the cooperation of other investigators and the interest of my research assistants as well as by my own efforts. I believe the research promises an important practical contribution to our understanding of agricultural development.

Please let me know if you could use further detail on any aspect of the project. I believe that Everett Rogers (Department of Population Planning, School of Public Health, University of Michigan, Ann Arbor, Mich. 48104) and Walter Falcon (Food Research Institute, Stanford University, Stanford, Calif. 94305) are familiar with the research and would be willing to give you an opinion of it. Thank you for your consideration.

With best regards.

Sincerely,



Frank Cancian
Professor

FC/jbk

cc: Drs. Falcon and Rogers.

DATA IN HAND
April 22, 1975

<u>Source Person</u>	<u>Country of Study</u>	<u>Number of Farmers</u>
Frank Cancian		Stanford University
R. Rochin	India	226
J. Alao	Nigeria	450
H. Lionberger	Taiwan	237
"	Taiwan	159
"	U.S.	173
"	U.S.	221
E. Rogers	India	702
"	India	567
"	India	680
"	Nigeria	1,142
"	Brazil	1,307
"	Colombia	255
B. DeWalt	Mexico	86
S. Almy	Kenya	527
R. Polson	Philippines	120

Additional studies pending from Gartrell (U.S.), Barker (36 Asian villages), Gore (Ecuador). Seven studies from Cancian 1967 also available. Other sources are presently being contacted.

RESEARCH - GEN.
(RUBBER STUDY)

April 30, 1975

Mr. Clayton F. Ruebensaal
Director
Corporate Planning and Marketing Research
UNIROYAL Development Company
Division of UNIROYAL, Inc.
Oxford Management and Research Center
Middlebury, Connecticut 06749

Dear Mr. Ruebensaal,

Our research on rubber is proceeding - albeit slightly behind schedule. As promised, I shall try to bring you up to date on our work.

After the various conversations which I had in December 1974 with representatives of the US rubber industry, I went to Japan where I had a most fruitful series of interviews with chemicals, rubber and tire manufacturers in January and February of this year. The industry there is under the severe shock caused by the sudden interruption of the long-term trend growth of the Japanese economy and quite uncertain about the future.

I was particularly struck by various industry projections which show total elastomers demand growing at sharply lower rates than in the past, particularly during the 1973-1980 period (see enclosed table). Personally, I feel that part of the pessimism is due to the "forecasting syndrome" that seems to affect everybody during the ups and downs of the market. The general thinking, as far as isoprenic rubbers are concerned, is that NR + IR will maintain about 35% of the market for all elastomers to 1980 and 1985. The relative share of NR and IR in the total market for isoprenic rubber is believed to depend on relative prices. At the moment IR manufactures are experiencing very severe difficulties as indicated by the extremely low U/C rate. The main reason - aside from the overall economic picture - is considered to be the low price of NR.

One problem which concerns me at the moment is the trend in industry forecasts of future elastomers consumption. I get the impression - confirmed by detailed analysis of the historical relationship between real GNP and total elastomer consumption growth by region and country - that industry forecasts may be somewhat on the low side. As you explained to me a few months ago, the industry follows a different methodology - it usually forecasts car, truck and other vehicles production, tire consumption (OE + replacement) and it derives rubber consumption in tires (and other automotive parts?) from these forecasts. It would be very useful to me if I could get a more precise understanding of all the qualitative and quantitative assumptions made in industry forecasting. This would allow us to verify GNP based forecasts with more indirect, end-use forecasts of rubber consumption derived from motor-vehicle production.

April 30, 1975

When I spoke to you in December, you told me that you were preparing a paper on world demand forecasts to 1980, 1985 and 1990 for the IRSG's committee of experts. I would be grateful to you if you could send me a copy of it, or alternatively a specification of the technical and economic factors on which your forecasts were based. I also would much appreciate receiving an advance copy of your annual paper for the IISRP. On this one, we are not trying to shortchange the Institute! I thought that I could make it to Rio in May. When this turned out to be impossible because of concomitant work engagements, we placed an order for the Symposium papers with the Institute. Yet it would be very useful to have a copy of your most authoritative paper before the end of June.

Finally, a few queries on some data that you gave me while I was at Uniroyal's headquarters last December. Does the investment costs figure of 9.4 million dollars for a 30,000 mt/year SSBR plant (battery limit investment) refer to 1974 or 1973? What would be the capital investment necessary for the same plant in 1975? Are off-site investments very large? Any rule of thumb? For my own education, does the industry take 10 years for depreciation? (tax reasons?). Also, what kind of discount rate (or rates) is used in DCF calculations after tax?

I now fully realize that I asked more questions than I first anticipated, but your expertise and kind guidance is very much appreciated. I hope to be soon in the position to send you the draft of our paper for comments. Needless to say, if you happen to come through Washington, we would be delighted if you paid us a visit.

With best regards to you and Mr. Ebers, I remain,

Sincerely yours,

Enzo R. Grilli
Commodities and Export Projections Division
Economic Analysis and Projections Department

Enclosures

EGrilli:cw

Research

April 30, 1975

Prof. R. J. Smeed
Traffic Studies Group
University College London
London WC 1, England

Dear Professor Smeed:

The attached brief statement has been submitted to our Research Committee for approval at its next meeting (currently scheduled for May 19). I trust this statement clarifies our objectives to you; we have deliberately left the methodology, scope of work and budget proposal in your hands. As an example of the sort of proposal we would hope to receive from you, I am also enclosing a copy of the proposal for our large study on the Singapore Traffic Restraint Scheme which, if you have not already seen it, I am sure you will find of interest in its own right.

We are indeed hopeful that your and our interests may finally come together in the proposed bicycle research, and I will endeavour to see that funds are approved for the project. In the meantime Mr. Roth and I look forward to receipt of your detailed proposal with respect to items (a) and (b) of the project statement.

Sincerely yours,

C. G. H.

Clell G. Harral
Chief, Transport Research Division
Transportation & Urban Projects Department

Attachment

CGHarral:phm

cc: Messrs. Dunkerley, Roth

WORLD BANK RESEARCH PROGRAM

V.1

Project Proposal

Date of Submission: April 29, 1975

SECTION A

PART I. PROJECT IDENTIFICATION

1. Title: Bikeways for Urban Transport in Developing Countries

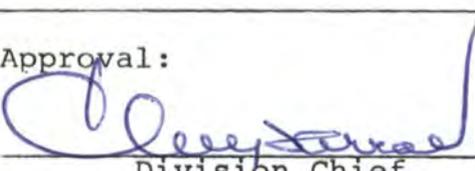
2. Department Responsible: Transportation & Urban Projects	3. Staff Member Responsible: G. J. Roth
4. Total Cost (U.S. \$): \$25,000	5. Total Staff Time (manmonths) Professional: 1 mm Special Services: 0

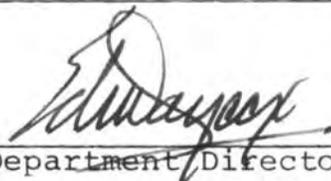
PART II. COORDINATION AND APPROVAL

1. Interdepartmental Coordination:

Department	Name & Signature	Support Project	Do not Support Project-Comments Submitted
a.			
b.			
c.			
d.			

2. Approval:


Division Chief


Department Director

NOTE: Please consult instructions issued August 1973 for completion of this Form and preparation of project narrative.

Do not fill

Date received: _____

Review Panel: _____

PART III. IMPLEMENTATION

1. Date Work to Start:

2. Date First Draft Expected:

3. Final Report Due:

4. Implementation Method:

Names:

- a. Bank Staff _____
- b. Individual Consultants _____
- c. LDC Contractor/Institute _____
- d. Developed Country Contractor/Institute _____
- e. Seminar _____

5. Reports Expected in the First Year:

PART IV. FINANCIAL AND STAFF DATA

1. Dollar Costs (Estimated Disbursements by Fiscal Year):

	FY 76	FY	FY	After FY	Total
a. Contractual	22,500				
b. Travel	2,500				
c. Data Processing					
Total	25,000				

2. Staff Requirements (manmonths):

	FY	FY	FY	FY	Total
a. Professional	1				
b. Special Services	0				
Total	1				

Project StatementIntroduction

1. The recent resurgence of interest in the bicycle as a form of urban transportation both in developing and developed countries has focused attention on the need to develop safe and efficient bikeway facilities. For the developing countries, given that a large segment of urban population cannot afford any form of motorized public transport, the potential offered by the bicycle is of particular importance as emphasized in the recent urban transport policy paper. In the discussion of this paper, the need for following up this potential was strongly suggested by several members of the Board.
2. Several research activities, mostly in the U.S. and Europe, have been initiated to determine "design criteria", capacities, specifications and guidelines for various types of bikeway facilities. There have also been efforts to reserve street right-of-ways and to examine the impact of such facilities on motorized traffic and land use. The problems posed by mixing bicycle traffic and motorized traffic at intersections have been studied and several alternative interaction designs have been developed.
3. Up to now these research efforts have been uncoordinated. Most of the studies on capacities and speeds undertaken so far have been "theoretical" in their approach. There have been no empirical follow-up to that and uncertain results arrived at by these efforts. At the present time the findings of the various efforts exhibit a wide range of variations. This is particularly true of estimated capacities of different types of bikeways, and the relationships between speed and flow of bicycle traffic.

Objectives

4. The purpose of the proposed research is to determine empirically the capacity and flow parameters of bikeways and to assess the feasibility of bicycle transport in various circumstances in the cities of developing countries. To this end the research proposed will:
 - (a) Assess the "state of the art" from a literature search; including design and costs of alternative bicycle systems for (i) new urban areas and (ii) existing urban areas and transport systems.
 - (b) Obtain speed/flow relationships under controlled conditions and compare the results with observations on non-controlled situations, for both mixed traffic and exclusive rights of way.
 - (c) Assess the feasibility of journey-to-work travel being performed by bicycle transport in cities of different sizes, shapes, densities and journey patterns.
 - (d) Assess the main causes of bicycle accidents in developing countries and recommend appropriate measures.
 - (e) Review proposals for the design and manufacture of bicycles suited to the conditions of developing countries and, if appropriate, test prototype models.

Phase I

5. As an initial step it is proposed to examine the speed/flow relationships of different types of bikeways, items (a) and (b) in the foregoing list. Professor R. J. Smeed of England has expressed interest in this problem and he has offered to carry out an empirical study for the Bank. We feel that because of his wide experience in the analysis of speed/flow relationships Prof. Smeed is very well suited for this task and his offer represents a good opportunity to increase our understanding of the potentials of the bicycle as related to various of our urban transport projects. He has indicated that he would be able to supervise fully controlled experiments in England and the cost of the study would be modest. We have invited Prof. Smeed to prepare a proposal including detailed experimental design scope of work, and budget. A tentative budget of \$25,000 is requested at this time.

Research
cc Population

OUTGOING WIRE

TO: ~~XXX~~ UNATIONS
NEW YORK

DATE: APRIL 29, 1975

CLASS OF TELEX (5436)
SERVICE:

WU

COUNTRY: U.S.A.

TEXT:
Cable No.:

FOR TABAH REURTELEX APRIL 24, PLEASED TO INFORM YOU THAT WORLD BANK GROUP IS UNDERTAKING OR CONSIDERING TO UNDERTAKE FOLLOWING RESEARCH PROJECTS IN POPULATION SECTOR: AAA ECONOMIC ASPECTS OF HOUSEHOLD FERTILITY BEHAVIOR AND LABOR SUPPLY IN NORTHEAST BRAZIL. BBB ANTHROPOLOGICAL FIELD STUDIES ON POPULATION GROWTH AND RURAL POVERTY. CCC MIGRATION STUDY IN WESTERN KX AFRICA. DDD STATISTICAL STUDIES ON THE RELATIONSHIP OF FAMILY PLANNING TO MATERNAL AND CHILD HEALTH. ABSTRACTS OF THESE RESEARCH PROJECTS FOLLOW BY MAIL.

REGARDS

BALDWIN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME G. B. Baldwin

DEPT. Population & Nutrition Projects Dept.

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: PNP/Policy & Research
ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

IHKang:is

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. T. King PHRD
Mr. Burney, IRD
Mrs. Domingo, PNP

For Use By Communications Section

Checked for Dispatch: _____

COMMUNICATIONS
APR 30 15 08 1975

ORIGINATOR (R/R/ [illegible])

REF ID: A66666

REFERENCE:

SIGNATURE:

[Handwritten signature]

FOR THE DIRECTOR OF INTERNATIONAL DEVELOPMENT

DISPATCHED

DEF:

NAME:

C. H. [illegible]

UNCLASSIFIED BY:

APR 30 12 05 AM 1975

COMMUNICATIONS SECTION

MR. [illegible] [illegible]
MR. [illegible] [illegible]
MR. [illegible] [illegible]

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(2430)

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ASSOCIATION

INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

COOPERATION

INTERNATIONAL FINANCE

[Handwritten signature]

Mr. Marcelo Selowsky

April 29, 1975

Alan Berg

Research on Child Development

1. Congratulations on your paper with Shlomo. I assume you have received from him my comments which were passed on verbally.

2. On the Golladay project, I am sorry I will be unable to devote much time to this. However, let me flag you, if you have not already seen it, to an important new piece of research by Dr. Myron Winick of Columbia University. He has taken three groups of Korean children adopted in early months of life by American parents, and has demonstrated statistically significant differences in both achievement and IQ between those children who had been poorly nourished in the early months of life and those who were well nourished. He demonstrates, for example, a 10 point difference in IQ between these groups. It is of interest to note that even the most poorly nourished of the three Korean groups attained the US norm both for IQ and achievement. (The US "norm" includes the substantial body of poorly educated, especially from urban slums. Perhaps more useful would be comparison of the Korean performances with the norms in their own communities. Also a comparison with non-Korean siblings.) Maybe this is worth pursuing.

3. Presumably Dr. Winick has access to data on income, education levels and so on of the adopting parents -- all of which might provide you with useful insights into performance variables.

Attachment

J
/

cc: Mr. Reutlinger
Mr. King
Mr. Golladay

ABerg/lgl

Mr. G.B. Baldwin

April 25, 1975

Timothy King

Possible PNP Research Projects

I was pleased to see from Dr. Kanagaratnam's memorandum to Mr. Rao that you may be going to sponsor some research projects for the Research Committee. As we discussed in the meeting on our research program, the main constraint on this Division's not sponsoring or carrying out more research is staff time, plus a feeling in the Department as a whole that the Department already receives a reasonable share of Research Committee funds and should not sponsor projects where the staff contribution will be very limited. So your entry into the RPO competition should be a way of getting more research on population issues.

On the other hand, I do have some misgivings about the proposed trio of projects. Since they are all in a preliminary state, it may be useful if I express them now, while there is time to influence the design or content of the research, rather than wait till the projects are ready for the Committee.

1. Health and Fertility

In February, we gave your Department some comments on the Health and Fertility proposal, and there were several conversations with Dr. Kim. We felt then that the proposal was still very tentative and needed considerably more work to make it satisfactory.

2. Non-Formal Education

We have already spoken about the ICED proposal and I look forward to Mr. Coombs's visit on May 2. As you know, I have a great deal of scepticism about the cost-effectiveness of the Coombs approach. Since we talked, I have finished reading Attacking Rural Poverty. On the whole, as I think I said, the book seems to have turned out better than I feared on the basis of observing the early stages of work in India, and reading parts of the first draft of the UNICEF study. But I understand that to get it into this shape did require a great deal of effort on the part of the Education Projects Department. And I do find it still unsatisfactory - though I find it hard to pin down why. Its overall shape seems satisfactory - it takes a wide variety of programs, groups them, describes them, compares them; then it takes up a series of important issues and uses the case study to illustrate them. Finally, it generalizes. Many of the generalizations and recommendations are sensible; few, if any, strike one as profound; most seem obvious, some even trite; and too many merely call attention to the need for making a careful investigation of the existing situation, the potential markets for skills, and the possibilities of new technology. Somehow or another, the hard questions about priorities, or a real analysis of the returns from developing one set of skills rather than another seems to be lacking. I attach some comments Mr. Simmons made on a draft of the book in October 1973.

April 25, 1975

I rather fear that ICED could easily receive another \$200,000 for what would amount to a rather descriptive set of case studies - a classification of "approaches" followed in each case by one or two illustrations - and then some rather banal attempts to answer the questions posed in the proposal. Some of these questions are clearly important ones - though probably we think we have some of the answers. But I doubt whether the ICED approach will really get much beyond what we already have. In so far as you feel that in the long list of questions raised in the proposal, there are some of particular importance that merit a piece of research on the optimal approach in differing circumstances, rather than a description of what is going on, it would be valuable to meet and discuss whether we could not develop a more efficient approach than the ICED proposal.

3. Philippines Family Planning Experiment

The third project is the Philippine one. The points in your letter appear to me to be well taken. The proposal states that "the main objective of the study is to test the effectiveness and efficiency of a family planning program designed specifically for implementation in rural areas of the Philippines". It also states that an experiment was already conducted which proved to be effective although so costly that it was not feasible or practical to replicate it in the general program. Replicability was practically ruled out from the beginning. The present proposal intends to use the same techniques but with less intensive use of inputs. Its replicability still seems doubtful even if the results were similar to those of the first experiment.

A rough estimate of the number of births that would take place if no program were to be effective indicates a number around ten thousand. The experiment would therefore cost around \$32 per birth averted if fertility were going to be reduced to zero from the first year on. A more likely estimate is that only about 1,500 births would be averted during the four years or a cost of about \$212 per birth averted. As an experiment, special evaluation is needed, and therefore the cost is higher than if part of the regular program. Assuming that only about 30 percent of the total cost of the experiment is needed for the actual operation of the program, this would still imply a cost per birth averted of \$64, which is not low by any standards.

The proposal does not specify the methodology to be used in dealing with the additional objectives stated in page 2. Specifically:

- (a) How will the effectiveness and efficiency of educational campaigns be tested, independently of other inputs?
- (b) How will the diffusion effect of information in the experiment be measured?
- (c) How are they going to test the feasibility of using non-medical personnel in non-clinical situations?

April 25, 1975

Other questions arise with respect to the relations of the experiments with the Population Commission, especially (a) Why not use regular program resources (personnel, contraceptives, educational materials, etc.) for the experiment? Why not have the evaluation unit of POPCOM participate in the analysis? This would certainly decrease the cost of the experiment in terms of new financing.

There are also some questions about the details of the experiment: It is not clear which age-group of women are to be contacted. It is not clear whether husbands of postpartum women will be approached. It is also not clear why the experiment should begin with high parity women when covering all women in childbearing age in an area seems to be more efficient than covering of them by parity order.

Flavier has an impressive reputation - though for action not research - but it might also be desirable to check the political affiliations of the IIRR. I have no personal knowledge of this, but have heard speculation about it. (I don't know whether the same is true for the Thai program we visited).

4. Proposal from Carl Taylor

If you do have the staff time to put into developing a project, I think I have a potentially more promising one to suggest than any of these three. I attach a proposal from Carl Taylor for money for analyzing data collected at Narangwal. As you can see, in its present form, it is far from fully explicit as to the details of the data or what is to be done with it. But potentially, it appears to be a very interesting collection of data, and one that is close enough to us here to enable us to keep very closely in touch with what is going on. Perhaps your Department and my Division could sponsor it jointly?

Enclosures

TKing:jln

cc: Dr. Kanagaratnam
Mr. Gulhati/Mrs. Hughes
Mr. Messenger
Division members

*Research
Sen*

OUTGOING WIRE

X2700

TO: MR. D.J. HUDSON
STATISTICAL ADVISER
CENTRAL STATISTICS OFFICE
PRIVATE BAG 24
GABORONE

DATE: April 24, 1975

CLASS OF Telex
SERVICE:

IT

COUNTRY: BOTSWANA

TEXT:

Cable No.:

IF YOU RESURVEY MORE THAN 70 HOUSEHOLDS

PLEASE INCLUDE FOLLOWING QUESTIONS IN YOUR POST-ENUMERATION SURVEY:

1. WHICH WOMEN IN YOUR HOUSEHOLD ARE MOTHERS? THAT IS, WHICH HAVE BORNE CHILDREN AT SOME TIME DURING THEIR LIFE? (ENTER PERSON NO. OF ALL MOTHERS AND ASK QUESTIONS 2 to 9 BELOW SEPARATELY FROM EACH MOTHER)
TO BE ANSWERED SEPARATELY FOR EACH MOTHER
2. HOW MANY OF THE CHILDREN NOW LIVING IN THIS HOUSEHOLD WERE BORNE BY YOU?
3. DO YOU HAVE ANY OTHER CHILDREN WHO ARE NOW LIVING ELSEWHERE? HOW MANY?
4. OF YOUR LIVING CHILDREN, HOW MANY ARE BOYS AND HOW MANY ARE GIRLS?
5. DID ANY OF YOUR CHILDREN DIE AFTER BIRTH OR WHILE THEY WERE GROWING UP? HOW MANY?
6. HOW OLD WERE YOU WHEN YOU FIRST GAVE BIRTH TO A CHILD? (WHAT YEAR WAS THAT? HOW OLD IS THE CHILD NOW?)
7. WHEN WAS THE LAST TIME YOU GAVE BIRTH TO A CHILD? (WHAT YEAR WAS THAT? HOW OLD IS THE CHILD NOW?)
8. DID YOU BEAR ANY CHILDREN WHO DID NOT CRY WHEN THEY WERE BORN? HOW MANY? (ASK ONLY IF MOTHER IS UNDER 45)
9. IF YOU COULD DETERMINE HOW MANY BOYS AND GIRLS YOU WOULD HAVE BY THE TIME YOU BECOME TOO OLD TO HAVE CHILDREN -- HOW MANY BOYS WOULD YOU LIKE BEST TO HAVE? AND HOW MANY GIRLS?
10. PERSON NO. OF MOTHER
11. NO. OF CHILDREN NOW IN HH
12. NO. OF CHILDREN LIVING ELSEWHERE. TOTAL NO. OF LIVING CHILDREN
13. NO. OF LIVING BOYS. NO. OF LIVING GIRLS
14. NO. OF CHILDREN WHO DIED
15. AGE OF OLDEST CHILD
16. AGE OF YOUNGEST CHILD
17. NO. OF STILL BIRTHS
18. DESIRED NO. OF BOYS. DESIRED NO. OF GIRLS. TOTAL NO. DESIRED.

REGARDS KING T.

NOT TO BE TRANSMITTED

AUTHORIZED BY: Timothy King

NAME: D. Chernichovsky

Ext. 2700

DEPT.: Development Economics

SIGNATURE: *Timothy King*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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Checked for Dispatch:

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DEPT

DEVELOPMENT ECONOMICS

NAME

D. CHELITSCHEVA

APR 24 12 19 PM 1975

COMMUNICATIONS SECTION

ADDRESS

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- 18. DESIRED NO. OF BOYS
- 19. NO. OF GIRLS
- 20. DESIRED NO. OF GIRLS
- 21. NO. OF BIRTH BIRTHS
- 22. AGE OF OLDEST CHILD
- 23. AGE OF YOUNGEST CHILD
- 24. NO. OF CHILDREN WHO DIED
- 25. NO. OF FADING BOYS
- 26. NO. OF FADING GIRLS
- 27. NO. OF CHILDREN FADING TOGETHER
- 28. NO. OF FADING CHILDREN
- 29. NO. OF CHILDREN NOW IN HH
- 30. PERSON NO. OF MOTHER

AND HOW MANY CHILDREN

BECOME TOO OLD TO HAVE CHILDREN -- HOW MANY BOYS WOULD YOU LIKE BEST TO HAVE

- 1. IF YOU COULD DETERMINE HOW MANY BOYS AND GIRLS YOU WOULD HAVE BY THE TIME YOU (ASK ONLY IF MOTHER IS UNDER 42)
- 2. DID YOU HAVE ANY CHILDREN WHO DID NOT SURVIVE WHEN THEY WERE BOYS? HOW MANY? (OLD IS THE CHILD NOW?)
- 3. WHEN WAS THE FIRST TIME YOU GAVE BIRTH TO A CHILD? (MAY BE MORE THAN ONE) (HOW OLD IS THE CHILD NOW?)
- 4. HOW OLD WERE YOU WHEN YOU FIRST GAVE BIRTH TO A CHILD? (MAY BE MORE THAN ONE)
- 5. DID ANY OF YOUR CHILDREN DIE BEFORE BIRTH OR SHORTLY AFTER BIRTH? HOW MANY? (OF YOUR FADING CHILDREN? HOW MANY ARE BOYS AND HOW MANY ARE GIRLS?)
- 6. DO YOU HAVE ANY OTHER CHILDREN WHO ARE NOW FADING TOGETHER? HOW MANY?
- 7. HOW MANY OF THE CHILDREN NOW FADING IN THIS HOUSEHOLD WERE BORN IN YOUR HOUSEHOLD? (ASK EACH WOMAN SEPARATELY FOR EACH MOTHER)
- 8. QUESTIONS 3 TO 7 BEFORE SEPARATELY FROM EACH MOTHER)
- 9. AT SOME TIME DURING THEIR LIVES (EXCEPT PERSON NO. OF ALL MOTHERS AND ASK WHICH WOMEN IN YOUR HOUSEHOLD ARE MOTHERS? THAT IS WHICH HAVE BORN CHILDREN)

PLEASE INCLUDE FOLLOWING QUESTIONS IN YOUR POST-EMERGENCY SURVEY: IF YOU REMEMBER MORE THAN 10 HOUSEHOLDS

COPY NO. 1 EXL

COPY NO. 1 EXL

STATISTICS
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DATE APR 24 1975

ORIGINATION NAME

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Handwritten signature and notes at the bottom right of the page.

Research

Mr. Amnon Mates, P & B

April 24, 1975

B. B. King, VPD Signed B. B. King

Costs of Research in DPS

1. I have two main categories of comments on your memorandum of April 18. The first concerns the allocation of manpower from the different divisions to the different topics. In the first place, I think it will be useful for future reference for both of us to have the equivalent of the table by department broken down by divisions. Together with this, it would, of course, be useful to have the key which would show which divisions are allocated to which topics. I am not suggesting that these should necessarily form part of the official memo.

2. Secondly, as I think you are aware, we do not think that the Public Finance Division should be allocated to "international trade and finance", since that is concerned with international finance. It would preferably fall into the first category "development policy and planning". This minor change ought to be made.

3. My second category concerns the grossing up process. As I point out below, I think this involves some double-counting and some biased counting. However, in the interests of sanity, I would not insist on a recalculation. I would, however, like to suggest that any figures presented to the Board be annotated in such a way that it is quite clear that the grossing up is a mechanical exercise. It may overestimate the cost, possibly substantially.

4. You have three "multipliers": for direct costs (W); for overhead costs (V) and for support departments (R). On this, I have two sorts of comments. The first is that insofar as "external research support" is concerned, certain items which are probably included in the grossing up process under one of these headings, are already paid for in the research budget. These are travel and computing expenses (programming and processing). This is the double-counting.

5. My other comment in this connection is that the multiplier for R is probably overestimated, because many activities of the support departments are almost exclusively concerned with operations and those activities of the DPS other than research. As examples, I could suggest

April 24, 1975

the Secretary's Department, that part of the financial staff concerned with the acquisition and disbursement of the Bank's lending funds and, to a certain extent, External Relations. I have already commented on Computing Activities in connection with double-counting. Since I had always thought that CAD charged everybody for their services, I don't quite see why it is in here at all, but I imagine you do. My general point is that there are a lot of activities in the Bank which would go on practically as before, whether there was any research or not.

cc: Mrs. Fabietti
Mrs. Hazzah

BBKing:gm

Research

Mr. James Fransen, AGP

April 18, 1975

B. B. King, VPD Signed B. B. King

Research Under Loans and Credits

1. This note is to confirm the general lines of our discussion on Wednesday. Let me say that we are very grateful for your cooperation. It will certainly be more efficient to divide the work with you taking over (or rather continuing) the agricultural part.

Timing

2. We agreed that, in principle, the combined list would, in future, be brought up to date every six months on June 30 and December 31. Because the final draft of our annual research report to the Board has to be ready on about December 31, that edition would have to be anticipated by a couple of weeks. That shouldn't present a problem; not many loans are presented to the Board around Christmas.

3. It would be desirable to have a consolidated list on December 31. On June 30, however, I would be content with an updating addendum. In other words, in June you would only need to prepare a list of supplements to your list of October 22, 1974. But maybe you would prefer to do a new consolidated list.

Format

4. In principle, we accept your format for our part of the job, with the obvious exception that we will omit the column on "Commodity or Farming System". There are, however, a couple of minor modifications I would suggest.

5. I originally suggested the Board presentation date be included. I think now that it would be enough to put just the fiscal year in the "Project" column after the loan number: for example "(FY74)".

6. Secondly, we have in our list a column for "Agencies (etc.) Responsible". You do not always have these (see annex), but I think they may be useful. There are two alternatives:

- (i) An extra column as we have;
- (ii) Statement at end of text: "Responsible or cooperating agencies: x, y". Or, underlining the latter, if included in the text.

What do you think?

Attachment

cc: Messrs. van der Tak, Yudelman, Dosik, Leiserson, Mrs. Hazzah

RESPONSIBLE AGENCIES

East Africa

Ethiopia
486-ET

Institute of Agricultural Research
(mentioned in text)

Sudan
476-SU

Project Development Unit of the Ministry
of Agriculture
(not mentioned)

Tanzania
454-TA

Tanzanian Cotton Authority
(not mentioned)

West Africa

~~Congo~~
435-COB

National Agricultural Research
Institute (INIAP)

Upper Volta
496-UV

IRHO, IRAT, IRCT
(mentioned in general terms; not strictly
responsible, however).

April 18, 1975

Mr. G. Hyde

April 17, 1975

Gerald Alter *GA*

RPO Proposal - Export Incentives
in Developing Countries

Westphal's memorandum on the above subject attracted my attention. You may wish to discuss with Westphal the desirability of including in the Terms of Reference the role of preferential credit systems and interest rate subsidies (explicit or implicit) as part of the system of export incentives. I found no reference to these components of possible export incentive systems included as a subject to be treated in the study. You might also suggest that it could be worthwhile for the authors to look at our experience with programs which the Bank has already supported, designed to provide preferential access to credit to the export sector. While our experience is very limited, I believe one case comes immediately to mind - the credit component of the program loan to Colombia. FONEI in Mexico might be considered another case. There may be others.

cc: Mr. Gustafson

GA:be

✓ Research
cc Aqueduct

Mr. M. Yudelman, AGP

April 17, 1975

B. B. King, VPD *Signed B. B. King*

US Department of Agriculture Research

Messrs. Lyle Schertz, Martin Kriesberg and Oliver Baumann of the US Department of Agriculture met with Ernie Stern and myself yesterday. They left with us the attached report (3 copies, one of which you may wish to forward to Ed Martin; a few more copies available).

As you will see (page 3), they have identified six possible research projects, one of which would be selected for ultimate implementation. They require outside funding and its availability is one of the selection criteria (page 1). Mr. Stern pointed out the difficulties in the way of funding from the Research Program, but left open the possibility of Bank funding from a different source, if one of the projects was deemed suitable in the context of a broader international effort.

In view of this, I think it would be most appropriate, if you pursued the matter, to the extent necessary, with Mr. Schertz.

Attachment

cc: Messrs. Stern (without attachment)
Waelbroeck
Shamsher Singh
Leiserson
Christoffersen
Duloy

BBKing:gm

REPORT OF
FOREIGN DEVELOPMENT RESEARCH TASK FORCE

Economic Research Service
U.S. Department of Agriculture

March 25, 1975

Byron Berntson	- OA
Robert Bohall	- CED
Lon Cesal	- EDD
Gerald Feaster	- NEAD
Karl Gertel	- NRED
Wade Gregory	- FDCC
Jules Powell	- CED
William Motes	- EDD
Lyle Schertz	- OA
Roberta vanHaeften	- FDD

March 25, 1975

Report of
FOREIGN DEVELOPMENT RESEARCH TASK FORCE
Economic Research Service

At the January 1975 meeting of Division Directors and Office of the Administrator personnel of the Economic Research Service it was decided that ERS will give high priority to:

Development of a long-range research proposal supportive of planning and carrying out of technical assistance programs, and

Exploration of means of funding and implementing such a proposal. A Task Force will be appointed to develop this proposal.

This paper is a report of the Task Force suggestions for a long-range research proposal,

The Task Force was composed of the following members:

Byron Berntson	Wade Gregory
Robert Bohall	William Motes
Lon Cesal	Jules Powell
Gerald Feaster	Lyle Schertz
Karl Gertel	Roberta vanHaeften

The Task Force considered specific language for an objective of its work. The following objective was agreed upon:

Develop in broad outline form potential ERS research activities focused on problems of lower income countries which would attract transfer funds, be deliverable by ERS, and be appropriate and significant parts of a total ERS research program.

In addition, in considering possible research activities, the Task Force agreed on the following criteria for consideration of research proposals.

MAJOR CRITERIA

- . Complementarity to ongoing ERS work either financed by S&E funds or transfer funds for technical assistance and training.
- . Likely interest by funding programs--AID, Section 406 of P.L. 480, IBRD.

OTHER CONSIDERATIONS:

- . Importance to strategies of agricultural development.
- . Usefulness in decisions by U.S. Government on international development.
- . "Do-able".
- . Possibilities to have sequential products - with an initial product in short run.
- . Researchers' interest in problem.
- . Division and OA management interest in problem.

The attached documents give details on major research activities which are closely consistent with the above criteria and which the Task Force judges could be significant and appropriate parts of a total ERS research program. The world agricultural situation and world trade outlook proposals are and could be integral parts of our international and domestic outlook situation work. We already have underway modest efforts in these areas. Support from other sources, such as AID, would permit more adequate activity. The proposals on land tenure, application of multiple objective planning to agricultural project evaluation, and estimation of potential productivity of LDC land are of substantial importance to development strategies pursued by lower income countries and to cooperation of the United States Government in these activities, including the sector analysis type activities undertaken by AID in many countries around the world. At the same time, the findings of these studies could be highly complementary to ERS activities such as projections, planning assistance work with River Basin activities and land use problems.

The proposal on the economics of rural people in rural communities would also complement ERS activities. It includes an element not incorporated in the other proposals, but one which could be anticipated and included. This is the suggestion that the project would seek out individuals in other countries interested in this area of work and that one of our major products would be research done by individuals of other countries with our support and cooperation. In addition, there would be opportunities for people from other countries to come to the United States for work experiences and academic and non-academic training in this area of investigation.

We are asking that the line staff address themselves to the following questions:

Does ERS embrace each of the components included in the attachments?

Is it appropriate for ERS representatives to discuss the attached proposals with AID and IBRD representatives to ascertain which of the attached AID and IBRD may have interest?

Would it be appropriate to talk with ARS representatives to ascertain potential interest in the attached proposals for funding under Section 406 P.L. 480 programs?

Is there agreement that after ascertaining preliminary interest of AID, IBRD and ARS we should undertake to develop details on no more than 2 proposals and plan to eventually develop funding for only 1 proposal for the beginning of FY-76?

Proposals Outlined

1. World Agricultural Situation with Emphasis on Food and Prospects for Trade
2. Outlook for International Commodity Markets
3. Land Tenure
4. Application of MOP to Foreign Development
5. Production Potential of Lands in Lower Income Countries
6. Economics of Rural People and Rural Communities

Foreign Development Research Task Force

WORLD AGRICULTURAL SITUATION WITH EMPHASIS ON
FOOD AND PROSPECTS FOR TRADE

I. CENTRAL QUESTION

Provide comprehensive current information and perspective on the economic outlook and situation covering levels and changes in agricultural production, utilization, consumption, trade and prices on a country by country basis with an interpretation and analysis of factors responsible for or associated with the reported situation.

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS OF THE RESEARCH

- . Annual estimates of acreage, yield, production, utilization, consumption, and foreign trade of major crops with similar information for livestock.
- . Annual growth rates of agricultural output; total and for major crops.
- . Annual report of agricultural situation by country and region.
- . Interpretation and analysis of economic, technological, and nutritional factors responsible for or associated with reported situations.
- . Estimates of short range forecasts of production, consumption, trade and prices.
- . Prepare food balance sheets, including per capita availability of calories and proteins for countries where diet adequacy is marginal. Update frequently.
- . Ad hoc issuance of reports as circumstances of particular importance occur.
- . Oral and written briefings on country, regional or world situations as requested but at least quarterly.

III. RESOURCE REQUIREMENTS

This would be a continuous on-going project aimed at strengthening and improving work already underway in FDCD. Additional manpower needed would depend upon the number of countries to be included in the "beefed-up" program. Major countries should have one full-time person assigned. One person could probably handle two of the smaller, less important countries; three countries should be the maximum number assigned to anyone individual. Corresponding increases in statistical and secretarial staffs would be required.

The chief financial requirement after salaries would be for travel funds. Frequent travel by the analyst to the countries of assignment is essential. A minimum of one country visit per year should be required and more frequent travel at the beginning of the program may be desirable. This would be particularly true for those countries with distinct agricultural seasons and activities.

IV. APPROACH TO PROPOSED RESEARCH

No particular change in organization, approach, methodology, etc. is needed to carryout this proposal. The chief need is to lessen the work load presently assigned analysts so that more time can be spent on a given group of countries. One modification that could be considered would be to designate one person in charge of all countries. In addition to providing overall supervision, his major responsibility would be to work with the various agencies supporting the program to determine the type of information needed by each and to see that these needs were met in an adequate and timely manner.

V. COMPLEMENTARITY TO ERS ACTIVITIES

This activity would be a perfect complement to on-going ERS projects and to a great extent would be to formalize much of what is, or should be, taking place on an informal level. Both AID and the World Bank (to take two examples) continuously request and use ERS compiled country data in the formulation and development of country projects and programs. However, the ad hoc way the requests are made by outside agencies and answered by ERS disrupt ERS work activities and result in information that is not as complete and useful as might be provided given more time (which is a substitute for additional staff).

This activity would enable ERS to concentrate more fully on country analysis in contrast to descriptive reporting and thereby better serve the needs of both ERS and other agencies in their quest for information on present and future world agriculture conditions.

Foreign Development Research Task Force

OUTLOOK FOR INTERNATIONAL COMMODITY MARKETS

I. CENTRAL QUESTION

Keep those agencies supporting this activity up to date on major world developments in agricultural commodities (to be specified) by providing information on regional and world levels relative to supplies, demands, trade patterns and prices. This would be done on (say) a quarterly basis by providing revised estimates for the previous quarter, preliminary figures for the current quarter, and a forecast for the coming year. Some parts of these data might be provided on a monthly basis.

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS OF THE RESEARCH

- . Monthly and quarterly commodity oriented circulars which present relevant information on supplies, demands, prices, trends and trade in prose and graphs, executive summary fashion.
- . Chart books regularly made available monthly.
- . Explanation and interpretation of economic, technological, and institutional forces causing production and marketing adjustments and their likely impact on future prices and trading levels.
- . Oral and written briefings on commodity situations as requested but at least quarterly.

III. RESOURCE REQUIREMENTS

This would be a continuous, on-going project. (It would include new work, as well as strengthen on-going work in ERS as was the case for the project "World Agricultural Situation...") Fairly comprehensive coverage could be provided by a team of nine economists: a project leader and one person for each commodity or group such as cereals and oilseeds (rice, wheat, coarse grains, palm oil, soybeans), livestock products, fruits and vegetables, sugar, industrial products (cotton, hard fibers, tobacco), coffee, cocoa, forest products, rubber, and farm inputs (fertilizer, pesticides, seeds, machinery, etc.). In addition, adequate statistical and secretarial personnel should be provided.

In addition to salary costs, funds would be needed to purchase trade information from OECD, UN, and other similar sources and to arrange the data in a usable form. Funds for travel would also be required. Graphics and publication costs may also need to be budgeted separately.

IV. APPROACH TO PROPOSED RESEARCH

In order for this project to function most effectively, those assigned to the project would have to work closely with persons in many different agencies. There would be close association with personnel on the "World Agricultural Situation..." and with other ERS and USDA personnel doing work on U.S. and international commodity related outlook and situation work. Methodologies would be similar to those used presently by ERS in outlook and situation work.

V. COMPLEMENTARITY TO ERS ACTIVITIES

The material would be directly relevant to ERS interest and in some cases directly related with different activities such as the work of FDCD and CED. Therefore, it would seem reasonable to combine contract money with S&E money for such activities and to use the products both in AID and in the US Department of Agriculture. Such an effort capitalizes on the data and analytical resources currently focusing on these kinds of questions. Therefore in terms of U.S. Government, it would seem an efficient approach for AID to obtain this type of information which could be of significance to them in planning technical assistance programs and in keeping abreast of international developments.

Foreign Development Research Task Force

A PRIMER ON LAND TENURE IN DEVELOPING COUNTRIES

I. CENTRAL QUESTION

What are the principal existing and emerging types of agricultural land tenure in developing countries and what are the potentials and problems of each type for economic development and well being of rural people.

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS OF THE RESEARCH

A compact reference manual for agricultural specialists going abroad and foreign visitors to the United States. Time period 12 months.

III. CAPABILITIES FOR FUTURE PRODUCTS

Individual country reports on types of land tenure and relationships to development objectives. Topical reports such as recent experience with new tenure forms. Maintenance of information system to respond to inquiries on land tenure and update manual.

IV. RESOURCE REQUIREMENTS

Professional: Two economists, GS-13 or 14 full-time, one year;
One economist, GS-14 or 15, two months;
Secretarial, 4 months; Travel in U.S. \$1,500.

V. APPROACH TO PROPOSED RESEARCH

Consolidate existing published and unpublished materials. Specific topics may include: Classification of tenure systems, number and size of farms, registration and recording, land values and land taxes, implications for productivity, economic growth, and distribution of income from agriculture.

An annotated bibliography will be included.

VI. COMPLEMENTARITY TO ERS ACTIVITIES

Land ownership, control, and economic implications thereof within the United States is a major activity of ERS. Continuing requests to ERS for information and technical assistance on land tenure in developing countries have been met on an ad hoc country by country or organization by organization basis. There is need for a continuing line of work supported by more organized and updated knowledge.

Foreign Development Research Task Force

PLANNING AND DEVELOPMENT OF LAND AND WATER PROJECT IN
A MULTIPLE OBJECTIVE FRAMEWORK

I CENTRAL QUESTION

Can recent advances in planning and evaluation procedures be adapted to projects in developing countries? Can these procedures incorporate multiple objectives such as economic efficiency, regional development, and well being of rural people? Can the procedures be practical for use by local planners and existing data but also point to continuing improvements in data and the planning process?

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS

- 1. Report and analysis of existing planning and evaluation procedures-- international agencies, and selected countries--12 months.
- 2. Planning and evaluation manual--prepared in cooperation with a selected host country--7 months.
- 3. Supplement to manual illustrating the procedure with an actual project--5 months.

III. CAPABILITIES DEVELOPED FOR FUTURE SERVICES TO:

Prepare planning and evaluation manuals for other countries.
Conduct short courses in planning and evaluation procedures.
Possible adaptation of manual to apply to agricultural development plans other than land and water projects.

IV. RESOURCE REQUIREMENTS

Report and analysis of existing planning and evaluation procedures:

Professional: 20 months GS-13 or 14 - full time
 2 months GS-14 or 15 - part-time
 4 months secretarial and clerical
 Cooperation of FAS and AID in obtaining source materials in existing evaluation procedures abroad.
 Translation of a limited number of foreign language evaluation guides.

Planning and evaluation manual:

- 7 months GS-13 or 14
- 2 months GS-14 or 15
- 7 months counterpart economist, host country
- 2 months support staff, host country
- Two or three visits to prospective host country by two ERS staff members.

Supplement to manual illustrating procedure with actual project:

5 months GS-13 or 14
 1 month GS-14 or 15
 5 months counterpart economist, host country
 2 months support staff, host country
 Physical data on project to be evaluated: type of works,
 lands, inputs, yields.

V. APPROACH TO PROPOSED RESEARCH

Report and analysis of existing evaluation procedures.

With the help of FAS and AID copies of existing evaluation guides will be obtained from international agencies and as many individual countries as feasible. All guides of international agencies and a representative cross-section of individual country guides will be reviewed and analyzed under such topics as: planning objectives, measurement methods and data requirements, plan formulation, preconditions (e.g., markets, capital, technical and administrative skills), feedback from past experience. The premise of step one is that a) existing guides are useful but can be improved by further integration of national objectives to planning goals, integration of principles with implementation methods and available data. The objectives of the report are to assist international agencies and individual countries to improve their guidelines and to acquire both background and contacts to follow through on the next phase of the research outlined below.

VI. PLANNING AND EVALUATION MANUAL AND SUPPLEMENT

During the survey of existing guidelines inquiries will be made leading to selection of a host country in which the manual will be prepared. Criteria for selection will be established: Need for manual (existing or prospective development proposals that need to be evaluated), availability of cooperating staff from host country, availability of physical data for at least one project that can be used for illustration, tentative agreement on outline of contents of manual. The expectation is that the manual produced will have some gaps due to limitations of data and resources available to typical planning parties; but will be a significant improvement over what is available, will lead to sounder projects, and will point to needed future improvements and provide impetus for broader planning to integrate project and regional and national planning.

VII. COMPLEMENTARITY TO ERS ACTIVITIES

ERS has pioneered in the early development of benefit-cost analysis and has participated in recent establishment of U.S. Principles and Standards for planning water and related land resources in a multiple objective framework. ERS staff participated in preparation of USDA guidelines for multiple objective planning and their implementation and also has experience in project evaluation in developing countries. ERS experience in preparation of multiple objective guidelines may be adapted to the objectives and data base of developing countries and has long range potential relevant to a broad range of agricultural development proposals.

Foreign Development Research Task Force

PRODUCTION POTENTIAL OF LANDS IN LOWER INCOME COUNTRIES

I. CENTRAL QUESTION

What are the technological and economic potentials for food production in lower income countries?

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS OF THE RESEARCH

The specific proposal is to conduct a one year feasibility study to ascertain data availability, examine methodologies, and develop alternative work plans for accomplishing the following objectives on a country basis over a longer period of time:

1. Estimation of production and marketing resources devoted currently to agricultural sector (quantity and characteristics)
 - a. On farm resources: land, labor, capital, etc.
 - b. Off farm resources: input markets, product markets, roads, and other infrastructure.
2. Identification of changes over time in availability and expected availability of production and marketing resources (with special emphasis on availability of land, and prospective yields, not now in production by type of ecological and climatic setting; and land now in production that is likely to change in use or go out of production).
3. Production costs and returns, and marketing requirements (physical and financial) associated with alternative techniques of production (country/product specific and consistent with resources identified in 1 and 2).
4. Area, yields and production potentials associated with alternative techniques of production.

III. RESOURCE REQUIREMENTS

Four SMYs: One production economist (ERS)
 One marketing economist (ERS)
 One soils/crop/livestock specialist (ARS-SCS)
 One natural resource economist (ERS)

U.S. and International Travel

IV. APPROACH TO PROPOSED RESEARCH

There have been pieces of research relating to country production and potentials. (AID supported the land use studies of Charlie Kellog; the Vietnam study depended heavily on soils information; and Iowa State University used SCS data to estimate high and low production potentials for the world.) These studies usually had other primary objectives and often considered only the physical productivity of the soil without explicit recognition of the relationship of soil potential to nonland factors such as the availability of technology and markets.

The approach of the study will be to organize a team comprised of economists from ERS and technical specialists from SCS and ARS for the purpose of developing methodology and plans for integrating technical soil and ecological production potentials with the availability of technology and nonland requirements such as input and product markets.

In developing the methodology as it relates to soil potential work of SCS, ARS, Iowa State University, FAO, and the World Bank will be reviewed. Where data are not available on present production practices a methodology and sampling procedures for collecting information on technologies, cost of production, input markets, and product markets for major crops, and important regions of individual countries will be developed. ^{1/}

V. COMPLEMENTARITY TO ERS ACTIVITIES

Researchers in NRED have experience in working with soil data in resource planning. Production and marketing research is being conducted in CED and NEAD. Although most of this work is being done in the U.S., this expertise could be applied in specific lower income countries. Also there is research in ERS being conducted on transportation and farm inputs. Individual researchers in FDD, FDCD, and EDD have experience in agricultural development research in either the U.S. or other countries.

The ERS work in Vietnam utilized soil data in determining potential productivity. FDCD has related work in the area of land use for individual countries utilizing some of the basic data development for the Iowa State study on world food production.

^{1/} One task force member suggested that the study should be done as two separate projects: (a) land inventory, and (b) cost and returns (physical and financial) studies to enable assessment of farming alternatives.

VI. RELATED RESEARCH (NON-ERS)

The River Basin work of SCS relies heavily upon soils and climatic information. Charlie Kellogg did some early work on soils and implications for production. SCS relies heavily upon soil information in their domestic programs. Iowa State utilized some of the Charlie Kellogg information in developing their World Food Production and Trade book.

M.Y. Nuttonson has published agro-climatic analog studies which relates crop production to ecological conditions and ARS is developing an alternative crop matrix system which identifies potential crops based on temperature, rainfall, pH, and latitude.

Foreign Development Research Task Force

DEVELOPMENT OF CAPACITY IN LOWER INCOME COUNTRIES TO DO
RESEARCH ON THE ECONOMICS OF
RURAL PEOPLE AND RURAL COMMUNITIES

I. CENTRAL QUESTION

What patterns of development and investment will lead to substantial increases in employment opportunities in rural areas in selected lower income countries. How can the expertise of these countries be effectively focused on this and other questions related to rural development.

II. SPECIFIC ESTIMATES AND VISIBLE PRODUCTS OF THE RESEARCH

1. Identification of research units in Universities and Governments in selected lower income countries having an interest in developing their capacity to do research on the economics of rural development and particularly on policy research relating to generating rural employment opportunities.
2. Published proceedings of workshops involving ERS professionals, professionals from identified research units in Foreign Universities and/or Governments, and outside consultants on the theoretical and methodological approaches that can be used in analyzing rural employment and income policy problems.
3. Manuscripts, cooperatively prepared by ERS and researchers of lower income countries, describing changes in the level and composition of economic activity in selected types of rural areas and the effect of these changes on rural income and employment.
4. Published analyses cooperatively undertaken by ERS and researchers of lower income countries, on:
 - (1) The effect of introducing alternative levels and mixes of additional economic activity into selected types of rural economies on employment and income opportunities generated for rural residence.
 - (2) The financial and human resources required to introduce alternative levels and mixes of additional economic activity into selected types of rural economies.

- NO. 1
- (3) Identification of viable rural employment and income generating alternatives; alternatives where the financial and human resources required to introduce additional economic activity into selected types of rural areas can be justified on the basis of the employment and income opportunities generated.
 5. Selected individuals from Foreign Universities and Governments obtaining graduate training and on the job training (Participating in the reasearch outlined) in the United States.

III. RESOURCE REQUIREMENTS

1. ERS professionals: two economists, GS13 or 14 Full-Time, 3 years.
three economists, GS13 or 14, 3 months each.
Secretarial, 18 months.
2. Foreign professionals: Six economists, GS12 or 13 equivalent, 3 years.
3. Professional consultant: \$25,000.
4. Travel: ERS Professional-\$20,000.
Foreign Professional-\$60,000.
5. Research Support for Foreign Professional: \$180,000.

IV. APPROACH TO PROPOSED RESEARCH

1. Contact Foreign Institutions to identify professionals interested in rural employment research.
2. Develop "Research contracts" with foreign professional and institution.
3. Organize and execute first workshop:
 - (1) Identification of selected rural regions to be studied.
 - (2) Identification of appropriate methodology for analyzing the selected region's human resources and potential for expanding economic activity.
 - (3) Identification of data needs and analytical models.
4. Initiate individual studies; different regions, possibly in different counties, would be studied by the professionals participating in the project. *

5. Organize and execute a second workshop on overcoming the problems associated with executing individual studies (this workshop would be six months after the first workshop).
6. Organize and execute a third workshop on the preliminary results of the studies (this workshop would be twelve-eighteen months after the second workshop).
7. Publish the results of the individual studies.

V. COMPLEMENTARITY TO ERS ACTIVITIES

The type of questions addressed would be similar to those addressed by ERS in our rural development research program. Hypothesis made, methodologies used, and policy issues analyzed would be in the contexts of improving employment opportunities for rural residents. The results of the research will provide ERS professionals working in the area of rural development with a deeper understanding of the relationship between different types of rural areas, their potential for improving employment and income opportunities, and the "cost" of realizing the improvements in opportunities.

RESEARCH - GEN
(RUBBER STUDY)

April 14, 1975

Mr. Robert G. Miller
Coordination and Planning Manager
for Aromatics
Exxon Chemical Company
1251 Avenue of the Americas
New York, New York 10020

Dear Mr. Miller,

Some time ago, talking to Mr. J. J. Riedl in Akron, I learned that you moved to a new position with Exxon in New York. I did hope to have the chance of going to New York to talk to you again about chemical feedstocks. Unfortunately this opportunity does not appear to be very real for the immediate future.

We are in the process of finishing an in-depth analysis of the future prospects for natural rubber in the world, which has already involved a large amount of work and which is keeping me very busy at the moment. After a round of interviews with US rubber manufactures in December 1974, I went to Japan in January-February 1975 to get a first-hand view of the Japanese market. My interviews were most fruitful, though very tiring. Western Europe is next, although Mrs. Maria 't Hooft - whom you met at our Rubber Seminar - is doing most of the work for us in the Netherlands and the United Kingdom.

There were several points that I wished to raise with you. The first and most important regards the possible effects of the likely changes in the feedstock supply picture of the chemical industry in the USA on the costs of basic chemical monomers. The second relates to the impact that these changes might have on the costs of manufacturing synthetic rubbers 5-10 years from now. Mr. Riedl told me that you gave a paper on the subject to the September 1974 meeting of the RMA where you concentrated your analysis on the future availability and costs of elastomeric raw materials. A copy of your paper - together with any other papers (the more the better!) that Exxon might have recently prepared on chemical feedstocks - would be of help to me. I recall that the oil-chemical feedstocks relationship was dealt with in a paper by Mr. Sanders and think that by now the relationship must have been reexamined, in light of availability and cost problems raised by the oil crisis.

One other question that I wanted to raise was about the possibility of receiving the Exxon Chemical Elastomers Department forecasts. Could you

Mr. Robert G. Miller

- 2 -

April 14, 1975

suggest to me how to go about doing that, assuming that these forecasts can be made available to IBRD?

I look forward to seeing you again in New York - or Washington, D.C., if you ever come this way. Many thanks for the kind consideration you may want to give to all these requests.

Sincerely yours,

Enzo R. Grilli
Commodities and Export Projections Division
Economic Analysis and Projections Department

RG
EGrilli:cw

RESERVA-GW

Mr. J. Duloy, Director, DRC

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
203	C. Lluch
206	M. Ahluwalia
216	R. Norton
223	A. Stoutjesdijk
224	"
269	R. Norton
273	B. Balassa
283	M. Ahluwalia
284	M. Ahluwalia
285	C. Chiswick
286	J. Duloy/N. Carter/R. Norton
287	B. Balassa
294	M. Ahluwalia
308	"
309	A. Stoutjesdijk
317	P. Hazell

cc: Miss Gary (with attachments)

MH:gm

RESEARCH-GEN.

Mr. P. Hasan, Chief Economist, AENVP

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Report -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report form completed for RPO 279 and sent to my office (F1233) not later than Monday, April 28. The information provided in the form should be current as of March 31, 1975.

I am attaching a copy of the March External Research Computer Printout.

Attachment

MH:gm

RESEARCH-CRW.

Mr. D. Greene, CPII, LAC

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Report -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report form completed for RPO 310 and sent to my office (F1233) not later than Monday, April 28. The information provided in the form should be current as of March 31, 1975.

I am attaching a copy of the March External Research Computer Printout.

Attachment

MH:gm

RESEARCH-GEN.

Mr. D. Ballantine, Director EDP

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
244	J-P. Jallade
278	M. Hultin

Attachments

MH:gm

RESEARCH - GEN.

Mr. Edward V. K. Jaycox, TRU

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
226	I. Sud
227	C. Harral
229	B. Mitchell
313	C. Harral
314	B. Mitchell
315	I. Sud
316	G. Beier
320	E. Holland

Attachments

MH:gm

RESEARCH - CHW

Mr. M. Yudelman, Director, AGP

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports -
Third Quarter FY75.

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
214	P. Duane
289	G. Donaldson
321	F. Lowenstein
322	A. Egbert

MH:gm

RESEARCH - GEN.

Mr. A. Ray, VPS

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Report -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report form completed for RPO 208 and sent to my office (F1233) not later than Monday, April 28. The information provided in the form should be current as of March 31, 1975.

I am attaching a copy of the March External Research Computer Printout.

Attachment

MH:gm

RESEARCH - GEN.

Mr. R. Gulhati, Director, ECD

April 14, 1975

M. Hazzah, VPD

Research Project Status Reports -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
243	D. Mazumdar
245	"
270	D. Keare
275	R. Hofmeister
280	S. Reutlinger
290	A. Sant'Anna
291	J. Simmons
295	F. Thoumi
296	J. Meerman
297	J. English
299	R. Moran
302	T. King
303	T. King
304	A. Berry
305	V. Prakash
306	R. Krishna
307	L. Westphal
318	J. Linn
319	J. Simmons
324	S. Reutlinger

cc: Mr. Busz (with attachments)

MH:gm

RESEARCH GEN.

Mr. Y. Rovani, Director, PBP

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
238	D. Anderson
239	"
267	R. Sheehan
276	J. Warford
311	D. Anderson/J. Warford
312	H. Shipman

cc: Miss Peter (with attachments)

MHLgm

Mr. W. Tims, Director, EPD

April 14, 1975

M. Hazzah, VPD *MH*

Research Project Status Reports -
Third Quarter FY75

I would appreciate it if you could have the attached Quarterly Status Report forms completed and sent to my office (F1233) not later than Monday, April 28. The information provided in the forms should be current as of March 31, 1975. Listed below are the project numbers and the name of the responsible staff member, for which Quarterly Status Reports are required.

I am attaching copies of the March External Research Computer Printout where necessary.

<u>RPO No.</u>	<u>Responsible Staff Member</u>
207	J. Waelbroeck
268	E. Yudin
323	J. Waelbroeck

cc: Miss Gary (with attachments)

MH:gm

RESEARCH - GEN.
CC: RPO 285
CC: RPO 326

Research Committee Members

April 11, 1975

D. C. Rao, VPD

Meeting on April 16, 1975

This volume contains material for the meeting of the Research Committee on Wednesday, April 16, 1975 at 4:00 p.m. in Room E1201.

The agenda for the meeting is:

1. The two research proposals.
2. Consideration of forthcoming proposals, particularly
 - (a) West African Migration (Part B).
 - (b) ECIEL - Income Distribution (RPO 285).
3. Any other business.

The papers for the meeting are in the following sections.

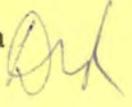
- (i) Budget Tables - financial information concerning research proposals, forthcoming proposals and ongoing research projects.
- (ii) Research Proposals - the two research proposals and panel recommendations* are in subject categories I.c and VIII.b.
- (iii) Forthcoming Proposals.
- (iv) Completion Reports.

*Will follow.

Distribution:

Messrs. Chenery, Balassa, B. de Vries, Karaosmanoglu, B. B. King, Lerdaun, Schulmann, Thalwitz, van der Tak, Vergin, Waelbroeck, Yudelman
Mrs. Hughes

cc: Mrs. Hazzah

DCRao: gm 

RESEARCH - GEN.
CC: RPO 285
CC: RPO 326

Research Committee Members

April 11, 1975

D. C. Rao, VPD

Meeting on April 16, 1975

This volume contains material for the meeting of the Research Committee on Wednesday, April 16, 1975 at 4:00 p.m. in Room EL201.

The agenda for the meeting is:

1. The two research proposals.
2. Consideration of forthcoming proposals, particularly
 - (a) West African Migration (Part B).
 - (b) ECIEL - Income Distribution (RPO 285).
3. Any other business.

The papers for the meeting are in the following sections.

- (i) Budget Tables - financial information concerning research proposals, forthcoming proposals and ongoing research projects.
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- (iii) Forthcoming Proposals.
- (iv) Completion Reports.

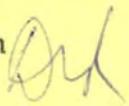
*Will follow.

Distribution:

Messrs. Chenery, Balassa, B. de Vries, Karaosmanoglu,
B. B. King, Lerdau, Schulmann, Thalwitz,
van der Tak, Vergin, Waelbroeck, Yudelman
Mrs. Hughes

cc: Mrs. Hazzah

DCRao:gm



Those listed below

April 1, 1975

D. C. Rao, VPD

Panel to Review Research Proposal

1. A panel consisting of Messrs. Thalwitz (Chairman), C. Bell, P. Hall and D. Turnham will review the following research proposal on Wednesday, April 9, 1975 at 3:00 p.m. in Room A210.

Proposal

Proposers

West African Migration

Zachariah, Sabot,
T. King

2. Attached is a copy of the proposal and some informal guidelines for review panels.

3. The recommendations of the panel should be sent to me by April 11 (preferably on April 10).

Attachments

Distribution

Messrs. W. Thalwitz, C. Bell, P. Hall, D. Turnham, J. Zachariah,
R. Sabot, T. King, R. Krishna, Mrs. Hughes

cc: Mr. B. B. King
Mrs. M. Hazzah

DCRao:gm *gm*

WORLD BANK RESEARCH PROGRAM

Project Proposal

Date of Submission: March 28, 1975

SECTION A

PART I. PROJECT IDENTIFICATION

WEST AFRICAN MIGRATION

1. Title: Part A (formally submitted): "Study of Migration Patterns in West Africa"; Part B (submitted for Indicative Approval): "Economic Causes and Consequences of Migration".

2. Department Responsible: Development Economics

3. Staff Member Responsible: Zachariah/Sabot/T.King

4. Total Cost (U.S. \$): Part A: \$91,000 Part B: \$120,000

5. Total Staff Time (manmonths) Professional: 22 Special Services: 14

PART II. COORDINATION AND APPROVAL

1. Interdepartmental Coordination:

Table with 4 columns: Department, Name & Signature, Support Project, Do not Support Project-Comments Submitted. Rows include West Africa (Luis de Azcarate) and Development Research Center (J.H. Duloy).

2. Approval:

Timothy K... Division Chief

Neil Myers Department Director

NOTE: Please consult instructions issued August 1973 for completion of this Form and preparation of project narrative.

Do not fill

Date received: 31 March 1975

Review Panel:

Part A
(firm Proposal)
PART III. IMPLEMENTATION

1. Date Work to Start: July 1975

2. Date First Draft Expected: March 1977

3. Final Report Due: June 1977

4. Implementation Method:

Names:

- a. Bank Staff Zachariah
- b. Individual Consultants Conde
- c. LDC Contractor/Institute
- d. Developed Country Contractor/Institute
- . Seminar

5. Reports Expected in the First Year:

Migration Planned Within and Between Upper Volta, Ivory Coast and Ghana

PART IV. FINANCIAL AND STAFF DATA

1. Dollar Costs (Estimated Disbursements by Fiscal Year): '000

	FY 76	FY 77	FY 78	After FY	Total
a. Contractual	27.5	27.5			55.0 ^{a/}
b. Travel	16.0	13.5			29.5
c. Data Processing	3.0	3.5			6.5
Total	46.5	44.5			91.0 ^{a/}

2. Staff Requirements (manmonths):

	FY	FY	FY	FY	Total
a. Professional	5	5			10
b. Special Services	3	3			6
Total	8	8			16

^{a/} It is hoped that the OECD Development Centre will provide a francophone demographer, thereby reducing this cost by \$30,000.

Part B
(Indicative Proposal)
PART III. IMPLEMENTATION

1. Date Work to Start: July 1975

2. Date First Draft Expected: March 1978

3. Final Report Due: June 1978

4. Implementation Method:

Names:

- a. Bank Staff Sabot/Zachariah/T.King
- b. Individual Consultants As needed
- c. LDC Contractor/Institute To be arranged
- d. Developed Country Contractor/Institute Institute of African Studies,
Boston University
- e. Seminar.

5. Reports Expected in the First Year:

Progress Reports only

PART IV. FINANCIAL AND STAFF DATA

1. Dollar Costs (Estimated Disbursements by Fiscal Year):

	FY	FY	FY	After FY	Total
a. Contractual					
b. Travel					
c. Data Processing	40	40	40		120
Total					

2. Staff Requirements (manmonths):

	FY	FY	FY	FY	Total
a. Professional	3	3	6		12
b. Special Services	-	2	6		8
Total	3	5	12		20

I. Introduction and general objectives

This proposal is for a study of population movements, internal and international, in West Africa, with special attention to Ghana, Upper Volta and the Ivory Coast. The origins of this proposal lie in a request presented to the Bank by a group of African scholars associated with the Council for the Development of Economic and Social Research in Africa (CODESRIA)^{1/}. The original request involved extensive demographic survey work in as many as nine countries. This project represents a substantial modification of that original request; it has been designed to meet the research objectives of the African sponsors and the needs of the Bank, at a total cost well below that originally projected.

The objectives of the study are:

- A. To make use of existing data sources (censuses, surveys) to identify and describe the magnitude, direction and composition of migration streams throughout the area;
- B. To generate new survey data better suited to economic analysis to test hypotheses concerning the causes of migration, and to assess the consequences of migration in source areas. If the proposed Webb-Mazumdar Urban Labor Market study is eventually accepted by the Research Committee, it should be possible also to assess the consequences of migration for receiving areas.

A basic understanding of the demographic structure and the location and growth rates of population is obviously essential to any projections or plans for the area, whether required for individual governments or for Bank projects. Because of high rates of international migration in the region, this requires the comparative analysis of data collected for different countries. Economic analysis of migration flows should give a firmer base for projecting whether current trends are likely to continue, for analyzing the employment implications of the population movements and for predicting the economic consequences of changes in government policies that might successfully restrict the relatively free movement of population that now exists. An understanding of the financial flows associated with migration is needed for balance of payments forecasting where the currency areas are different - e.g. Ghana vs. West African Monetary Union. Even whether there is a common currency area, there is an implicit balance of payments between the territories which may have considerable implications for patterns of trade, asset ownership, etc. of the countries involved. This project should therefore strengthen the country economic work of the Bank.

The general policy implications of research on migration as an aspect of rural-urban interaction in the development process are discussed in the

^{1/} CODESRIA represents African-based universities and research institutes who plan to develop and carry out cross-national, multidisciplinary studies.

companion project "Comparative Analysis of Rural-Urban Labor Market Interaction." Looked at from the viewpoint of Bank operations, knowledge generated by the project should be of considerable value to the planning of the next stages of the onchocerciasis project (which will involve pre-investment and economic studies to develop a program for settlement and rural development) and to rural development and education projects in the West Africa Regions.

In addition a great deal of data on fertility, employment, educational levels and income will be collected, which will be of very considerable importance to the work of the Population and Human Resources Division on the interrelationships between the determinants of fertility and other decisions concerning human resources. Because of the sensitivities involved in these issues in francophone Africa, it would not be possible to have a research project that made fertility determinants its principal objective.

The Proposal

It is proposed to carry out the study in two parts: one (study of Migration Patterns in West Africa) is to be a relatively modest two-year study with heavy Bank staff involvement, for which a Research Committee commitment of \$91,000 is requested. (This assumes that the Bank will pay 100% of the cost; it is, however, likely that the OECD Development Centre will contribute the time of a francophone African demographer who has been involved in the development of the project, reducing the cost to the Bank by \$30,000.) This part is submitted as a formal research proposal.

The second (Economic Causes and Consequences of Migration) involves a more complex and expensive study since it entails new survey work. One major output of this study will be a country monograph in the comparative series proposed in the project "Comparative Analysis of Rural-Urban Labor Market Interaction." This study is also, however, of very considerable interest and importance in its own right. Although Bank staff will be heavily involved in the design of the study and the analysis of the results, the main conduct and administration of the project will be outside the Bank, and present plans for this are still tentative. It is likely that the total cost of this study will be of the order of \$300,000 over a three year period. This amount is probably larger than the Research Committee might wish to commit to this work, and the project appears a promising one for inter-agency collaboration. Hearing of the Bank's potential involvement, the IDRC and the Interdisciplinary Communications Program of the Smithsonian Institution have inquired as to the possibility of collaboration and the UNFPA is also interested in this question. The project is therefore presented at this time to obtain the views of Research Committee as to the merits of the project and to the eventual likelihood of success at the proposed level of Research Committee funding, and to obtain permission to engage in serious negotiations with other agencies about the possibilities

of joint financing. If the negotiations are successful, it should then be possible to present a more definitive proposal to the next meeting of the Research Committee. It is hoped that the Research Committee will eventually be prepared to provide \$40,000 a year for three years for this project.

These two studies would be wholly complementary. The Study of Migration Patterns will provide some essential background data on the flow of migrants and their basic demographic and socio-economic characteristics. These are essential for a fuller interpretation of the results of the Economic Causes and Consequences of Migration and especially to assess the macro-economic implications. This second part is required because existing data sources are weak in the economic information required for policy-oriented analysis.

II. The importance of Migration in West Africa

The importance of migration as a general aspect of the development process is discussed in the submission accompanying the proposal "Comparative Analysis of Rural-Urban Labor Market Interaction." West Africa is one of the few regions of the world where relatively free movement across international boundaries still continues. Existing censuses and surveys for the region suggest that West African rates of international and internal migration are among the highest in the world, with significant macroeconomic consequences. More precise documentation of the volume of migration in West Africa and improved understanding of its causes and consequences should greatly assist the formulation of national government and Bank Group policies for the region, particularly in such areas as rural development, alleviation of urban poverty and improved distribution of income.

Though no information on international flows is available, numbers on stocks of foreign born residents within countries can be gleaned from censuses. Much of this information is set out in Tables 1 and 2. Though the figures in these tables are of extremely dubious quality, there is agreement that any bias is downward. Conde (1973) reports that by 1970 some 36 percent of Ivory Coast's residents were foreign-born, as opposed to the 6 percent in Table 1. And preliminary ILO reports for Abidjan suggest that approximately one half of the city's population is foreign.

Internal migration rates are also very high. Africa has been urbanizing at a higher rate than any other developing region of the world (Davis 1972, p. 191); Caldwell (1969, p.12) estimates that over one-half of the growth of Ghanaian cities since 1948 can be attributed to rural-urban migration, one-fifth to foreign immigration, and only one-fourth to natural increase. Yet the modern sector labor force has grown very sluggishly, absorbing as little as 25% of the total urban labor force (Frank, 1971).

Table 1

Long-term immigrants recorded in Censuses and Surveys
in selected West African countries

Country of Origin or Birth	Ghana 1960	Mali 1960-61	Ivory Coast 1958	Sierra Leone 1963	Togo 1961	Liberia 1962	Gambia 1963	Senegal 1961	Other African Countries	Non-African Countries
Nigeria	190,780	-	-	5,573		543				
Ghana	-	-	-	3,419	51,000	6,896				
Upper Volta	194,570	40,000	60,000		-	-				
Mali	19,360	-	65,000	-	-	565	2,000			
Ivory Coast	54,480	7,000	-	-	-	1,139				
Guinea	-	20,000	25,000	30,671	-	8,579				5,000
Senegal	-	10,000	-	-	-	-				51,000
Niger	24,890	-	-	-		-			7,000	
Dahomey	31,580	-	-	-		-				
Sierra Leone	-	-	-	-		4,685				5,000
Togo	280,670	-	-	-		-				
Liberia	8,640	-	-	8,286		-				
Gambia	-	-	-	2,523		-				
Other African countries	6,730	-	-	1,401		611				
Non-African countries	15,720	-	-	7,579		8,623				
Total	827,420	77,000	150,000	59,482	51,000	31,633	2,000		7,000	61,000
Percentage of Population Foreign-born	12	3	6	3	7	3	11	6	-	-

Source: Reproduced from Ghansah (1969), Table 2.

Table 2

PERCENTAGE OF POPULATION BORN ABROAD AND BORN
IN OTHER REGIONS FOR SELECTED CITIES

	<u>Abroad</u>	<u>Other Region</u>	<u>Total</u>
Accra ^{1/}	15.0	33.0	48.0
Dakar ^{2/}	11.0	34.5	45.5
Kumasi ^{1/}	12.0	30.0	42.0
Lome ^{3/}	16.2	9.9	26.1
Ouagadougou ^{4/}	5.8	32.2	38.0

Sources: ^{1/} Caldwell (1969), p. 12.
^{2/} Dakar (1955), p. 44.
^{3/} Vlassenko (1966), Table 4.
^{4/} Ouagadougou (1964), Table 38.

Compiled by Lucas (1974).

In addition there are problems unique to the region, including the Sahelian drought and the widespread onchocerciasis, which can be better understood, and therefore tackled, with improved measurement and analysis of the migration process.

Methodology and Organisation

A Study of Migration Patterns

Demographic data for West Africa are far from ideal. Ivory Coast and Upper Volta are planning their first census in 1975. Mali and Niger will not have their first census until 1976 or later. There have been numerous demographic surveys, particularly in francophone countries, but few have been nationwide. The purpose of this part of the project is to systematically explore existing data. Data available in different sources will be matched to obtain an overall regional picture. Where appropriate, new tabulations will be developed through the provision of programming assistance and computer expenses.

There are two major data sources for this portion of the study:

- 1) censuses, post-censal surveys and other surveys containing general demographic and socio-economic information, and
- 2) surveys specifically designed to generate data concerning migration. The Supplementary Notes include details on these existing data sources.

Upper Volta, Ivory Coast and Ghana will be the initial focus of this portion of the project, followed by Togo and Mali. The study will be extended to Niger, Senegal, Dahomey, and Nigeria if time permits.

Mr. Zachariah will direct this part of the study and will devote about half of his time to this over the next two years. He will be assisted by a francophone demographer also working approximately for half his time. It is hoped that the latter will be Mr. Julien Conde, a Guinean on the staff of the OECD Development Centre, who has already assisted in the preparation of the project. (Our preliminary discussions suggest that the OECD Development Centre is likely to collaborate in this project by contributing Mr. Conde's services. If so the total cost of the project to the Bank can be reduced by \$30,000.) Funds are also included to provide the services of a programmer for about 10 months over the two-year period, for securing assistance from local and other consultants, 1/ for the

1/ The consulting will include the short-term services of Ms. Nancy Birdsall, who worked on a review of the literature as background for this proposal, to extend this to cover material now emerging from ongoing studies, and of Mr. T. McDivitt an economist at the University of Michigan, who is currently conducting survey research on migration in Nigeria.

computer costs of additional tabulations, and for travel.

The proposed budget is therefore as follows:

	<u>\$'000</u>		
	<u>FY 76</u> <u>a/</u>	<u>FY 77</u> <u>a/</u>	<u>Total</u> <u>a/</u>
Francophone Demographer	15.0	15.0	30.0
Consultants	5.0	5.0	10.0
Programmer	7.5	7.5	15.0
Travel	16.0	13.5	29.5
Computing ^{b/}	<u>3.0</u>	<u>3.5</u>	<u>6.5</u>
	46.5	44.5	91.0

^{a/} It is hoped this cost will be borne by the OECD Development Centre

^{b/} This assumes that it will be possible for much of the computing to be done by the statistical offices involved in the censuses and surveys at no cost to the Bank beyond some programming assistance.

B Economic Causes and Consequences of Migration

The purpose of this part of the project is to generate data for rigorous economic analysis of the causes and consequences of migration. This type of analysis cannot be performed on the basis of existing survey or census data. Migration surveys in the region have been useful in developing descriptive information on migrants and on the migration process. Most, however, have relied for analysis on attitudinal responses to the question "Why did you migrate?" rather than on observed relationships between migration and socio-economic variables. Census data has been used to regress inter-regional migration rates on regional averages of income, education and urbanization for sending and receiving areas ^{1/} but the results have been inconclusive because of the aggregate nature of the data. Aggregate data disguise flows within regions; capture net but not gross flows (those who depart may be responding to different incentives than those who arrive, and some departures may be return migrants who failed to achieve their objective); and prohibit disaggregation of migrant streams by income, education, age, etc. ^{2/}

^{1/} e.g. Beals Levy and Moses (1967) and Mabogunje (1970).

^{2/} For further discussion of migration literature on West Africa, see the Supplementary Notes and Bibliography.

The design and implementation of a sample survey to generate data adequate for rigorous analysis of migration is thus proposed. This portion of the study will be confined to the three countries of Upper Volta, Ivory Coast and Ghana.

The causes of migration will be assessed with the aim of increasing our understanding of the response of migration to changes in government policies regarding wages, education, land distribution, improvement of services in urban areas, etc. The underlying theoretical assumption is that the decision of an individual to move or not to move, (or to stay or to return to place of origin) represents a choice between investment alternatives; the individual chooses the alternative with the higher present value. For this portion of the analysis, migration is thus the dependent variable, and the socio-economic characteristics of migrants (age, education, income, access to land, etc.) the independent variables. Several of these independent variables can be manipulated by policy and the conclusions of this stage of the analysis have obvious direct relevance to the design of public policies and investment decisions. Regarding composition of migrant streams, though we have evidence that in Africa migration is selective of young, better-educated males, we know little about selectivity by level of family income, access to land, access to other capital, etc. Estimates of migration rates will be sought at a sufficient level of disaggregation to analyze the contribution of education, income, etc. to migration rates.

To understand the consequences of migration requires estimating the returns to migration for migrants from specified locales, as well as non-migrants and return migrants to those locales. This will be accomplished through comparison of the income streams of migrants, non-migrants and return migrants sharing characteristics of age, education, access to land, etc. At this level of analysis, income streams will be the dependent variable, a function of migration status and other socio-economic characteristics. Analysis of the consequences of migration is a critical issue in those areas experiencing high rates of out-migration, including the country of Upper Volta and rural areas within all three countries.

It will not be possible to develop one migration function for the three countries as a whole, or for whole countries individually. It will also be impracticable to attempt to assess the consequences of out-migration for every source area in all three countries. Such an objective would require surveys of enormous size and expense, the collection of data in an unbiased nationwide or three-countrywide sample in countries where there is limited administrative manpower, minimal prior experience in data collection, a plethora of languages and poor transportation and communication systems. Instead, a strategy of limiting data collection to a few specified "ecoregions" has been devised. An "ecoregion" is defined as a geographically-limited area characterized by a common system of production (economic) and/or natural resource (ecological) base. Probable ecoregions will include a drought area; a cocoa-growing region with smallholder production; a cash-crop area with plantation production; a rural area largely reliant on production of subsistence-food crops, such as millet and sorghum.

Data collected on households in specified ecoregions will be matched with data on migrants in paired destination regions, i.e. regions which prove to be significant receivers of migrant streams from the sampled households. (The term ecoregion is not meant to connote an administrative area, though in some cases it may coincide.) Paired regions will reflect both internal and international migration, and include rural-rural as well as rural-urban movements.

In the paired regions, a comprehensive questionnaire, covering current and retrospective data on income, education, employment and migration will be utilized. 1/ Information on remittances will be sought from households in origin areas and from migrants.

With ecoregions as a unit of observation, data generated through a formal survey can be supplemented by anthropological methods; by **systematic** data-gathering of community variables - such as the extent and nature of schooling, health, water supply, credit and other facilities in the chosen area; and by careful collection and analysis of any existing aggregate data on employment and land utilisation in the regions. The difficulty of generating reliable data on income in rural areas will be partly reduced by these additional methods of observation, which will enlarge our understanding of consumption and production beyond that which can be gained by a single round of formal questioning.2/

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- 1/ This questionnaire will also obtain information on fertility and time-use of various household members, if possible, as is being done in the Northeast Brazil survey (RPO 299) which is also being undertaken by the Population and Human Resources Division.
- 2/ There are some very complex problems of definition and of the nature of income generation and dispersal which will be researched before the migration survey is fully designed. Income generation either in the areas from which migrants move or in the areas to which they go is not fully understood and migration surveys have hitherto not adequately measured such generation or movement. Households often have various sources of income during the year, not all of which they readily state. Some sources are fortuitous and arise out of offering services during floods or shortages of fuel or shortages of water or of circumstances which make a black-market possible; while others suffer in varying degrees from lack of respectability ranging from a part-share in a bar to prostitution. In addition, there is the fear of the tax collector and the much more immediate problem that members of households do not usually know what each other earns. Experimental methods will be worked out for tackling such problems and also for checking stated household incomes against the total income-generating institutions of the locality. Similar work will be needed in the investigation of stated expenditure and savings, whether these savings be monetary or in the form of exchangeable goods. Again different members of the household usually do not know what the others spend. A thorough examination will also be made to establish all ways in which wealth is transferred e.g., in regular remittances, in responding to crises, in goods either sent or taken, in the giving of presents of things originally appearing to be what the migrant regarded as being his own possessions, in school fees, in bridewealth, etc.

Work on the conceptual and practical problems of the measurement of income and wealth links to some other work being carried on in the Employment and Rural Development Division, and is, of course, of much wider relevance and importance than to this project alone.

Although further work on the sampling procedure will be required, a tentative scheme is as follows:

In consultation with members of the Bank West Africa Region staff and with planners in the three countries, two ecoregions in Ivory Coast, Ghana and Upper Volta will be chosen. Within each ecoregion, about six enumeration areas (or equivalent units - Ivory Coast utilizes village listings) will be chosen at random, the actual number depending on the number of households per enumeration area (which ranges between 200 and 500). The total number of households sampled at this stage will probably be of the order of 2,000; this round of sampling should capture households with absent members (emigrants), without absent members (non-migrant households) and with return migrants.

Preliminary analysis of this data will permit the selection of destination areas which are significant receivers of migrant streams from destination areas, with a short questionnaire for non-migrants and migrants from source areas not under study and a longer comprehensive questionnaire for persons from the paired ecoregion (though not necessarily from the specific enumeration areas).

There are several advantages to this sampling procedure:

1. Previous studies of migration in Africa and elsewhere have concentrated on sampling in urban areas alone. This permits comparison of the lot of the migrant to urban-born resident, but not to his non-migrant counterpart. Urban surveys do not generate data on the opportunity cost of migrating, and they miss altogether the return migrants. Thus they do not permit study of the private returns to migration. The nature and extent of the private return are critical in understanding not only the effects of migration for the individual and originating area, but the causes of migration as well. 1/

2. Sampling in specified "ecoregions" permits purposive selection of regions of policy interest to the Bank, other donors and government planners. 2/

1/ Essang and Mabawonku (1974) studied rural households and then interviewed migrants from those households whom they were able to trace to cities. They regressed income and other characteristics of the migrants they found against the percentage of rural family members who migrated during the period of investigation. The value of the independent variable is highly questionable; a possibly greater problem is the bias introduced by the nature of the urban sample, as the 3/4 of those who migrated whom they found may not have been representative.

2/ The West African Region has expressed interest in the potential contribution of the study to the program planning in the drought and river blindness areas.

3. As noted above, limiting the geographical areas of study permits utilization of other qualitative forms of data collection to supplement the survey.

Organisation of the survey

Administrative arrangements for the survey are still tentative. In each of the three countries, there will be a local base - probably the Centre National de le Recherche Scientifique in Upper Volta, CIRES in Ivory Coast and Institute of Statistical, Social and Economic Research of the University of Ghana.

Field work in all three countries would be directed by one economist, who will produce a monograph for Mr. Sabot's series as described in "Comparative Analysis of Rural-Urban Labor Market Interactions." It is proposed that he be affiliated with the Institute of African Studies of Boston University, working closely with the Institute Director, Professor John Harris. ^{1/} (The Institute would take responsibility for the administrative arrangements.) In the field, the principal economist would collaborate with a local scholar in each country; members of the staff of the University of Ghana at Legon and the Division of Statistics, Upper Volta have shown a sustained interest in the study. The local scholars would share major responsibility for survey work and would collaborate in analysis. The principal economist would be assisted by a more junior researcher. This would be Ms. Nancy Birdsall, who has greatly assisted in development of the project, and has represented the Bank in discussions with the African sponsors. At the analysis stage, Ms. Birdsall would probably work on the relationship between migration and fertility.

Apart from the contribution of the study to the comparative study of rural-urban labor market interactions and the establishment of the broad framework of the research, which heavily involve Bank staff, staff members will also be involved in providing technical assistance in the design of the survey instruments in the early stages of the project; in monitoring the fieldwork; and in analyzing results not directly pertinent to migration: e.g. relationships among income, employment, fertility. Bank staff will also give special attention to an analysis of the policy implications of the data in terms of the Bank's needs. Most important, Bank staff will assure that the demographic analysis carried out in the "study of migration patterns" will be linked with the economic findings of the survey in order to derive the macroeconomic implications of the findings.

^{1/} John Harris has conducted research in West and East Africa. He is presently directing a study of migration in Indonesia which will be included in the comparative volume proposed in the accompanying research prospectus, " ".

A tentative schedule of work follows:

May 1975	Submission of definitive project to Research Committee
July to September 1975	preliminary organisational arrangements in Africa
October through March 1976	development of survey instruments, sampling procedures, pretests
April 1976 through June 1977	surveys and data processing
July 1977 to June 1978	analysis and report

SUPPLEMENTARY NOTES

I. Migration in West Africa: Existing Knowledge

Migrants are found to be young, mostly between the ages of 15 and 29 (Caldwell 1969, Rempel 1970); better-educated than those who remain in rural areas (Callaway 1967); and in the case of Caldwell's data, to originate from households of above-average wealth (Caldwell 1969).

The migrant's choice of destination is influenced by the presence of relatives, friends or kin-based voluntary associations (Caldwell 1969, Hutton 1970, Rempel 1970, Little 1965) who provide temporary support. After the age of 45 many migrants retire to their home village (Caldwell 1969), though most studies have given scant consideration to the phenomenon of return migration. Step migration exists (Collins 1952, Gregory 1971) but its extent and significance is not sufficiently understood. The deterrent effect of distance is clear (Rempel 1971).

Most studies have concluded that economic motives are paramount in determining migration vectors (Caldwell 1969). Responses to the question, "Why did you migrate?" establish economic factors such as higher income and better employment opportunities as central to the migration decision. However, these attitudinal responses, separated as they are from measurable relationships between migration and significant independent variables, do not permit the isolation of economic variables critical in the migration decision (Byerlee 1972).

^{1/} For a recent review of the literature on internal migration in less developed countries as a whole see Yap 1974, Greenwood 1974 and Berry n.d.

Some economists eschew analysis of attitudes in favor of regression techniques employing wage and employment data to which individuals presumably respond via the migration decision. Beals, Levy and Moses (1967) using Ghanaian census data regressed inter-regional migration rates on income, distance, education and urbanization for the sending and receiving regions. Magogunje (1970) performed a similar effort using 1953 Nigerian census data.

The results of these efforts have been inconclusive because the aggregate data used cloak migration vectors. For example, aggregate data on inter-regional migration disguises flows within regions. Measures of net migration, the algebraic sum of immigrants and emigrants, may fail to capture the fact that those who depart are responding to different incentives than those who arrive; or as is likely for urban areas, that those who depart are those for whom job or income expectations were unfulfilled. Income averages in sending and receiving areas may be poor proxies for the real and perceived income opportunities of migrants and non-migrants.

A more recent study (Essang and Mabawonku 1974) is based on a survey of rural households followed by a survey of urban residents traced from those households. The authors regress income and other characteristics of the migrants against the percentage of rural family members who migrated in the period of investigation. The lack of data on income and other characteristics of urban non-migrants or earlier urban migrants, made further analysis impossible.

A more successful study combines household data collected through a survey in urban areas of Tanzania, with regional data on rural income and employment (Barnum and Sabot 1974). The regional rural data is disaggregated to some extent; regions are lumped into three categories by income. The assumption is that within each of the three categories, the range of variation in income and employment opportunity is very small. Thus individual observations

of urban migrants are combined with aggregate rural data.

Harris and Todaro (1969) hypothesize that the relevant urban income affecting migration to cities is the present discounted value of expected future earnings, derived from the product of the probability of a successful job search and the income derived from that job. Testing of the model in Africa has been frustrated by lack of primary data on rural and urban incomes.^{1/} Primary data on income has not been collected because of practical problems (such as measuring in-kind income on subsistence farms), and because of theoretical problems in measuring both rural and urban incomes as they affect migration. In rural areas, the migrant's opportunity cost is affected by the land tenure system (often communal) and by the extent to which the household rather than the individual is the income-receiving and decision-making unit. (Knight 1972). In urban areas, the labor market is typically bifurcated into a formal sector, where wages appear to be high and rigid on the downside, and an informal sector characterized by flexible (but lower) wages in which income is unrecorded. (Mazumdar 1974, Webb 1973). Comparisons of rural-urban incomes are complicated by lack of quantified measures of urban amenities and dis-utilities, differences in the cost of living, and the possibility that urban cash income is remitted to rural areas.^{2/}

^{1/} For example Sabot (1972), Levi (1971) and Rempel (1970).

^{2/} Essang and Mabowonku (1974) attempted to compute the direction of income flows between rural and urban areas, taking into account remittances and loss of human capital from rural areas, and concluded that the urban areas tend to benefit.

In its preparatory stages, the proposed study will give a great deal of attention to trying to overcome these measurement problems.

Virtually no theoretical literature or empirical data on rural-rural and urban-rural population movements in West Africa exists, with the possible exception of data on international migration which shows up in censuses as stocks of foreign-born. This study will examine these types of movements as well as rural-urban movements.

II. Existing Demographic Data

Demographic data which is not collected specifically for the study of migration can provide some basis for examination of the phenomenon, as is proposed for Part A of this study. In the absence of vital registration systems, demographic data for African countries are derived from censuses and sample surveys. Tables 1 and 2 list major sources for the countries included in this project: Ivory Coast, Ghana, Togo, Upper Volta, Dahomey, Mali, Senegal, Niger and Nigeria.

Of these countries, only Ghana, Togo and Senegal have had a national census. A census will take place in Ivory Coast and in Upper Volta in 1975; censuses are planned in the other countries over the next two to three years. All countries are being assisted through the UNECA African Census Program.

Few sample surveys have been conducted with the specific objective of describing or measuring migration. Many have taken place in or around urban centers. Most have been single-round surveys, thus making estimation of immigration into and emigration from particular areas dependent on responses to retrospective questions. The French have more recently increased use of multi-round surveys, most of which have been conducted under the auspices of INSEE (Institut National de la Statistique et des Etudes Economiques) in Paris, which adequately explored could provide insight into migration patterns,

particularly if an attempt were made to match results from different areas.

III. Ongoing Migration Studies

At least four studies presently being conducted in the countries of concern will be examined as part of Part A of this project.

1. Upper Volta/IDRC

With the support of the International Development Research Centre in Ottawa, the Government of Upper Volta has begun a national study of migration, under the direction of Marcel Poussi of the Centre Voltaique de la Recherche Scientifique, and Georges Sanogoh of the Division of Statistics. The study is scheduled for completion in 1976, with work in urban areas in 1974 and in rural areas in 1975. Interviews will be conducted with about 50,000 persons each year. Information on a sample of households will include socio-economic and demographic data on persons present and absent. Data on individual incomes is being collected only for persons who have resided outside the household for a period of three months or more in the previous five years. Income (in cash and in kind) will not be inquired about from persons in the above category who are independent farmers or family workers. A history of individual moves based on retrospective questions is being taken. Data will also be collected on remittances of those absent from households. A subsample of individuals selected from the original households will be interviewed regarding their attitudes toward migration. The subsample will include migrants and non-migrants, in a ratio of three to one. This study will not provide information adequate for an economic analysis of the causes or consequences of migration. It should provide data on the extent and direction of migration flows.

2. Upper Volta/ORSTOM

A second study of migration, confined to the Mossi region of Upper Volta, is being sponsored by ORSTOM (Office de la Recherche Scientifique d'Outre-Mer) a quasi-governmental organization in Paris, under the direction of M. Vaugelade. The results of that study should be available by June 1975 and will be incorporated in an overall analysis of migration patterns in Upper Volta and in the West Africa region.

3. Ghana

A study, also based on the tracer technique, has recently been completed by John Nabila as a Ph. D. dissertation to Michigan State University. The survey included one northern tribe, the Fra-Fra, and will provide input to analysis of recent migration flows within Ghana.

4. Nigeria/University of Michigan with University of Ibadan
Faculty of Social Sciences

A study of rural-urban migration, based on sampling in four cities of Nigeria and an outlying rural area of one of those cities, is presently being conducted, under the direction of Dr. Judith Harrington, a sociologist at the University of Michigan, and Dr. G. I. Osayimwese, an economist at the University of Ibadan. The questionnaire in the cities includes detailed migration histories, as well as information on employment and unemployment histories, and for women, pregnancy histories. The rural questionnaire also seeks information on the opportunity cost of migration. Total sample size is about 12,000 households. Field work has been completed in three cities and the rural area. The work in the fourth city will be done in the summer of 1975.

5. Nigeria/Michigan State University with the University
of Ibadan Department of Agricultural Economics

As part of the Rural Employment Series being directed by Carl Eicher of the Michigan State University Department of Agricultural Economics, work is presently being conducted in the Western State of Nigeria on the effect of out-migration on rural areas. Early results of this effort are detailed in the monograph by Essang and Mabowonku, 1974. This study of rural-urban migration is based partly on the technique of tracing rural migrants to cities.

TABLE 1 GHANA AND NIGERIA
CENSUSES AND SURVEYS IN 1950, 1960 and 1970 DECADES

COUNTRY	CENSUS	TYPE OF INQUIRY			AREA COVERED		YEAR OF INQUIRY	STATUS OF WORK	
		SINGLE-ROUND	MULTI-ROUND	WHOLE COUNTRY	URBAN	RURAL		PUBLISHED	OTHER
GHANA	X			X			1960	X	
		X		X			1960	X	
			X	X			1968-69	X	
	X			X			1970		
			X ¹	X			1971		X
			X ²	X			1962	X	
		X				1967	X		
NIGERIA	X			X			1952-53	X	
	X			X			1963	X	
			X			X	1965-66	X	
		X		X			1971-72		X
	X			X			1973		X

¹National Survey of Household Expenditures, Central Bureau of Statistics

²Household Budget Survey, Eastern Region, Institute of Statistical, Social and Economic Research, ISSER Technical Publication No. 6, Legon, 1968.

Source: Compiled by Wogugu (1974) from: 1) La Demographie en Afrique d'Expression Francaise, Bulletin de Liaison, No. 8, April - June 1973 2) R. Blanc, "The Study of Fertility in Multiple-Round Demographic Surveys: The Experience of the French-Speaking African Countries," United Nations 3) Economic Commission for Africa, "Demographic Surveys in Africa, 1950-1970: Some Results and Conclusions, 1971 and 4) Published Census materials from a number of countries; plus footnoted items.

CENSUSES AND SURVEYS IN FRANCOPHONE AFRICA 1950 TO PRESENT

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffre-ment	Cartes	Bandes	Tableaux
MAURITANIE	1961-62	Résultats des recensements effectués de Sept. 61 à Août 62 dans les chefs-lieux de cercle ou de subdivision	Détruits	-	-	-	-
	1964	Recensement de la ville de Nouakchott : résultats provisoires	-	-	-	-	-
	1965	Enquête démographique	INED	Détruites	Détruites	Détruites	ORSTOM
SENEGAL	1951	Commune mixte de Diourbel, recensement de 1951	-	-	-	-	-
	1951	Commune mixte de Ziguinchor, recensement de 1951	-	-	-	-	-
	1954	Commune mixte de Thies, recensement de 1954	-	-	-	-	-
	1954	Recensement de St. Louis	Détruits	Détruites	Détruites	Détruites	Détruits
	1955	Recensement démographique de Dakar	-	-	-	-	INSEE Coop.
	1957-58	"La moyenne vallée du Sénégal"	Centre ORSTOM Dakar (en partie)				ORSTOM (en partie)
	1960	La population du Sénégal (aspects quantitatifs)	Archives nationales (Dakar)				-
	1963-65	Etude démographique dans la région du Sine-Saloum (Sénégal) état-civil et observation démographique	ORSTOM Paris + ORSTOM Dakar	Détruites	ORSTOM Paris + ORSTOM Dakar	INED	ORSTOM Dakar + INED
	1964-68	Mortalité de l'enfant dans la région de Khombol Thié-naba	Khombol + Paris	Détruites	ORSTOM Paris	INED	-
1966	Fakao. Dépouillement des registres paroissiaux et enquête démographique rétrospective, méthodologie et résultats	ORSTOM Dakar	-	ORSTOM Dakar	-	-	

Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
SENEGAL(Suite)	1966-67	Résultats de l'enquête par sondage au 1/20e des parcelles de Pikine (grand Dakar)	ORSTOM Dakar	ORSTOM DAKAR	ORSTOM Dakar	-	-
	1968-70	Note descriptive sur les groupes de migrants relevés au Sénégal dans les enquêtes rurales de Ngayorheme et Ndemene (Sine Saloum) en 1968-70 et dans l'enquête urbaine de Pikine (Cap-Vert) en 1969.	ORSTOM Dakar	ORSTOM Dakar	ORSTOM Dakar	ORSTOM Paris + ORSTOM Dakar	-
	1969	Résultats du recensement de Nidro du Rip (Sine Saloum)	ORSTOM Dakar	-	-	-	-
	1970	Enquête démographique nationale 1970-71 Résultats provisoires du 1er passage	Services Statistiques de Dakar →				
	1973	Etude de la fécondité à Dakar. Note de présentation	ORSTOM Dakar	ORSTOM Dakar	ORSTOM Dakar	ORSTOM Paris	ORSTOM Paris
	1964-71	Décès de Dakar	Administration municipale et tropical de Dakar	ORSTOM Paris	ORSTOM Paris	ORSTOM Paris	INED
		Fécondité trimestrielle	ORSTOM Dakar + ORSTOM Paris	ORSTOM Dakar	ORSTOM Dakar	Le Havre	-
GUINEE	1954-55	Etude démographique par sondage en Guinée	-	-	-	-	ORSTOM
	1955	Chefferies coutumières - Cantas. Population imposable, prévision	-	-	-	-	-
	1955-56	Expérience pilote d'agents d'état civil itinérants en Guinée française	-	-	-	-	-
	1954-55	Etudes agricoles et économiques de 4 villages de Guinée française	ORSTOM : Ensemble des archives de Dantari				

- 11 -
Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
GUINEE (Suite)	1957	Enquête démographique dans la région du Konkouré, résultats définitifs	-	-	-	-	-
	1958	Mission d'inventaire socio-économique de la commune de Conakry	-	-	-	-	INSEE Paris
	1960	Recensement de Conakry	-	-	-	-	-
MALI	1956-58	Enquête démographique dans le Delta Central Nigerien	-	-	-	-	-
	1957-58	Mission socio-économique du Soudan. Enquête démographique	-	-	-	-	ORSTOM Bondy
	1958 1960-61	Bamako, recensement 1958, enquête démographique 1960-61, résultats définitifs	-	-	Détruites	-	INSEE Coop.
	1961	Population de la République du Mali par cercles et subdivisions d'après les recensements administratifs	-	-	-	-	-
	1965-66	Recensement ville de Bamako, rapport provisoire	-	-	-	-	-
HAUTE-VOLTA	1961	Etude socio-économique de Bobo-Dioulasso	-	-	-	-	-
	1960-61	Enquête démographique par sondage en République de Haute-Volta	ORSTOM Ouaga + ORSTOM Bondy	-	Détruites sauf cartes décès voir ORSTOM Paris	-	ORSTOM Bondy
	1961-62	Recensement démographique Ouagadougou	-	-	-	-	ORSTOM Bondy
	1968	Enquête démographique, Ouagadougou	-	-	-	-	-
NIGER	1960	Etude démographique du Niger	-	-	-	-	-
	1960	Recensement de Niamey	-	-	-	-	ORSTOM
	1963-64	Etude démographique et économique (en milieu nomade)	-	-	-	-	-

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
COTE D'IVOIRE	1955	Recensement d'Abidjan	-	-	-	-	-
	1955-56	Enquête nutrition-niveau de vie, subdivision de Bongouanou	-	-	-	-	-
	1956-57	Recensement des centres urbains d'Abengourou, Agboville, Dimbokro et Man	-	-	-	-	-
	1957-58	Enquête démographique et agricole, 1er secteur agricole de la Côte d'Ivoire	-	-	-	-	-
	1957-58	Enquête démographique 1957-58, résultats définitifs	-	-	-	-	-
	1958	Recensement démographique de Bouaké	-	-	-	-	-
	1961	Le littoral Alladin, étude socio-économique	-	-	-	-	-
	1961	Enquête socio-économique sur la ville de Bouaké	-	-	-	-	-
	1962	Etude générale de la région de Man (4) Etude sociologique et démographique	-	-	-	-	-
	1962	Villes de Côte d'Ivoire, Man, Daloa, Gagnoa, enquête socio-économique	-	-	-	-	-
	1962-63	Région de Korhogo, Etude de développement socio-économique	Ministère du Plan Abidjan	-	-	-	Abidjan + INSEE Coop.
	1962-64	Etude régionale de Bouaké	-	-	-	-	-
	1962-65	Côte d'Ivoire, 1965, Population, Etudes régionales 1962-65, Synthèse	-	-	-	-	-
	1963-64	Région du Sud-Est, Etude socio-économique, la démographie	Ministère du Plan, Abidjan	-	-	-	Abidjan et INSEE Coop.
	1963-66	Etude socio-économique de la zone urbaine d'Abidjan	-	-	-	-	-
	1963	Recensement de la Commune de Grand-Bassam	-	-	-	-	-
	1966	Recensement de la ville de Dabou	-	-	-	-	-
	1968	Recensement d'Agboville	-	-	-	-	-

Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
TOGO	1956	Contribution à l'étude démographique et sociologique d'une ville du Togo, Palimé. Dépouillement du recensement administratif de Juin-Août 1956	-	-	-	-	-
	1957	Etude démographique du pays Kabré 1957	D.R. Bordeaux	D.R. Bordeaux	-	-	-
	1958-60	Recensement général de la population du Togo	D.R. Bordeaux et Paris	D.R. Bordeaux et Paris	-	-	ORSTOM Bondy
	1961	Enquête démographique 1961	-	-	-	-	-
	1970	Recensement général de la population, 1er Mars au 30 Avril 1970, Résultats provisoires	-	-	-	-	-
DAHOMÉY	1956	Recensement de Cotonou	-	-	-	-	INSEE Cooy
	1961	Enquête démographique au Dahomey (résultats définitifs)	Statistique Dahomey(?)	Pas de grilles de chiff.	ORSTOM	-	ORSTOM
	1964	Recensement de Cotonou	-	-	-	-	-
	1965-66	Région du grand Hinvi, étude de géographie agraire, rapport de synthèse	-	-	-	-	-
CAMEROUN	1955-56	Résultats du recensement de la ville de Douala 1955-56	-	-	-	-	-
	1956	Résultats du recensement de la subdivision de Mbalayo, Population autochtone	-	-	-	-	-
	1957	Résultats du recensement de la ville de Yaoundé (1957) Population autochtone	-	-	-	-	-
	1958	Résultats du recensement de la ville d'Elbolowa (1958) Population autochtone	-	-	-	-	-

Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
CAMEROUN(Suite)	1960-61	Enquête démographique au Cameroun, résultats définitifs pour la région Nord	-	-	-	-	-
	1962	La population de Yaoundé. Résultats définitifs du recensement de 1962	-	-	-	-	ORSTOM
	1962-64	Enquête démographique au Cameroun. Résultats définitifs pour la région Sud-Est	-	-	-	-	-
	1964	La population du Cameroun occidental	-	-	-	-	ORSTOM
	1964-65	Enquête sur le niveau de vie à Yaoundé, 1964-65	-	-	-	-	-
	1966-68	Un essai d'observation permanente des faits d'état civil dans l'Adamaoua	ORSTOM (Yaoundé)	-	ORSTOM (Yaoundé)	-	-
	1969	La population de Yaoundé en 1969. Résultats principaux, rapport provisoire	-	-	-	-	-
TCHAD	1962	Recensement démographique de Fort-Lamy, Mars-Juillet 1962	En partie INSEE Coop	-	-	-	INSEE Coop.
	1962-63	Enquête démographique par sondage, zone des cuvettes lacustres et ouadis du lac Tchad, rapport définitif	-	-	-	-	-
	1964	Enquête démographique au Tchad, 1964, résultats définitifs	-	-	-	-	-
	1968	Recensement Mars 1968	Fort Lamy + une partie détruite	-	-	-	-

Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffre-ment	Cartes	Bandes	Tableaux
CENTRAFRIQUE	1954	Enquête socio-démographique réalisée dans la région de Bangassou	-	-	-	-	-
	1955-56	Recensement et démographie des principales agglomérations africaines d'A.E.F. IV, Bangui (1955-56)	-	-	-	-	-
	1959	Recensement de la commune de Bambari	-	-	Détruites	-	-
	1959	Recensement des centres urbains de la Kemogribingui : Fort Sibut, Fort Crampel, Dekoa	-	-	Détruites	-	-
	1959-60	Enquête démographique en R.C.A., 1959-60, Résultats définitifs	-	-	-	-	ORSTOM
	1972	Observation permanente pilote	BANGUI	-	-	-	-
CONGO	1955-56	Recensement et démographie des principales agglomérations d'A.E.F. :	-	-	-	-	-
		• n° 1 : agglomération de Bacongo (Brazzaville)	-	-	-	-	-
		• n° 2 : agglomération de Poto-Poto (Brazzaville)	-	-	-	-	-
		• n° 3 : l'agglomération brazzavilloise	-	-	-	-	-
	1956-57	Etude socio-économique du plateau Koukouya	-	-	-	-	-
	1957	Enquête statistique, structure des ménages dans l'agglomération d'Ouenze	-	-	-	-	-
	1958	Enquête d'inventaire dans la zone de retenue du barrage du Kouilou	-	-	-	-	-
1958	Recensement démographique de Pointe-Noire, 1958	-	-	-	-	-	
1958-59	Enquête démographique et agricole dans la région du Kouilou	-	-	-	-	INSEE Paris	

Table 2 cont.

P A Y S	Date de l'opération	T I T R E	Lieu d'archives				
			Documents de base	Grilles de chiffrement	Cartes	Bandes	Tableaux
CONGO (Suite)	1959	Enquête sur la mortalité infantile en milieu urbain	-	-	-	-	-
	1960-61	Enquête démographique 1960-61. Résultats définitifs	-	-	Détruites	-	-
	1961	Recensement de Brazzaville	-	-	Détruites		ORSTOM
	1962	Analyse socio-démographique de la population africaine de Pointe-Noire	Centre	ORSTOM	(Brazzaville)		
	1972	Enquête permanente pilote	ORSTOM Brazzaville	En préparation			
	1974	Recensement	Stat. Brazzaville				
GABON	1960-61	Recensements et enquêtes démographiques	Détruits	Détruites	Détruites	-	-
	1964	Recensement de la population de la commune de Libreville	-	-	-	-	-
	1969	Libreville, son expansion démographique, le recensement du 1er Juin 1969	-	-	-	-	-
	1970	Recensement	Stat. Libreville + ORSTOM Libreville + ORSTOM Paris	Stat. Libreville		Stat. Libreville	Stat. Libreville + ORSTOM Paris
ZAIRE	1955-58	Tableau général de la démographie congolaise	-	-	-	-	-
	1967	Etude socio-démographique de Kinchasa	-	-	-	-	-

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WORLD BANK RESEARCH PROGRAM

Project Proposal

Date of Submission: March 28, 1975

[Draft.]

Attachment to
second proposal on
West African Migration

SECTION A

PART I. PROJECT IDENTIFICATION

1. Title:

Comparative Analysis of Rural-Urban Labor Market Interactions

2. Department Responsible:

Development Economics

3. Staff Member Responsible:

R. Sabot

4. Total Cost (U.S. \$):

\$125,000

5. Total Staff Time (manmonths)

Professional: 12 Special Services: 20

PART II. COORDINATION AND APPROVAL

1. Interdepartmental Coordination:

Department	Name & Signature	Support Project	Do not Support Project-Comments Submitted
a. DRC			
b.			
c.			
d.			

2. Approval:

[Signature]
Division Chief

[Signature]
Department Director

NOTE: Please consult instructions issued August 1973 for completion of this Form and preparation of project narrative.

Do not fill

Date received:

Draft Proposal. Final to be submitted by May 1, 1975.

Review Panel:

PART III. IMPLEMENTATION

1. Date Work to Start: July 1, 1975

2. Date First Draft Expected: May 1, 1977

3. Final Report Due: June 30, 1977

4. Implementation Method:

Names:

- a. Bank Staff R. Sabot
- b. Individual Consultants
- c. LDC Contractor/Institute
- d. Developed Country Contractor/Institute
- e. Seminar.

5. Reports Expected in the First Year:

Inception Report: October 1, 1975

Progress Report: June 30, 1976

PART IV. FINANCIAL AND STAFF DATA

1. Dollar Costs (Estimated Disbursements by Fiscal Year):

	FY 76	FY 77	FY78	After FY	Total
a. Contractual	37,500	35,000	32,500		105,000
b. Travel	8,000	8,000	4,000		20,000
c. Data Processing					
Total	45,500	43,000	36,500		125,000 ^{1/}

2. Staff Requirements (manmonths):

	FY 76	FY 77	FY78	FY	Total
a. Professional	4	4	4		12
b. Special Services	4	8	8		20
Total	8	12	12		32

^{1/} This does not include funding for the West African study. Budgetary discussions with the Population and Human Resources are required.

SECTION B

I. General Objectives and Strategy

The proposal is to organize into a research network economic studies of rural-urban labor market interaction currently under way or planned in various developing countries in Africa and Asia. The project will bring into contact economists engaged in applied research on the same topic who otherwise would be working in isolation from one another, will direct their thinking toward questions of policy, and will introduce a degree of comparability among their studies in definitions and subject matter so that the foundation is laid for a comparative analysis of the phenomena in question. In this way, the individual studies will be improved, the project as a whole will be considerably more valuable than the sum of its parts and a burgeoning field within development economics will be made more relevant to Bank policy concerns.

The project will consist of six country studies and a comparative monograph based on their findings. The country studies will focus on five themes.

- (a) Income differentials, structural change and the magnitude and composition of migration flows from rural areas;
- (b) Consequences for rural productivity and income distribution of movement from rural areas;
- (c) Movement from rural areas and urban employment problems;
- (d) Government policy influences on rural-urban labor market interaction, e.g., wage, investment, agricultural pricing, education, tariff and tax policies; and
- (e) Criticisms of prevailing policies as they influence the labor market and suggestions for reform.

Table 1 lists the various studies, the researchers, with whom preliminary discussions regarding participation in the project have been held, their institutional affiliation and principal source of funds, along with a brief description of the survey work that will be the foundation on which the analysis of the linkages among mobility, employment and income distribution is built. Most of the researchers listed have agreed to participate in the project. It should be noted that the request to the Research Committee for \$125,000 represents less than 10% of the total research costs. The list in Table 1 is not final. An effort is being made to identify other ongoing projects in this research area. The six strongest will be selected for inclusion.

Table 1

Study	Principal Researchers	Institutional Affiliation	Non-Profit Sources of Funds	Survey Locality and Size
1) Bombay	T.P. Ambonnavar L.K. Deshpande	University of Bombay	ILO*	Rural and urban (approximately 6,000 respondents --random sample plus tracing).
2) New Delhi	B. Banerjee	Oxford University and Institute of Economic Growth, Delhi	Rockefeller Foundation	Rural and Urban (approximately 12,000 respondents--random sample)
3) Indonesia	J. Harris	MIT	USAID and US Public Health Service*	Rural and urban (approximately 30,000 respondents--random sample)
4) Siera Leone	D. Eyerlee J. Tommy	(Michigan State University (Ohio State University - Njala University College	USAID and Population Council	Rural and urban (approximately 2,000 respondents--random sample plus tracing)
5) West Africa** (Upper Volta, determined Ghana, Ivory Coast)	Not yet determined	Boston University	Smithsonian Institution* IDRC	Rural and urban (approximately 10,000 respondents--random sample)
6) Nigeria	T. McDivitt	University of Michigan	Not known	Rural and urban (approximately 10,000 respondents--random sample)
7) Kenya	H. Rempel	University of Manitoba	Rockefeller Foundation	Urban (approximately 1400 male migrants--random sample)
8) Malaysia	D. Mazumdar	IBRD	IBRD	Urban (approximately 2000 employers--random sample)

* Subject to confirmation

** For more details on this project see Part B of the research proposal submitted by T. King.

The comparative monograph will focus on the same themes. Economic, demographic, social, political and institutional characteristics of the countries included in the study are sufficiently varied to allow meaningful inferences about behavioral relationships and responses to policies. Heretofore, rigorous analysis of the relationship between migration from rural areas and urban employment problems has been largely concentrated in Africa where the evidence lends confirmation to the hypothesis that when urban wages are maintained at a level above the equilibrium supply price of labor, urban surplus labor becomes the equilibrating factor in the inter-sectoral labor allocation. Before firm generalizations regarding the link between rural out-migration and urban employment problems are drawn and widely applicable remedial policies designed, a comparison is required with areas such as India or Indonesia where, unlike Africa, urban population is a sufficiently high proportion of the national total, that annual increments to the urban labor force derive as much from natural population growth as from migration and where there is land scarcity and evidence of significant levels of rural surplus labor.

To the extent that economic development entails a shift in the composition of production from agricultural to nonagricultural goods and services, with consequent changes in occupational structures and in the spatial organization of the economy from dispersal to concentration, then labor mobility and urbanization are necessary ingredients of the growth process. However, there is considerable evidence that urban labor force expansion, a significant proportion of which is due to the shift of workers from rural to urban labor markets, has in most developing countries tended to outstrip employment growth in modern (high-wage) activities and this process is expected to continue. It appears that in numerous contexts labor mobility is an important contributing factor to both high levels of urban unemployment and poverty in urban (informal) sectors where incomes are downwardly flexible, and this has cast doubt on the extent to which the interaction process is socially beneficial. In addition, the conventional view that as a consequence of mobility, the poorest rural residents benefit directly from industrialization and urbanization and that the labor incomes of rural non-emigrants are also increased must be qualified by evidence that the migration process is selective of individuals who embody relatively high levels of human capital. The study of interactions between labor markets is therefore essential to the analysis of the process of income determination in both rural and urban areas and to the formulation of efficient policies to alleviate problems of unemployment and poverty in developing countries.

Most of the few existing studies carried out by economists in this area, involving field work, are based on surveys of urban areas and are primarily concerned with the determinants of migrant behavior. However, migration is only a means to an end; the process by which a spatial barrier between the individual and his goal is overcome. The significance of the phenomenon of migration is not in the process itself but in the implications of the nature and magnitude of the process for economic growth, the efficiency in the allocation of labor among sectors, and for the distribution of income and employment problems. The consequences of labor market

interaction, particularly for the rural areas, is an issue that has not been seriously addressed. In contrast to earlier work the primary concern of most of the country studies included in this project is with consequences, and their focus both in regard to field work and analysis is on the rural areas.

The analysis of the impact of national government policies on rural-urban labor market interactions has relevance for Bank policy in the areas of rural development, urban poverty redressal and improved distribution of incomes. Consideration of the issues of where on the rural distribution of income urban migrants come and the income consequences for non-emigrants of mobility contributes to the assessment of the extent to which urban investments alleviate rural poverty. Also, the analysis of the responsiveness of rural labor force participants to increases in the probability of finding an urban job contributes to the assessment of whether the employment opportunities generated by such investments reduce the chronic problem of excess supply to urban labor markets. These are examples of other research concerns relevant to Bank policy. When projects are judged solely on the basis of net economic returns then the income groups from which the direct beneficiaries come is an irrelevant consideration as are indirect distributional consequences of the investment. As poverty redressal and the reduction of other social problems assumes greater importance as an aim of the lending program the question of who benefits, both directly and indirectly, becomes central to the design and evaluation of projects and programs.

II. Technical Aspects

The country studies exploit new survey data as conventional data sources are inadequate for the descriptive work and for the specification of econometric models of the behavior of individuals and households that is central to the analysis of rural-urban labor market interactions. The surveys, all but two of which have both rural and urban components, generate detailed information, demographic characteristics, migration status and history, current and past employment and unemployment, incomes and expectations, occupations, job search procedures, remittances, etc., for both migrants and non-migrants.

Censuses are inadequate as information on mobility is scanty and rural and urban incomes are generally not measured. Specially designed urban surveys have made a valuable contribution to the analysis of the role of the migrant in the urban labor market and have successfully been used in conjunction with data sources on the rural areas to rigorously test hypothesis regarding the determinants of migrant behavior. However, they do not generate data appropriate for assessing the returns to migration or the consequences for source areas. Their coverage is limited to the stock of urban migrants, no information is available on those who returned to the source area. Casual evidence suggests that in most contexts the gap between net and gross migration is large and that migrants who stay in

town for only a short period have an important influence on the level of benefits that accrue to rural source areas as a consequence of migration. Also since urban surveys do not generate information on the opportunity cost of migration complementary data sources on rural incomes are required and, when available, these are not sufficiently disaggregated to provide the basis for precise analysis.

The data from the new surveys will be used for econometric analysis to test hypotheses regarding the determinants of migration for various population sub-groups, to assess the responsiveness of migration flows to variables sensitive to policy manipulation and to estimate rates of return to migration. This analysis will yield essential inputs into the more broadly based analysis of the linkages among rural-urban labor market interactions, economic growth, income distribution and employment problems. For example, the relevance of "excessive migration" explanations for urban unemployment and employed surplus labor (which assume that for some rural residents expected net economic returns to migration will be positive even if a period immediately after entering the urban labor force when no income or an income below rural opportunity cost is expected) will be assessed by examining the increase in explanatory power of a human capital model of migration when urban employment probabilities are entered into a migration function. Also, the economic consequences for migrants in urban areas and return migrants will be determined by measuring the private returns to investment in migration which requires a detailed comparison of the income stream of migrants with that of non-migrants with similar characteristics in the source areas. Presumably migration will have positive private returns for those who have left and not returned, though the level is likely to vary among demographic and economic sub-groups. Among returnees the impact of "unsuccessful" migration on income streams opens up the possibility that the returns to investment in migration for the sample as a whole may be negative. More generally such a comparison of incomes is a dimension of the analysis of the consequences of migration for source area. Another dimension concerns the capital transfers that complement labor flows. The value of rural investments in education that are subsequently transferred to urban areas will be estimated as will the value of remittances from migrants.

The quantification of the factors influencing the rate of migration will provide a partial analysis for policy guidelines. However, migration is only one of several types of interactions between rural and urban sectors in product and factor markets. For more detailed policy analysis reliable migration equations will be imbedded into a larger model, the outline of which is still scanty. The model must be designed so that policy instruments appear as exogenous variables subject to manipulation. The model must generate endogenously levels of variables that are considered to be the measures of goal attainment. Most important the relationships within the model must provide a reasonable approximation to the workings of the economy so that the relationship between a policy input and model output is generally correct.

III. Organization

The authors of the country studies will serve as consultants to the Bank. They will work primarily in the countries they are studying and during the writing up stages, at the institutions of their primary affiliation. For each country study local research institutes will provide the base for the field work and local scholars will be involved in research design, survey administration and in some areas, in analysis of the findings.

Two working seminars are planned, one in the near future to finalize agreement on the outline for each of the case studies and for the comparative volume. The relative autonomy of the researchers and the fact that designs are in some cases already determined, together with the diversity in the experiences of the various countries implies that total uniformity in methodology or content is not the aim. The meeting will allow researchers whose work is still in the design stage to benefit from the mistakes and acquired wisdom of others who are further advanced in their work. A second seminar will be held when all of the studies are in draft form and will constitute an editorial review prior to publication.

The principal Bank researcher (R. Sabot) will serve as adviser to researchers in the field and will, in conjunction with another economist, most likely Professor J. Harris of MIT, edit the country studies and author the comparative monograph.

Detailed Budget Estimate

	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>Total</u>
Consultancy costs for the country monographs	10,000	10,000	10,000	30,000
Research costs for the country monographs	15,000	15,000		30,000
Initial Conference	12,500			12,500
Final Conference			12,500	12,500
Consultancy costs and research assistance - comparative volume		10,000	10,000	20,000
Travel expenses (for principal researcher plus consultants)	<u>8,000</u>	<u>8,000</u>	<u>4,000</u>	<u>20,000</u>
Total	<u>45,500</u>	<u>43,000</u>	<u>36,500</u>	<u>125,000</u>

Research

Those listed below

April 1, 1975

D. C. Rao, VPD

Panel to Review Research Proposal

1. A panel consisting of Messrs. A. Karaosmanoglu (Chairman), G. Hyde, G. Brown and S-C. Yang will review the following research proposal on Tuesday, April 8, 1975 at 3:00 p.m. in Room E723.

Proposal

Proposer

Commercial Bank Behavior and Selective Credit Policies

S. Bery

2. Attached is a copy of the proposal and some informal guidelines for review panels.

3. The recommendations of the panel should be sent to me by April 10.

Attachments

Distribution

Messrs. Karaosmanoglu, Hyde, G. Brown, S-C. Yang, Bery, Yenil, Mrs. Hughes

cc: Mr. B. B. King
Mrs. M. Hazzah

DCRao:gm

gm

Already sent #1

WORLD BANK RESEARCH PROGRAM

Project Proposal

Date of Submission: March 27, 1975

SECTION A

PART I. PROJECT IDENTIFICATION

1. Title: Commercial Bank Behaviour and Selective Credit Policies

2. Department Responsible: Development Economics

3. Staff Member Responsible: Suman Bery

4. Total Cost (U.S. \$): \$95,000

5. Total Staff Time (manmonths)
Professional: 12 Special Services: 6

PART II. COORDINATION AND APPROVAL

1. Interdepartmental Coordination:

<u>Department</u>	<u>Name & Signature</u>	<u>Support Project</u>	<u>Do not Support Project-Comments Submitted</u>
a.	<u>T. Iltis</u>		
b.			
c.			
d.			

2. Approval:

Cecilia Bernal
Division Chief

Neil Myer
Department Director

NOTE: Please consult instructions issued August 1973 for completion of this Form and preparation of project narrative.

Do not fill

Date received: 31 March 1975

Review Panel: _____

SECTION B

Narrative Summary:

General Objectives

Commercial banks, by their size, their ability to accept deposits and their relatively wide geographic dispersion, dominate the organized financial system in most developing countries. Despite this importance, however, the determinants of their behaviour have been inadequately studied. In consequence, there is no agreed framework for analysing the variety of policies adopted by governments in their attempts to influence the sectoral allocation of bank credit. Even less is known of the effects of such policies on real resource use in the economy. It is hoped that this project will:

- a) Allow evaluation of the effectiveness of institutional innovations and selective credit policies, aiding World Bank Group policy analysis and advice in this area.
- b) Establish an approach to the analysis of banking system behaviour which could be utilized in Bank economic work more generally.
- c) Provide a frame of reference for assessing the possibilities and the limitations of commercial banks as intermediaries for World Bank lending.

Analytic Issues

No ready model is available for the sort of investigation we intend to undertake, although we will build upon suggestive, if fragmentary, investigations conducted elsewhere. Our research will be empirical and will aim at an explanation of bank behaviour by reference to banking legislation, government policies, bank liability structure,

and 'internal' bank policies. To permit generalization, we intend a comparative study of several country experiences, and intend to keep the framework of investigation reasonably flexible to accommodate country-specific considerations. In assessing the impact of selective credit policies we will attempt to distinguish between proximate and 'ultimate' users of funds. The degree to which this is feasible will depend on data available on the structure of sectoral finance, on trade credit and on the linkages we can establish between the banks and the informal credit markets. Extensive primary data generation is not contemplated at this stage. Some modest efforts may be necessary, however, to fill gaps, particularly in the area of user statistics. It is expected that the study will define data needs in a systematic manner which can be followed up by national research organizations (including central banks) or be the subject of a future phase of the project.

Organizational Aspects

Governmental endorsement of our efforts will be essential; to allow for refusals and slippages we have prepared a short-list of seven countries - The Philippines, Korea, Malaysia, Turkey, Kenya, Brazil and Mexico - of which we propose to study four. The work will be undertaken by Suman Bery (staff), J.K.S. Chandhi (consultant) and V.V. Bhatt (seconded by E.D.I.) in Washington in collaboration with Central banks and local research institutions. We have made preliminary contact with the Getulio Vargas Institute in Brazil and CEMLA in Mexico. Preliminary contact has been made with the Philippine Central Bank. This contact will be followed up by the Basic Economic Mission to the Philippines.

RESEARCH PROPOSAL: COMMERCIAL BANK BEHAVIOUR
AND SELECTIVE CREDIT POLICIES

March 27, 1975

Public and Private Finance Division
Development Economics Department

TABLE OF CONTENTS

	<u>Page No.</u>
I. Introduction	1
II. Objectives and Rationale of the Study	2
III. Method of Analysis	7
Methodological Issues	7
Detailed Analysis	8
Resource Mobilization	8
Loan and Portfolio Policies	9
Interest Rates and Other Terms	11
Investment Banking Activities	11
Control	11
Institutional Innovation	12
Informal Markets	12
Country Choice	13
IV. Organizational and Budgetary Aspects	16

RESEARCH PROPOSAL: COMMERCIAL BANK BEHAVIOUR
AND SELECTIVE CREDIT POLICIES

I. Introduction

It is conventionally believed that in most developing countries, the banking sector has been extensively studied. While the materials on banking in LDCs are, indeed, extensive a detailed examination indicates that they are overwhelmingly descriptive in nature, emphasizing the structure of the commercial banking system, its form of organization, its relationships with the central bank, etc. 1/ There is little in this literature which attempts an analysis of the behaviour of the banking system--the determinants of its deposit structure, the efficiency of its resource mobilization, or the pattern and determinants of its portfolio and loan policies. Some recent studies 2/ do examine the banking system as a component in the overall finance of development, but these studies are typically at a very high level of aggregation.

There has been a similar absence of analysis of the behaviour of the banking system (other than DFCs) in the Bank Group's own economic work. In country economic reports interest in banking activities is focussed on aggregate demand and stabilization issues: growth in aggregate credit, money supply, banking system liquidity. In the absence of an established framework for analyzing commercial bank portfolio behaviour, comments on selective credit measures are scanty and generally based on ad hoc reasoning. Equally, the absence of any normative framework for judging the 'optimal' distribution of bank credit leads to mere description, usually at an extremely aggregate level, of the sectoral distribution of commercial bank resources. Where judgements are passed they are usually based on the assumption that credit to 'trade' is bad while credit to the 'productive sectors' is good. Somewhat more attention is given to the commercial banks in the reports of IFC's Capital Markets Department, though here, too, the treatment is primarily descriptive. A similar descriptiveness characterizes the IMF's operational

1/ This bias towards description can probably be traced to the classic studies by R.S. Sayers, ed., Banking in the British Commonwealth (Oxford, 1952), W.T. Newlyn and D.C. Rowan, Money and Banking in British Colonial Africa (Oxford, 1954) and B.H. Beckhart, Banking Systems (New York, 1954). That such a bias has persisted into more recent treatments may be observed from an examination of the following representative studies: U.T. Wai, Burma's Currency and Credit (Bombay, 1962); S. Hasine, Role of Banking in the Economic Development of Pakistan (Lahore, 1963); D.D. Psilos, Capital Market in Greece (Athens, 1964); M. Heth, Banking, Institutions in Israel (Jerusalem 1966); H.N.S. Karunatilake, Banking and Financial Institutions in Ceylon (Colombo, 1968); A. Basch and M. Kybal, Capital Markets in Latin America (New York, 1970); R. Emery, Financial Institutions of South East Asia (New York, 1970) J.S. Gallardo, Structure of the Financial Structure of the Philippines, 1950-1970 (Manilla, 1972).

2/ See, for instance, A. Rozental, Finance and Development in Thailand. (New York, 1970); Sogang University, Study of Money Market and Industrial Investment Financing in Korea (1970); P. Drake, Financial Development in Malaysia and Singapore. (Canberra, 1969).

country reports; and they share the preoccupation of Bank country reports with stabilization issues. IMF research in this area has been largely concerned with the money supply process and with the effects of monetary policy instruments in influencing aggregate behavior of the banking system. There appears to be no ongoing or recent research work, either at the Bank or at the Fund, on the allocative effects of commercial bank behaviour or on the impact of selective credit policies in influencing credit flows and real economic variables.

Thus, despite the predominance of commercial banks in the organized financial systems of most developing countries, and despite the variety and frequency of policy intervention by governments in their attempts to influence the allocation of commercial bank resources, no established method exists for studying the performance and behaviour of the banking system. Our intention is to study the banking systems of a small number of specially selected countries in an effort to develop a mode of analysis which could then be adapted to the study of banking systems in other countries. Currently, no such paradigm is available though we will build upon suggestive, if fragmentary, investigations which have already been conducted.^{1/}

II. Objectives and Rationale of the Study

Our interest in the commercial banking system derives from several considerations:

- a) Commercial banks (which we define as depository financial institutions) are the dominant financial institutions in LDCs. As a result, marginal changes in their operations may result **in substantial** re-direction of resources.
- b) Commercial banks have access to the deposit resources of the society. Influence over the use of these resources allows the government to provide funds to priority sectors without expending fiscal resources or needing to indulge in unnecessary credit creation.
- c) The geographic coverage of the commercial banking system tends to be the most extensive of any financial institution. This fact can be exploited to provide access to target groups who may be beyond the reach of other financial institutions.

^{1/} Our proposed initial scheme of investigation is derived largely from the relevant sections of B. Tew and R.F. Henderson, eds, Studies in Company Finance (Cambridge, 1959); L.C. Gupta, Changing Structure of Industrial Finance in India (Oxford, 1969); Yao, ed., Monetary Factors in Japanese Economic Growth (Kobe 1970); and J.K.S. Gandhi, Capital Markets and Economic Development: Indian Experience (Unpublished ms.). Our **proposal** is wider in intent, however, for we wish to try to distinguish between the initial recipients of credit flows and the "ultimate" users.

- d) As far as 'modern' commercial banks are concerned (i.e., excluding indigenous banks, discussed below), an established regulatory framework already exists through the Central Bank, and the nature of this framework is usually such as to permit extremely flexible, intricate and selective policy intervention.
- e) Despite the lack of analytic interest shown by the academic community and by the international organizations, LDC governments have been keenly aware of the importance of commercial banks and have gone ahead with all manner of intervention in banking operations. This intervention is usually piecemeal, often poorly thought out and may in many cases have consequences quite different from those intended by the policy makers. There is thus an urgent need to document the variety of the policy action that has been taken in various countries, because some of it may be worth replicating elsewhere. There is also a need to bring some analysis to bear on individual country experiences so that some judgments may be made for policy advice in this area more generally.
- f) Finally, the prospect of greater use of commercial banks as intermediaries for WBG lending operations has been raised in at least two recent Bank policy documents. ^{1/} Understanding the behaviour of commercial banks in a variety of contexts more fully than we presently do would greatly assist in the proper design of such projects.

Even cursory examination of financial structures in developing countries shows that commercial banks dominate the financial system in the early stages of development, other financial institutions becoming increasingly important at later, more advanced, stages of development. This pattern has been widely observed and amply documented, most notably by Goldsmith. ^{2/} Such studies invariably utilize data appertaining only

^{1/} See Agricultural Credit, World Bank Paper - Rural Development Series, August 1974, pp. 53-54; Operations Evaluation Report: Development Finance Companies, Report No. 485, July 26, 1974, pp. 112-114; and Financing the Development of Small Scale Industries, IBRD Research Project (RPO 277) Report prepared by D. Kochav and others, July 1974, pp. 42-43.

^{2/} See, for instance, Financial Intermediaries in the American Economy Since 1900 (Princeton, 1958) and Financial Structure and Development (New Haven, 1969).

to banks in the organized sector. But many countries--for instance, India or Korea--have important networks of financial institutions which perform the essential functions of banks but which differ markedly in style and organization from the more familiar models. ^{1/} Though such institutions are frequently neglected in studies of the banking system it is our intention, wherever the data permit, to study the operations of the organized banking sector not merely with reference to its loan and interest rate policies but also with respect to the linkages between the organized sector banks and unorganized financial markets. A proper assessment of the role of banks requires that due attention be paid, wherever possible, to the activities of the 'indigenous' institutions.

Our interest in explaining the pattern and determinants of bank behaviour is not as an end in itself, but rather as a prerequisite to the evaluation of the effectiveness of selective credit policies. To the extent that we do succeed in making defensible judgements on the working of such policies the experience of the countries studied may provide a guide for policy planning in other countries. Today few, if any, LDCs, operate in an environment of pure laissez-faire; even the most market oriented country is interested in stimulating or supporting some favoured sector, be it foreign trade, or small business, or agriculture. Accepting as a datum such preferences - which may be challenged on other grounds - it is necessary to know how they may be implemented. Policies may be designed to divert financial flows (or subsidize them) to such sectors; or more direct real sector oriented policies may be used. Our case studies have direct relevance in evaluating the efficacy of such financial policies and thus the conditions under which the financial system may be used to influence sectoral decisions.

The experience with selective credit controls in developed countries, especially the UK and the USA, is generally not of direct relevance to policy planning in the LDCs. In addition to the customary difficulties of transferring policy lessons across countries with disparate industrial and financial structures it may be noted that in Britain and the USA selective controls have been used largely to inhibit or restrict the credit flows that the market mechanism would otherwise have produced, and not to encourage credit flows to specially favoured sectors. For instance, by altering the terms (deposit ratio and repayment period) upon which instalment credit is offered it is possible to influence the volume of credit granted. If the controlled terms upon which instalment credit may be offered are more restrictive than those which would otherwise have been offered by the issuing institutions the volume of credit will be restricted; if, however, the controlled terms are

^{1/} The literature on the unorganized financial markets is quite extensive, but illustrative reference may be made to U.T. Wai, "Interest Rates Outside the Organized Money Markets of Underdeveloped Countries," IMF Staff Papers (1957), pp. 80-142; G. Karkal, Unorganized Money Markets in India (Bombay, 1967) and C. D. Campbell and C.S. Ahn, "Kyes and Mujins," Economic Development and Cultural Change (1962), pp. 55-68.

easier than those preferred by the banks and the credit companies it is evident that the volume of credit will be unaffected by the controls. A substantial part of the interest in selective credit policies in LDCs arises from the hope that they may be utilised to influence positively, not merely negatively, the volume of credit. Further, in developed countries the interest in selective controls is mainly centered on the size of the credit flows whereas in LDCs the concern is typically wider, generally comprehending the terms, including the interest cost, upon which the credit is provided. A study of the behaviour of the banking system, including the activities of the informal markets, is basic to the examination of the operation of selective credit policies.

Although our proximate interest in the study of selective policies lies in the effect they may have upon the volume, structure and terms of credit flows, in the final analysis our interest with such policies is centered upon the effect that they may have on influencing the pattern of real production or trade. It is essential, therefore, to attempt to distinguish between an impact effect of a policy and its subsequent effects, for the initially favoured recipients of funds may, in some, circumstances, act as conduits of funds to other activities. (This transference is not necessarily objectionable if, for instance the objective of the special credit policy is to favour a specified group or individual, rather than a particular activity.) This process has rarely been addressed in the literature. Our focus will be on the users of credit, not merely the issuers, to permit us to explore the possibility of such leakages or slippages. The acid test for the efficacy of selective credit policies should not be the influence upon credit flows but the effect on the pattern of production and trade that they are designed to influence. If the slippages are very great it may, despite the well known administrative difficulties, be more efficient to intervene directly in the real sector.

This is an area of major intellectual and analytical importance and our investigation should be able to provide some insight into it. The difficulties, both analytical and empirical, of unravelling initial flows from their effect upon final productive patterns is fully appreciated; however we believe that, at the very least, our study should help to identify more clearly such problem areas even if we fail in establishing the links. While our evaluation will be restricted to policies that seek to influence commercial bank resources, our findings will have implications for other sorts of selective credit policies as well. In particular we hope to reach some judgments on the circumstances under which priority sectors are better served by the establishment of new specialized financial institutions as against circumstances under which operating through existing institutions, notably the commercial banks, is preferable.

The tendency has so far been to favour the creation of new institutions. At times such a procedure may be necessary, for existing institutions may be so entrenched in their traditional habits and policies that it may not be feasible to alter their policies. However, given the quantitative dominance of the banking system in such countries, efforts to

influence their activities are especially warranted, since even marginal changes may be quite important in terms of the relative quantities of funds affected. Further, it is often argued that the establishment of new and possibly alien institutions may be counter-productive, especially in traditional societies, and that modernization is frequently more efficiently effected by altering existing, familiar, institutions. ^{1/} It may be noted, further, that the proliferation of new institutions may impose heavy costs in terms of the increased demands upon the pool of managerial talent, a resource usually in very short supply in most developing countries; in small societies with simple financial structures there may be scale economy reasons, in addition, for not generating new institutions, unless it is concluded that the existing institutions cannot be altered in their behaviour.

The interests of the World Bank in an exploration and clarification of these issues are evident. As noted earlier, government policies affecting the direction of credit allocation receive cursory attention at present in most Bank economic reporting and policy analysis. The development of a framework for analyzing these issues in this project will, it is hoped, then be useful for Bank reporting, enabling staff to deepen the understanding of this aspect of government policy activity. In addition there is increasing interest in using commercial banks as intermediaries for Bank Group, lending in both agricultural and industrial sector projects. For the effective design of such projects we need to know much more than we now know about the determinants of commercial bank behaviour and the role of various governmental policies in affecting this behaviour. Given the substantial stimulus that the Bank has given to the establishment of new, specialized institutions in many developing countries, any assessments the study may offer on the advisability of this course of action would be pertinent to a wide range of Bank Group operation in the financial sector. More fundamentally, such analysis as we are able to perform on the flow of credit from proximate borrower to ultimate user could have substantial significance for existing bank credit projects, which implicitly assume that the proximate borrower translates his increased access to funds directly into increased investment in productive assets. Finally, as a result of this study we hope to establish the type of data that are needed for an efficient and reliable evaluation of financial systems, particularly on the user side (aggregated balance sheets and sources and uses of funds statements). The Bank may have a significant role to play in encouraging, even by providing technical and financial assistance, the generation of such data, and thus facilitate knowledge and understanding of the operation of the financial system.

^{1/} See, for instance, C. Geertz, "Rotating Credit Associations," Economic Development and Cultural Change (1962), pp. 211-263 or G. Myrdal, Asian Drama, 3 vols, (New York, 1968), passim.

III. Method of Analysis

Methodological Issues

We have already said that there is no widely accepted framework for the analysis of financial institutions in economic development. ^{1/} Nor do we have a substantial body of past studies showing how the banking system behaves--such studies are somewhat lacking even in otherwise well studied countries, such as the U.K. Accordingly a careful but somewhat open study will serve to suggest further avenues of investigation; the data may be of dubious quality and will, in any event, vary widely in coverage and quality between countries so that in an effort to engage in rigorous cross-country tests we may be reduced to a de minimis study. It is not necessary, however to degenerate into mere formless description, of the type rightly characterized as vulgar empiricism or "facts without theory".

Our approach does not in any sense preclude the use of quantitative techniques - either parametric or non-parametric - for the testing of specific hypotheses as they arise in our study, and we fully intend to exploit these techniques where they appear appropriate. Our concern is more that we should not constrain ourselves to a rigid a priori framework in depending exclusively on such techniques.

There has been increasing interest in the construction of models of optimal behaviour of financial institutions, usually using programming techniques. Such models can be utilized for policy planning only if the underlying behavioural relationships and constraints upon which the model has been constructed are realistic. The type of investigation we propose is a necessary precondition for building models of adequate realism to have relevance for policy purposes.

Before elaborating the types of investigation that we plan to undertake, it may be useful to summarize the questions which, it is hoped, the investigation will answer:

(1) How do the banks finance their operations, and how has the structure of financing altered through time? What factors may be adduced to explain such structures and changes therein? What are the appropriate measures of efficiency in assessing the mobilization of resources by the commercial banks and how do the banks rate according to these various measures of efficiency?

^{1/} McKinnon's and Shaw's recent studies are really focussed on monetization of the economy and do not provide a usable framework for the structural and behavioural problems we are concerned with; the Gurley/Shaw thesis is at too high a degree of generality to be directly of use. The framework implicit in our earlier argument suggests, as do those adopted by Patrick and Cameron, a rather eclectic approach. See: Ronald I. McKinnon, Money and Capital in Economic Development, The Brookings Institution, Washington, D. C., 1973; Edward S. Shaw, Financial Deepening in Economic Development, Oxford University Press, 1973; John G. Gurley and Edward S. Shaw, Money in a Theory of Finance, Brookings Institution, Washington, D. C., 1960; Hugh T. Patrick, "Financial Development and Economic Growth in Underdeveloped Countries," Economic Development and Cultural Change, Vol. XIV (January 1966); and Rondo E. Cameron (ed.) Banking and Economic Development: Some Lessons of History, Oxford University Press, New York, 1972.

(ii) Whom do the banks finance, directly as well as indirectly, (e.g., through their finance of other financial institutions, including indigenous banks, through the pattern of trade credit flows)? What activities are financed? What are the attributes of the borrowers? To what extent can we distinguish between the initial borrower and the "ultimate" user? How can we explain this pattern of activity, once it has been identified? To what extent are bank portfolio policies influenced by the pattern of the financing of the banks? By other "internal" constraints, such as collateral requirements, risk aversion or customer relationships? By central bank or other governmental regulations?

(iii) What are the terms, both price and non-price, on which loans are made? How do these vary with respect both to attributes of borrowers and of the loan? What effect do these have on the structure of the use of funds?

(iv) Can we effectively channel financial resources towards priority sectors? What policies may be so utilized? Under what conditions will funds so channelled result in the desired changes in real activity?

Detailed Analysis

At the outset we must emphasise that the approach of investigation ultimately adopted will be dictated by the quantity and quality of the available data. The broad general approach to our study that we sketch below is, in some senses, an ideal--though, hopefully, a not totally unrealistic one--which may need to be modified, even substantially, for some countries. We assume that while it may be possible to reprocess some existing data, limitations of time and finances will not permit us to generate much entirely new data. We hope that for the countries selected we can obtain suitable data for a number of years and not merely for a benchmark date. Such data would allow both time series and cross-section studies, thus enabling us to study the evolution of a single banking system, the comparative evolution of different systems, and the actual comparison of behaviour of different systems. If at all feasible we will avoid a study which is solely a cross-section analysis at a moment of time, for the difficulties in imputing behaviour are magnified in such an approach.

A full study of bank behaviour must comprehend policies of the system both towards resource mobilisation (the liabilities side of the balance sheet) and its asset/portfolio/loan policies. Studies of the former dimension are frequently neglected, yielding an incomplete picture of bank behaviour.

Resource Mobilisation: The traditional concern with the money supply and with monetisation of the economy often ignores the consideration that the structure of the money supply may be of major importance. Currency holdings may be viewed as a loan to the government, deposits as a loan to the banking system, so that changes in the structure of the money supply may significantly affect the structure of loans and expenditures in the economy. Currency and deposits are generally not as close substitutes in LDCs as in the UK or USA, so that bank behaviour may be quite important in determining the volume and structure of bank deposits. This dimension of the problem may, in turn,

interconnect with central bank policy, for banks are frequently constrained as to the level of interest rates they can pay on deposits; indeed, often they are not allowed to pay any interest on current deposits. This may be particularly important in capital-short LDCs where the real rate of return on capital may be expected to be high. Further, the costs and structure of the sources of funds of banks are of major importance in examining constraints on portfolio policy--including the most questionable claim by bankers and even central bankers that banks should not make long term loans in excess of their long term funds.

Thus an examination of the volume, structure and costs of sources of funds of the banking system should constitute the starting point of the enquiry. Such a study ideally requires not only balance sheet data for the banking system (which are generally available) but also data on the structure of asset holdings of the public or on the structure of savings. These latter types of data are generally subject to significant error, subject to long lags in collection/estimation and, in fact, are frequently not available. The basic study can be conducted on aggregate data dealing with the banking system as a whole. Provided suitable disaggregated data are available it would be of some interest to study separately different classes of banks and attempt to relate differences in liability structure to differences, if any, in loan and portfolio policies.

Loan and Portfolio Policies: A detailed comparative analysis of the structure of assets of the banking system and of changes therein will constitute the central part of the study. This section will have two broad but inter-related dimensions. Very little is specifically known about the actual structure of assets and changes therein of the banking system in specific LDCs, let alone a comparison of such structures and changes between different countries. One of the aims of this study will be to establish these facts. We would next wish to attempt an explanation of such structures. Such explanations would necessarily be in terms both of external constraints (central bank and other governmental regulations) and of internal asset preference decisions (which may range from undue risk aversion to poor bank practices and oligopolistic control.)

More specifically, we would study the entire asset structure of the banks, and not merely the attributes and performance of the loan portfolio. Holdings of cash and other liquid assets (cash, deposits at central banks, deposits at other commercial banks, government securities) reduce the flow of funds available for other purposes, so that changes in the asset structure are of crucial importance in the assessment of bank behaviour. Many, quite disparate, factors may affect this structure--the desire for liquidity, warranted or unwarranted, on the part of the banking system; the (mis)use of the banking system to support an otherwise thin

government securities market; and the sluggishness of the banking system in seeking new outlets for increased funds. It is particularly important, from a policy viewpoint, to attempt a breakdown of the operative factors. We would engage in a detailed investigation of the structure of the loan and investment components, separately, by such variables as:

- a. Size of loan/investment.
- b. Size of enterprise receiving the loan/investment.
- c. Industry/sector to which loans made.
- d. Attributes of the enterprise to which loan/investment made,
in an effort to examine the role of financing new entrepreneurship.
- e. Collateral requirements, compensating balances, and other non-price variables for which data may be available.
- f. Duration of the loan/investment (the transformation issue); ideally utilizing data both on the original duration and on the actual duration to account for any quasi-automatic renewal conventions.
- g. The regional distribution of bank credit.
- h. The stated purpose for which the loan was contracted to the degree this can be documented.

It is our judgement, building upon earlier studies by Tew/Henderson, Yao and Gandhi, that such supplier focused investigations are ideally supplemented with recourse to user statistics; that is, with balance sheet and other financial data, especially for the industrial and commercial sector. Such user statistics are invaluable, for instance, in investigating problems such as the following:

- a. The differential role of bank finance (relative to other sources of funds) for enterprises with differing attributes. For instance, are large firms more or less dependent upon bank finance? Which industries have greater access, relatively, to bank finance, and why? Are there systematic differences in the pattern of bank financing of dynamic as contrasted to stagnant firms?
- b. It is often charged that bank financing in LDCs is inordinately linked to inventory accumulation or, alternatively, accounts receivable--a vestigial remnant of the real bills doctrine. User statistics are the only really efficient way in which to examine this.
- c. Are the enterprises receiving the bank loans the ultimate users or are they conduits to other enterprises? Since credit is fungible and no single source can be linked to a specific single use no authoritative answer to this question can ever be offered. However, an examination of the pattern of net trade credit granted and received may provide presumptive evidence of conduit operations, and variations therein.

Invaluable as would be such statistics for our purpose, few LDCs have comprehensive and reliable company finance statistics-- and in a world where the company sector is not paramount even reliable statistics will fail to capture significant sectors. But the possibility of recourse to such data has influenced, in part at least, our choice of countries to be examined.

Interest Rates and Other Terms: This is an area of major importance but there appear to be few, if any, comprehensive studies available; a quick examination of some major LDCs suggests that the data sources to examine such questions are particularly deficient. This might be a useful point for some special samples, taking due care to capture the non-price aspects of the loans/investments. It is generally accepted that primary instruments and markets, even in countries such as the UK and USA, are characterised by non-price attributes and one would expect such attributes to be more evident in LDCs, especially where the authorities control the explicit interest rate that can be charged.

Investment banking activities: In countries dominated by the Anglo-American model commercial banks typically do not engage in such investment or merchant banking activities as underwriting and floating new issues, debt or equity, or providing venture capital. The German or French models of banking, however, do allow such activities. Investment banking operations and functions of the commercial banks should be studied for those countries where they are permissible; and examined as possibilities for others. Particularly important in the context of an LDC where entrepreneurial talent and managerial skills may be in short supply is the role of the bank as promoter and innovator, a role that has been emphasised by, for instance, Whale and Cameron.

Control: This is an area in which we have no direct experience ourselves and in which our examination of the literature has, to date, proved sterile, so we are not sure how to proceed in its examination; or even whether such an examination is worthwhile. It is often charged, that those banks which are captive to, or associated with, industrial enterprises will behave differently from those which are independent. This may be an important dimension influencing bank behaviour in some countries. To study this influence we would require a country where a part of the banking system was independent and another part, similar on other important parameters, was captive; then we could engage in a comparative study of mobilisation and deposit structures, portfolio and asset policies, interest rates charged, etc.

An alternative dimension of organization and control, as factors influencing behaviour, may be more amenable to study. Some systems are characterised by two classes of banks--nationalised banks and privately owned and operated banks--which co-exist and compete within the same system. The question of whether or not publicly owned banks behave differently, and on what parameters, from privately owned banks is worthy of study.

Institutional Innovation: In some countries the banking system, or at least individual banks have shown considerable creativity in devising new institutional modes for reaching both small savers and small investors in rural and urban areas. It would be useful to document such schemes, and if at all possible to explain what causes banks to undertake such discrete innovation.

Informal Markets: Our discussion of the research approach and frame above has focussed deliberately upon the organised sector commercial banks. We have earlier maintained that the unorganised markets and indigenous bankers are very important in many IDCs. It is futile to hope that we can replicate the type of investigation sketched above for this sector. The data resources pertaining to this sector vary even more widely than for the commercial banks, and we will need to adapt our enquiries to the available information sources.

If we can obtain balance sheets of indigenous bankers we can study their sources of funds, with special reference to those funds obtained from organised sector institutions, the commercial banks and the central bank. In India, for instance, the indigenous bankers have long obtained funds from the commercial banks by the discount of hundis. Thus the links between the unorganised and the organised sectors, however limited or tenuous, may be examined. To the extent that some gaps in the available data may be quickly and inexpensively filled by modest surveying exercises we will be prepared to undertake such surveys.

User statistics may, once again, be of value in examining the relative importance of this sector in the finance of industry and trade. Unfortunately, the role of the unorganised sector is likely to vary inversely with the size of firm and the major users are likely not to be captured in the company finance statistics, even when they are as comprehensive as the Indian. However, though formal statistics on a continuing basis may not be readily available (with the possible exception of S. Korea) the large number of case studies and special studies of the finance of small industry may prove fruitful, if fragmentary sources of data. In addition there are numerous agricultural or rural credit surveys which may provide suggestive data on the operations of the unorganised sector, especially on the level and structure of interest rates.

We would be content with **modest results in this aspect of our** study. If we can establish, other than merely with anecdotal evidence, the importance, both in terms of level and reliability, of the unorganised sector in the finance of productive enterprise and if we can develop techniques by which it might better be integrated into the organised financial sector of the commercial banks and the central bank we would have made a valuable contribution. This might encourage official agencies to collect data on a consistent and continuing basis, thus laying the groundwork for more thorough investigations at a later date.

Country Choice: Granted that our investigation is envisaged as empirical, not theoretical, the following types of studies are possible:

- a) a detailed, intensive case study of one country;
- b) a broad based, extensive study of the experiences of a very large number of countries;
- c) an examination of the experiences of a small carefully selected set of countries.

Although we intend to follow option c) it is recognised that each of these approaches has its individual merits. For instance, given the customary human and financial constraints, a case study of one country permits detailed attention to be paid to the individual institutional structures and constraints. On the other hand, the gain in the richness of detail is more than offset by the lack of a basis for comparison with other country experiences. It becomes difficult to judge how far a specific country's experiences are sui generis and to what extent they can be translated to other environments. On the other hand, broad cross-sectional studies comprehending the experiences of a very large number of countries--of the type, for instance, undertaken by Goldsmith or Wallich ^{1/} --while they do frequently yield grand generalisations do so at the cost of suppressing detail. Such studies are, typically, unable to examine the diversity of types of controls and the variety of the institutional responses. Of necessity, broad cross-sectional studies must be conducted within tighter data constraints, so that the special data sources that an individual country may have cannot be utilised.

The examination of a small set of countries is an attempt to obtain some of the benefits of each of the above polar approaches while avoiding their grossest costs. The study of a group of three or four countries allows one to explore the diversity of individual experiences in considerable detail, utilising the special data sources that may be available in particular instances, so that the fundamental benefits of a detailed case study could substantially, be realised. On the other hand, the necessity of examining a group of countries requires that a broadly similar frame of analysis be adopted so that we are not necessarily restricted to sui generis sorts of conclusions but are able, hopefully, to offer generalisations; the experiences of one country may help to illuminate those of another, thus contributing to our basic aim, the development of a paradigm or framework for subsequent analysis.

Presently it is our intention to select for initial study a set of three or four countries from the following: The Philippines, Mexico, Brazil, Korea, Turkey, Malaysia and Kenya. Any investigation such as ours must depend upon the agreement and even collaboration of the relevant authori-

^{1/} R. Goldsmith, Financial Structure and Economic Development (New Haven, 1969)
H.C. Wallich, "Money and Economic Growth--A Cross-Section Analysis",
Journal of Money, Credit and Banking (May, 1969).

ties in the respective countries. Our short list is thus somewhat larger than the number of countries we actually intend to study in an effort to allow for any slippages that might occur. This group of countries has been selected to afford a diversity of experience with respect to the structural organisation of the banking system, the degree of reliance upon selective credit policies and the specific policies actually instituted. Further, with the possible exception of Kenya, these countries have been relatively extensively studied on other aspects of performance so that we can draw upon a secondary literature; a preliminary investigation indicates that the data base is reasonably complete, though this would vary markedly amongst the countries. ^{1/}

Further, the countries have individual characteristics make them particularly interesting. For instance, the Korean experiments with financial liberalisation since 1962 are well known and worth examining within the framework we contemplate. In addition, Korea has an extensive and well developed system of informal credit markets and a good set of data relating to them so that it offers an invaluable opportunity to examine the links between the two sectors and the diversity in the pattern of financing of enterprises by the two sectors. The Philippines has a banking system with a very large number of small banks, frequently associated with industrial enterprises; it has a particularly extensive and well developed rural banking system and a central bank which is increasingly concerned with directing and influencing the banking system. Brazil offers an opportunity for examining a system under strong inflationary pressures which has had substantial resort to indexing; in addition, there have been major efforts undertaken to alter the sectoral and geographical pattern of the allocation of credit. Turkey gives us the opportunity to examine the impact on behaviour and the pattern of the allocation of credit of different forms of organisation of banks; in the Turkish system government owned banks and privately owned banks co-exist and compete. In addition, Turkey offers a valuable data source since the credit experience of all major loans is centrally maintained. With the possible exception of Nigeria, Kenya has the most developed financial system of the countries in Sub-Saharan Africa, and a central bank interested in influencing the **sectoral** flow of credit. This is complicated, and made more interesting, by the fact that the expatriate banks are of significant importance. Our preliminary examination suggests that the data base for Kenya is not as developed as those for the other countries in our set but it is, nonetheless, among the fullest available for any African country. In addition, there is a reputed university and a thriving research institute so that small scale data generation to fill the most critical gaps is feasible. The inclusion of Mexico in our investigation requires little defense: Mexico has a complex financial system with a network of banks and financieras, which play a major role in the finance of trade and industry; it has one of the most extensive experiences with selective policies to influence the sectoral allocation of credit; despite these efforts its financial system is closely integrated into the international financial system so that it is not insulated from external influences; the data base is good and we can, furthermore, rely upon a substantial body of secondary materials. Finally in the case of Malaysia

^{1/} We present an indicative bibliography and survey of the data base for the Philippines in the Appendix.

there have been some innovations in banking practice in an effort to reach small scale units. In addition there is a useful body of user data on small scale industry that could be exploited, and some preparatory work on the Malaysian system has already been undertaken by one of the proposed consultants.

Organizational and Budgetary Aspects

We expect the project to involve a year's elapsed time, with approximately twelve mammonths each of consultant and professional staff time; however the time schedule will clearly depend on how expeditiously governmental clearances and institutional links can be resolved. The primary responsibility for the project will be with Suman Bery (staff) and J.K.S. Gandhi (consultant). Institutional innovations in commercial bank lending to small scale units will be studied by Dr. V.V. Bhatt on secondment from the EDI. It is hoped that data gathering and preliminary analysis in at least some of the countries can be contracted out to local research institutions. Preliminary contact has been established with CEMLA in Mexico, the Getulio Vargas Institute in Brazil and the Philippine Central Bank. It is envisaged that the data gathering phase would last from July 1975 to December 1975 with a first draft of the study ready in the Spring of 1976.

Since establishing contact with local research institutes and obtaining clearance from governments has to await the sanctioning of this project, it is not possible to prepare a very precise budget at this stage; what follows should be regarded as indicating our best estimates of the amounts likely to be involved:

Indicative Budget: Dollar Costs

	FY 76
<u>A. Contractual</u>	
(i) 3 Consultants 12 mammonths at \$3000 per mammonth	\$36,000
(ii) 2 LDC Institutes	<u>\$34,000</u>
<u>Total Contractual</u>	<u>\$70,000</u>
 <u>B. Travel</u>	
2 Round trips to each of the four countries selected at \$1,500 per round trip	\$12,000
8 mammonths at per diem at \$40 per day	<u>\$10,000</u>
<u>Total Travel</u>	<u>\$22,000</u>
 <u>C. Data Processing</u>	
External Computing Facilities	<u>3,000</u>
<u>Total Data Processing</u>	<u>3,000</u>
Total Dollar Costs	\$95,000

Bank Group Economic Work and The Commercial Banking Systems of Developing
Countries: A Note

This note tries to provide an impressionistic and evaluative account of how the World Bank Group's (WBG) economic work approaches and discusses the activities of commercial banking systems in developing countries. A very wide range of Bank Group documents make at least some reference to the activities of commercial banks: economic reports, country financial sector surveys, industrial and agricultural sector surveys, and appraisal reports on industrial and agricultural credit schemes. In addition to this ongoing work various special exercises also involve discussion of commercial banks: these include the research program, policy papers and Operations Evaluations Department Special Studies. Covering this enormous body of material ^{1/} systematically and comprehensively has not been attempted. Since the fullest discussion of the banking system occurs in economic reports and in financial sector surveys, they are the focus of this note. The stress has been on highlighting the principle concerns of these reports and the major issues that receive discussion.

^{1/} Taking economic reports alone, there were 236 completed between FY71 and FY74 (210 Updating, 26 Basic) according to a P&B listing.

1. Updating Economic Reports

The scope of updating reports varies widely through the Bank. In some cases the updating report is no more than the inclusion of the latest year's figures in the major macroeconomic tables, while in others the sectoral analysis can be as comprehensive as in a basic report. It still seems fair to say though that the primary interest of updating reports is with recent events in the macro-economy, and this posture extends to the discussion of the banking system as well. The typical updating report will therefore pay explicit attention to the growth in the money supply, and growth in credit extended by the banking system, usually in the context of a discussion of aggregate demand and price trends in the economy. If monetary policy instruments have been deployed as measures for regulating aggregate demand these will usually be described in the report - less often will there be any critical evaluation of the likely effectiveness or of the rationality of the measures adopted. The usual tenor of the discussion is in terms of "the banking system" as a whole, that is to say comprising both the central bank and the commercial bank. In this context a great deal of attention is paid to the distribution of credit between the public and the private sector. This interest derives less from a concern as to whether the public sector is "preempting" an inordinate share of total credit, than out of a concern for the money supply implications of central bank lending to the public sector.

This group of aggregate demand issues tends to dominate the discussion of commercial banks in most updating reports. Another fairly widespread concern, also at what one might call the macro level, is with

the level and structure of domestic interest rates, and with the apparatus of government regulation and control of interest rates. Attempts are sometimes made to collate rates offered and charged on a variety of instruments and transactions; such information is usually only available for one date rather than as a time series.

It is an article of faith in the bulk of these analyses that positive "real" interest rates must be offered to depositors and savers. This is occasionally explicitly rationalized in terms of presumed effects on the domestic savings rate, or the proportion of savings held in financial form. Where such rationalization is not given, the proposition is regarded as self-evident. High lending rates are occasionally seen simply as the price to be paid for offering higher rates to depositors. In more sophisticated analyses, the allocative role of higher interest rates is also cited. Somewhat surprisingly though, the deleterious effects of "financial repression" on the banking system tend to be overshadowed by other considerations - thus the pleas for interest rate liberalization arise more often from concern for domestic bond floatation by DFCs, or desires to "develop the bond market" than out of much concern for the effects of these policies on the behaviour of the commercial banks themselves. The consideration that freer interest rates in the organized financial sector could lead to an integration of the organized and curb markets is also seldom considered.

Most discussion of commercial banks in updating reports, then, is at the macro level and is concerned with demand management issues and interest rate issues. Institutional issues and credit allocation issues

are discussed with much less regularity. Where institutional arrangements are mentioned at all, they tend to be confined to a cursory paragraph giving the number of banks, their ownership (whether public, private or foreign), occasionally their relative sizes and concentration. Once in a while there will be just a mention of the regulatory powers possessed by the central bank, and the degree to which they are used.

Apart from the concern with credit granted to the public sector, mentioned above, the issue of the end use of resources allocated by the commercial banks is treated extremely superficially by updating reports, when it is touched on at all. This is at least partly because only a few of the countries studied themselves collect information on the proximate destination of commercial bank credit. Even when they do, the sectors are defined extremely aggregatively - usually no more than six or seven: Agriculture, Industry, Construction, Trade etc. Working from such information, it is not surprising that the textual discussion of the facts is limited to 'escalator economics': the share of agriculture in bank credit rose, that of industry fell and the like. Where the government (or Central Bank) has prescribed detailed portfolio requirements, these will be mentioned but the discussion usually remains at the level of simple description. Seldom is any attempt made to assess the effectiveness or the judiciousness of these policies. More generally, there seem to be no accepted normative criteria for deciding whether a given allocation of commercial bank credit is 'good' or 'bad'. The bias in many of the reports is that credit for 'trade' is 'unproductive' and therefore reprehensible while credit for agriculture and industry is 'productive' and should increase its share in total bank credit under practically all circumstances.

Again, in an attempt to find a normative frame, the assumption is made that the distribution of bank credit should reflect the distribution of value added in GNP, or at least that the incremental distribution of bank credit ought to reflect the incremental changes in the distribution of value added in the economy. No explicit attempt is made to justify this position.

Some discussion of the portfolio practices of the commercial banking system is found in the discussion of the financing of individual sectors, particularly industry and agriculture. What is striking, though, is the degree to which the problem of finance in both these sectors is seen as being one of lengthening the term for which credit is granted. With this focus, the commercial banks are again treated extremely summarily. It is not unusual to find them dismissed in an opening sentence or two, as providing "most of the short-term financing needs" of the sector, with whole paragraphs subsequently being devoted to the activities of various specialized institutions whose major virtue is that they lend long.

To sum up, commercial banks are at the periphery rather than at the centre of consciousness in updating reports. While the intermediation and allocation of resources through fiscal channels commands a great deal of interest and is commented on extensively, the disposition of a large volume of resources through the organised financial system and in particular through the commercial banks, goes comparatively unremarked. By extension, despite the fact that the financial sector is often a major arena for governmental policy action, this activity receives mere descriptive mention, rather than critical appraisal in the standard updating report.

2. Basic Economic Reports

Making generalizations about Basic Economic Reports is altogether more difficult. There are fewer of them, their design tends to be more idiosyncratic, and their structure is more that of a number of essays yoked together on issues that interested the mission, rather than covering a standard menu of topics. Accordingly, when one of **the** mission members has taken explicit notice of events in the financial sector a great deal of information may be provided, including information on the commercial banks. For this **exercise**, it was not possible to look at all the Basic Reports that have been produced; the scope was restricted to ten, ^{1/} produced mainly in FY74. In addition two earlier economic reports, produced in 1972, **dealt** explicitly with financial intermediation issues. While these were not formally Basic Reports it will be convenient to include them here rather than with the updating reports.

Let us begin with these earlier reports, which were on Ghana and Kenya. Both studies were issued as Annexes to the main report - in the Ghana case the Annex was entitled, "Interest Rates and the Mobilization of Private Savings" and in the Kenya case the title was "The Mobilization of Private Savings". The two titles taken together give a fair summary of the issues that concerned the authors: the role of financial intermediaries in mobilizing private savings (to finance both the public sector and private sector investment programmes) and in particular the role of interest rate policies in fostering such resource mobilization. To quote the Kenya

1/ Listed in Annex 1.

study, "the most important goal of financial reform is to achieve an appropriate structure and level of interest rates so as to encourage a more effective mobilization of savings and allocation of resources." In both studies there is a strong emphasis on the need to establish positive real rates of interest on both the deposit and the loan side. To its credit, the study on Ghana does make an attempt to look at historical evidence (and other country experience) on the interest response of financial savings. It also provides extremely concrete policy suggestions to the government on the yield curve that the government should aim for in its debt instruments. In this discussion of private savings mobilization the commercial banks are seen as the principal intermediaries involved. On the allocation of credit by the banks, the Ghana report refers to the various guaranteed credit schemes (particularly for small-scale industry) operated through the banks and attempts an analysis of the profitability of various bank activities to explain the relative failure of the guaranteed credit schemes. There is a general suggestion made that commercial bank lending to agriculture be stepped up.

Turning to the more recent basic reports, of the ten reports that were looked at, the ones on Turkey and Tunisia carried the most explicit analyses of the financial sector. Since the Tunisian report drew heavily upon an IFC financial survey, it is best dealt with in the context of that discussion. The report on Turkey is notable for an unusually refined analysis of government policies towards the organized financial sector's development, an analysis in which the commercial banks hold centre stage. A great deal of the analysis has to do with the consequences

for bank behaviour of a rigid regime of interest rate controls and barriers to the movement of funds between financial institutions. The results of the interest rate controls are shown to be, firstly, the accumulation of various commissions and charges which make the effective cost of credit much higher than the ceilings are supposed to permit, and secondly resort to various forms of nonprice competition by the banks, including, most importantly, excessive branch expansion.

This report is interesting because its concern with the interest rate issue derives from a different foundation from the usual bank report.

The principal focus in the recommendations on interest rate reform is not the effect on savings mobilization but rather the effects of such reform on the efficiency of the financial system itself, in terms of the mobility of funds within it and in terms of its allocative decisions. Thus "with interest and commissions fixed, banks have no incentive in financing investments which are good but involve risk, leading them to prefer established borrowers to new entrepreneurs, and to prefer credit against discounts and short-term credits rather than medium term investment credits." This report also examines with some care the variety of policies instituted by the Turkish authorities to channel credit into specific uses: specialized institutions with privileged access to specific sources of funds; differential interest rate ceilings, tax exemptions and subsidies, access to central bank funds, quotas and prohibitions on commercial bank lending and differential reserve requirements. While the report assumes that "by and large credit was used for the acknowledged purpose with no more than small leakages to other activities" it goes on to conclude that, "selective credit policies that seek to influence the cost of credit are unlikely to achieve their basic objective of encouraging

the expansion of activities for which the specified credits were intended."

Taking the eight other basic reports which were looked at as a group, the sets of concerns they evince are similar to those of the updating reports. The Basic Report on Kenya drew heavily upon the earlier savings study referred to above and reexpressed its findings: that the main problems were to expand commercial bank lending to agriculture and to raise interest rates to positive levels in real terms. The report on Bangladesh considered commercial banks essentially as vehicles for channelling private savings to the public sector and therefore concerned itself with the issue of the appropriate level of public sector borrowing from the banking system. The reports on Lesotho and the Gambia contained a description of the prevailing institutional arrangements; given the level of the development of the financial system in these countries it would be unreasonable to expect much more. The report on Nicaragua looked at the rapid growth of the money supply and a discussion of agricultural credit institutions. The reports on Dahomey and Senegal contained somewhat fuller discussions of the position of the banking system. The Dahomey report remained at the aggregate level, discussing the government's position vis a vis the banking system, and aggregate credit flows to various sectors. The report on Senegal raised the usual issues of the determinants of the money supply. Its discussion of interest rate policies is coloured by the position of Senegal in the Western Africa Monetary Union, and therefore with the issue of the effects of interest rate policy on international capital movements. The report does get into the sectoral allocation of short-term credit in that

it provides detailed statistical information on the distribution of short-term credit as well as a description of various special credit schemes. The report also contains an Annex on the working rules of the Central Bank of the Monetary Union: since these rules are an important determinant of the volume and composition of commercial bank portfolios, this information is useful.

The emphasis on stabilization issues is also true of the Basic report on India, where the banking system was examined as part of the story on inflationary trends in the Indian economy. The report commented on changes in the structure of commercial bank liabilities and in the composition of the money supply, as well as on commercial bank financing of the government deficit. It also described policy measures the government had taken vis-à-vis the commercial banks to stem money supply growth. Despite the considerable experimentation in redirecting commercial bank credit flows that has gone on in India, these issues were not raised or explored in the report, although the Statistical Appendix includes information on Bank advances to priority sectors.

We have not so far systematically discussed the sorts of information on commercial banks collected for the statistical appendices of these basic reports. Given the tremendous amount of time lavished on the assembly of this data it would be wrong to exclude them from our purview. Virtually all of the reports do provide summary balance sheets of the banking system - often separately for the commercial banks and the central bank. Credit granted by the banking system is usually disaggregated on the balance sheet into public sector and private sector lending; a subsidiary

table will generally provide the classification of commercial bank lending to the private sector by end use, into the broad categories given on page 4. Occasionally there will be some further rearrangement of the banking system's balance sheet into a "factors affecting money supply" framework or a "liquidity ratios" framework. As mentioned earlier, conscientious attempts are made to provide a table of interest rates and yields on a variety of securities, but these seldom exist as a time series.

In summarizing and drawing conclusions from this, we refer to the caveats registered at the beginning of this section. No report, not even a **Basic** country economic report can be comprehensive. Issues that are important in one country may be irrelevant in another. Certain topics may be deliberately ignored by a Basic Report if they have been covered (or are about to be covered) by other reports. It would therefore be unreasonable to expect a discussion of the commercial banks in every Basic Report. It might also be argued that commercial bank activity in each sector is best handled in the context of the financial arrangements for that sector, and that no explicit consideration of the allocation decisions of the institutions involved is necessary.

In response we can only repeat certain points made above. While agreeing that Basic reports ought not to be encyclopaedic, it seems reasonable to argue that the financial 'sector' is of substantial importance to the economy. Most Basic Reports would be considered lacking if they failed to discuss the industrial and agricultural sectors. A similar attitude towards the financial sector seems warranted. We have noted that intervention in financial markets is a major policy activity for most LDC governments. Given the frequency of such intervention and the

central importance that governments themselves seem to accord to their policies in this field, their coverage and analysis in Basic reports is meagre. There is a need to bring these topics under more frequent scrutiny, and to devise a framework within which they can be analysed more coherently and sophisticatedly. The question of whether there is any need to go beyond financing patterns in each sector has been addressed already. We noted that there was a great deal of attention paid in Bank country economic reports to the disposition of resources through fiscal channels, In these discussions there is, at least in theory, the recognition that public expenditure decisions are being made in the context of an aggregate budget constraint. It is this consciousness which leads to the standard analysis of the aggregate public sector resource position and the intersectoral allocation of these resources. Similar considerations apply to the financial sector, and in particular to the commercial banks. The resources they have to dispose of are the voluntary deposit resources of the economy. Most government policy is directed to altering the intersectoral composition of these resource flows, and works at the level of the institutions which take these intersectoral decisions as part of their portfolio policies. Any serious scrutiny of such government policies would inevitably, therefore, have to transcend financial problems in individual sectors to a more comprehensive view.

3. IFC Financial Sector Surveys

In this section we will be discussing a miscellany of reports prepared on the financial sector in various countries under the aegis of the Capital Markets Department of IFC. The body of materials consulted^{1/} are not homogeneous in their format, intended scope or state of completion. They range from a "working paper" on the financing of small and medium sized industry in Brazil to a "Capital Markets Study" in Iran, to a "Survey and Analysis" of the financial sector in Venezuela, to Financial Sector Surveys in Tunisia and the Lebanon. These different titles themselves indicate the different interests of the various reports; we would not expect each of them to cover the same ground. Our purpose, as before, is to capture the flavour of the issues and concerns addressed in these reports, as they relate to commercial banks.

On the whole, this group of studies deals with the commercial banks much more centrally than is common in country economic reports. The fact of widespread government intervention is acknowledged and documented, and the writers of these reports find it necessary to comment on the effects, likely or established, of such measures.

At a more detailed level, a number of these reports describe market organization in the commercial banking system: numbers of banks, their ownership, the degree of concentration of assets, to provide some notion of the competitiveness of the system. In at least two cases (the reports on Iran and the Lebanon) the issue of commercial bank profitability and viability was taken up, as was the question of the desirability of mergers between smaller commercial banks. The overwhelming importance of the commercial banks as a group is usually saluted: thus the Tunisia survey points out that the

^{1/} Listed in Annex I.

majority of financial asset holdings in the country are concentrated in the banking system. The Iran report observes that "the banks are, in a sense the most developed feature of the present market system. Changes of far-reaching impact can be implemented by simple improvements in prevailing bank practices."

These reports do not usually focus on the aggregate demand, macro-balance issues, on the growth in money supply and credit expansion. The interest on the liabilities side is partly with the holding of savings in financial assets, and partly with the effects of the liabilities side on the asset structure. The former concern is intimately bound up with the interest rate issue. The latter relationship was most clearly drawn in the report on the Lebanon, where the reluctance of the banks to undertake term lending was ascribed to the short term nature of their liabilities. This led the authors to suggest that term deposits should be made less liquid than before. Similar fears of the vulnerability and liquidity of the banking system were voiced in the Iran report, which observed that "the banking system is in fact vulnerable to call on a much greater proportion of its assets than is apparent...Commercial banks, like all financial institutions, require as a matter of prudence, to match as closely as possible the term pattern of their lending operations with that of their liabilities."

The issue of the optimal structure and level of interest rates, and the effects of governmental policies in controlling interest rates gets major attention in these reports. In the IFC view interest rates are seen as amongst the most important allocative 'signals' generated by financial markets. The distortions introduced by governmental meddling in the interest rate structure are seen to be serious. The importance accorded the interest rate arises less out of its expected effects on savings mobilization, more

out of its role in allocating financial resources amongst users. Interest rate controls are seen to lead to institutional inefficiency, nonprice rationing to the detriment of the smaller or riskier borrower, and the encouragement of the korb market. Liberalization of controls, it is felt, may reverse some of these tendencies. A fairly lengthy quotation from the Green Cover "Capital Markets Mission Report" on Iran will best serve to indicate the tenor of the argument:

"The level of commercial banks' lending rates, in conjunction with the existing excess demand condition for credit create a condition in which the banks are in a "sellers' market", and are likely factors which account for the fact that the major part of bank credit is extended to favored and convenient borrowers, particularly in trade. Access to commercial bank credit is predominantly determined by the availability of security rather than by the purpose of the loan, the financial feasibility or the repaying capacity of the investment. These bank lending practices tend to disproportionately affect small entrepreneurs and farmers whose finance requirements are mainly for smaller loans and for other than short-term periods, appraisal for which is more difficult and whose risks are considered to be high.... . A policy of gradually liberalizing rates at which commercial banks solicit savings may be one effective means by which some reforms may be achieved. By having to compete for more deposits, banks may find it necessary to increase lending rates in a manner which takes into account rates available from competitors. This should result in greater competition for lending." This greater competition in turn, the report goes on to argue, may be expected to reduce the degree of credit rationing and to encourage the flow of resources to the hitherto deprived sectors. Greater liberalization of the financial market is presumed to have similarly beneficial

effects on the structure of interest rates themselves. Thus, the same report maintains, "... (I)t is through the existence of a more freely functioning market for financial assets that a term-structure will emerge which reflects most accurately and consistently the fluctuating forces of demand and supply for capital. The goal of a freer and more independent market will require time and should be a long-run objective."

Interest rate controls are often introduced by governments as a part of the general regime of selective credit policies, and this overall regime receives some discussion in these reports. Several premises underlie these discussions. They share the view of the Turkey report discussed earlier that trying to provide cheap credit to a priority sector may well stanch the flow of funds to it; this is complemented by a belief that even to smaller borrowers the cost of funds is less important than their availability. Of the techniques of credit allocation available to governments and central banks the use of the rediscount mechanism seems to meet with the most favour. In addition to all this, however, there seems to be a view of the appropriate theatre of action for the various institutions in the financial system. "Among the functions which a financial system should perform are (a) the provision of short term commercial credit, (b) the provision of credit for permanent working capital and for long-term investments and (c) the provision of credit for socially desirable goals which the private sector would not ordinarily finance. These functions normally are served by commercial banks investment banks and government institutions respectively". This view of the world underpins the critique of the selective credit policies of the Colombian government: "The commercial banks are called upon ... to participate heavily in subsidized and long-term credit at the cost of jeopardizing their ability to perform their

primary function". Admittedly the Colombian financial system appears to be an extraordinarily directed one; perhaps, the reactions that it evoked would not hold true in other countries. Thus the Iran report recommends "one way to induce banks to increase their portfolio of longer-term credits and broaden their commitments to non-trade sectors would be by means of various requirements to lend to priority areas on appropriate terms administered by the Central Bank."

The composition of commercial bank portfolios receives some attention above and beyond the discussion of selective credit policies of the government. As we have already seen, the notion that credit to 'trade' is in some sense underdesirable can be found in some of these reports as well. Some of the reports explicitly defined their scope or at least their emphasis as being the financing of industry, and several of these reports marshal the available company balance sheet data to try and assess the role of different sources of finance. The emphasis is on the financing of fixed capital formation although working capital finance is also sometimes discussed. On the whole though the major problem in the area of industrial finance is still seen as being the adequate provision of long term funds for financing fixed capital formation. To the extent that these reports have an overall telos it is to redress this problem.

ANNEX I: Country Economic Reports and
Financial Sector Surveys Consulted

1. Country Economic Reports (Asterisks indicate Basic Reports)

<u>Eastern Africa</u>	Mauritius (268a - MAS)	2/1/74
	Rwanda (422a - RW)	7/24/74
	Kenya* (201 - KE)	1/15/74
	Kenya (AE - 22)	3/20/72 (Annex B)
	Lesotho* (331a - LSO)	6/25/74
<u>Western Africa</u>	Mauritania (243 - MAU)	5/6/74
	Ghana (AW - 32a)	3/9/72 (Vol. V)
	Dahomey* (191a - DA)	8/20/73
	The Gambia* (43-GM)	3/29/73
	Senegal* (212 - SE)	8/15/73
<u>E.M.E.N.A.</u>	Iraq (419a - IRQ)	10/9/74
	Israel (341 - IS)	2/25/74
	Oman (393a - OM)	5/31/74
	Morocco (329 - MOR)	2/7/74
	Turkey* (316a - TU)	4/22/74
	Tunisia* (274 - TUN)	12/27/74
<u>Latin America and Caribbean</u>	Paraguay (299a - PA)	5/10/74
	El Salvador (451 - ES)	5/17/74
	The Bahamas (390a - BM)	6/3/74
	Colombia (138 - CO)	5/15/73
	Ecuador (507 - EC)	8/26/74
	Mexico (547 - ME)	9/27/74
	Nicaragua* (197a - NI)	9/30/73
<u>South Asia</u>	Sri Lanka (407 - CE)	4/15/74
	India* (402 - IN)	5/7/74
	Bangladesh* (455b - BD)	9/15/74
<u>East Asia and Pacific</u>	Korea (332 - KO)	2/20/74
	Fiji (376 - FIJ)	3/27/74
	Vietnam (315 - VN)	1/25/74

Annex I: Country Economic Reports and
Financial Sector Surveys Consulted (continued)

2. IFC Documents ^{1/}

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|-------------|---|---|
| Iran | - | Capital Markets Mission Report.
Report No. IFC/T-82, July 31, 1972. |
| Tunisia | - | Financial Sector Survey, February 28, 1973. |
| Yugoslavia | - | Draft Capital Market Study, July 1972. |
| The Lebanon | - | Financial Sector Survey, Discussion and
Recommendations, April 1974. |
| Colombia | - | The Colombian Financial System, October 1973. |
| Venezuela | - | The Financial Sector-Survey and Analysis,
November 22, 1972. |
| Brazil | - | Financing of Small and Medium Scale Industry,
September 20, 1973. |

^{1/} As noted in the text, many of these documents are in preliminary rather than final form; some are more internal discussion papers than formal reports.

ANNEX II: Other Bank/Fund Work: An Overview

In this Annex we discuss a handful of other documents which were consulted for this exercise: Industrial Sector Reports, DFC and Agricultural Credit Appraisal Reports and Working Papers. For sake of completeness, it was also judged worthwhile to have a look at some of the IMF's work in this area. In none of these cases were the samples consulted sufficiently large to be considered at all representative; even so it seems worth setting down the salient points that seemed to emerge.

(i) Industrial Sector Reports: The sector reports on Ghana and the Philippines were consulted. The Ghana report drew upon some of the conclusions of the savings mobilization report discussed earlier, particularly on the failure of various credit guarantee schemes run through the commercial banking system. In addition the report contains descriptive material on the growth of commercial bank credit to the manufacturing sector, and on the end-use of banking system loans and advances to both the private and public sectors. The report on the Philippines also focuses on special supervised credit schemes for small industries and on collateral problems faced by small scale industries. Statistical information is provided on credit to the manufacturing sector by commercial and specialized banks.

(ii) Appraisal reports: DFC appraisal reports are largely oriented to the institution itself: its policies, financial soundness management etc., and there is not much discussion of the larger environment even for industrial finance. In one of the reports there was mention

of the government's interest rate policies and their effects on the financial sector. On the other hand agricultural credit project appraisal reports usually do carry an annex on the agricultural credit situation in the country as a whole, including institutional credit from the commercial banks. Where there are portfolio requirements on guarantee schemes these are mentioned if not analyzed. These reports can sometimes contain a great deal of information on sector finance flows and patterns. Industrial projects appraisal reports will also contain some description of financial arrangements for the sector where these are pertinent.

(iii) Working Papers: Reference to the latest edition of the World Bank Catalog threw up only one working paper explicitly concerned with the commercial banking system: Christofferson's old (1968) paper on the experience of Brazil's banking system with inflation, and the effects of inflation on the mobilization and allocation of resources by the system, on the profitability of the banks, and on their efficiency as intermediaries.

(iv) IMF Work: Most of the research work in this area done by the Fund (as reflected in Departmental Memoranda produced) is concerned with the money supply process: money multipliers, money demand, monetary policy instruments and their effectiveness. There appears to be no recent work on the allocation side, either unconstrained or under the influence of selective credit measures. The operational documents of the Fund (the background Recent Economic Developments papers that accompany the Board) have a similar macro, aggregate demand focus. They usually cover growth in banking system assets and liabilities, various liquidity ratios and multipliers and 'factors affecting' money supply. Where there are selective credit schemes or legislation, these will be described, particularly if the measures in question were introduced

in the preceding year. Certain reports will contain annexes on the financial system or the banking system. These annexes are characterized more by the accuracy of their institutional description than by any attempt at analysis of bank behaviour.

BIBLIOGRAPHY ON BANKING BEHAVIOR IN THE PHILIPPINES

In order to give some indication of the feasibility of such a study in terms of existing available information, a preliminary survey has been made of material available on banking in the Philippines. A bibliography has been put together of more than one hundred references, covering both data sources as well as descriptive/analytical material. As indicated in Section I, the material is mostly descriptive in nature, and very little was found attempting analysis of banking behavior.

I. General Background

On the general topic of Philippine economic development, the following references provide a reasonable introduction:

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II. Savings-Investment Estimates

A substantial body of literature exists on both real and financial saving in the Philippines. On the real side, the material includes several critical appraisals of the national income accounts (references 1,2,3,4,15 and 16). An important work on financial saving, is by Holey (reference 10); he provides compelling evidence that the Philippine economic development has suffered not so much from the rate of savings, but in the misallocation of these resources. His conclusion that the financial intermediaries have not been effective channels for funneling the savings of the community into industrial investments is certainly an issue worthy of further investigation.

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II. Savings - Investment Estimates (continued)

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VIII Data Sources

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2. Central Bank, Department of Economic Research, Philippine Financial Statistics.
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3. J.S. Gallardo, The Structure of the Financial System of the Philippines, 1950-1970, Manila, 1972, (A report on the research undertaken for the Joint IMF-CBP banking survey commission).
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6. Central Bank, Annual Report, available, 1949-73.
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8. C. Gonzales, The Rural Banking System of the Philippines and the CB-IBRD Agricultural Credit Program, Draft, IBRD, 1974.
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12. Sicat, A.P., "On the Accuracy of Philippines National Income Accounts," Philippine Review of Business and Economics, October 1964, pp. 21-40.
13. Bantegui, B. G., "Questions and Observations on the Article 'On the Accuracy of Philippine National Income Accounts' by G. P. Sicat," Philippine Review of Business and Economics, May 1965, pp. 46-53.
14. Sicat, G. P., "On the Accuracy of Philippine National Income Accounts: A Reply", Philippine Review of Business and Economics, May 1965, pp. 53-56.
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RESOURCE MOBILIZATION (numbers in parentheses refer to references in section VIII)

A. Savings Estimate (based on N.I.A.)

1. Components of gross savings (current prices) - personal savings, corporate savings, general government savings, capital consumption, net borrowing: 1950-70, annual, source (3) (based on data from source 5).
2. National accounts, 1946-67, source (5); critical appraisals of this data, sources (10), (11), (12), (13) and (14).

B. Financial Savings

1. Annual increase in the financial assets of the private sector, 1954-70, source (11).
2. Money supply and deposits with the banking system, in current and constant prices, 1950-73, annual, source (8). (p. 277).
3. Aggregate liabilities of commercial banks, 1949-74, annual, source (1).
4. Deposit liabilities of commercial banks classified by type, 1940-41; 1945-74, annual, source (1)
 - (a) public
 - (b) private.
5. Peso demand deposits and their turnover rate, 1949-74, annual (monthly average), source (1).
6. Domestic commercial banks, comparative analysis of deposits, 1963 and 1964, for 35 banks, both private and government-owned, source (9).
 - (a) individual demand deposits
 - (b) time and savings deposits
 - (c) deposits of public funds
 - (d) total deposits.

ALLOCATION OF CREDIT

A. The Banking System

1. Total assets of the banking system, in current and constant prices, including and excluding central bank, 1950-73, annual, source (3).
2. Total domestic credit classified by borrowing sector (private/public) and lending institutions (central bank/commercial banks), 1950-70, annual, source (3).
3. Total domestic credit of the central bank and commercial banking system, 1940-41; 1945-74, annual, source (1).
4. Ratios of total institutional credit outstanding and of total institutional credit granted to GNP and to GDP, 1953-72, annual, source (3).
5. Ratios of total institutional credit outstanding and of total institutional credit granted to agriculture, fishery and forestry to net GDP of the Sector, 1953-73, annual, source (3).

B. Commercial Banks

1. Aggregate assets of the commercial banks, 1949-74, annual, source (1).
2. Domestic credits of the commercial banks classified by origin, 1940-41; 1945-74, annual, source (1).
 - (a) Domestic credit:
 - national government
 - claims on central bank
 - local government and semi-government entities
 - private business and individuals.
 - (b) Domestic securities:
 - same breakdown as (a).
 - (c) Loans, discounts, overdrafts and customers liability acceptances:
 - same breakdown as (a).
3. Total credits granted by commercial banks classified by maturity, 1960-74, annual, source (1).
 - (a) Demand
 - (b) Short-term
 - (c) Intermediate-term
 - (d) Long-term.
4. Total credits granted by commercial banks classified by interest rate, 1960-74, annual, source (1).
5. Total credits granted, and total credits outstanding of commercial banks classified by nationality of borrower, 1960-74, annual, source (1).

ALLOCATION OF CREDIT (continued)

6. Total credits granted and total credits outstanding of commercial banks classified by type of borrower and type of security, 1960-74, annual, source (1).
 - (a) Private sector:
 - individuals
 - partnerships
 - cooperative
 - corporation.
 - (b) Public sector.
 - (c) Type of security (total credits granted):
 - unsecured
 - secured.

7. Total credits granted and total credits outstanding of commercial banks classified by type of credit, 1960-74, annual, source (1).
 - (a) Loans and discounts
 - (b) Overdrafts
 - (c) Domestic bills
 - (d) Customers' liability acceptances
 - (e) Export bills.

8. Total credits granted and total credits outstanding of commercial banks classified by industry, 1960-74, annual, source (1).
 - (a) Agriculture, fisheries and forestry:
 - agriculture
 - fisheries
 - forestry.
 - (b) Mining and quarrying:
 - crude petroleum and natural gas
 - metal mining
 - non-metallic mining.
 - (c) Manufacturing:
 - 31 sub-groups.
 - (d) Construction:
 - building construction
 - heavy construction
 - highway construction.
 - (e) Public Utility:
 - 8 sub-groups.
 - (f) Services:
 - 6 sub-groups.
 - (g) Trade:
 - domestic trade (Filipinos/Non-Filipinos)
 - foreign trade (Export/Import).
 - (h) Banks and other financial institutions:
 - banks
 - insurance
 - other financial institutions.
 - (i) Real estate:
 - 5 sub-groups

7

ALLOCATION OF CREDIT (continued)

- (j) Consumption.
- (k) Public Sector:
 - national
 - local
 - government corporation.

9. Asset holdings of individual banks: 32 private domestic banks, 3 government-or semi-government-owned, 1963 and 1964, source (9), Tables G, L, N.
10. Asset holdings of Philippine National Bank, 1958-73, annual, source (7).

C. Savings Banks

1. Total loans granted, classified by maturity, 1960-74, annual, source (1).
2. Total loans granted, classified by interest rate, 1960-74, annual, source, (1).
3. Total loans granted and outstanding, classified by nationality of borrower, 1960-74, annual, source (1).
4. Total loans granted and outstanding, classified by type of borrower and type of security, 1960-74, annual, source (1).
5. Total loans granted and outstanding, classified by industry, 1960-74, annual, source (1).

D. Development Banks

1. Total loans granted, classified by industry, 1962-74, annual, source(1).
2. Total loans and investments, 1947-74, annual, source (1).
3. Total agricultural credits granted, classified by product, 1961-74, annual, source (1).
4. Loans granted by private development banks, classified by purpose (consumption, commercial, production, capital investment, transfer of assets, public utility), 1962-73, annual, source (6).

E. Rural Banks

1. Source (15) give data on almost all aspects of rural banks - allocation of credit, profitability of banks, interest rates, etc. Generally for years 1953-73.
2. Some of this data apparently taken from source (1).

5

ALLOCATION OF CREDIT (continued)

F. Non-Bank Financial Institutions

1. Loans granted and outstanding, classified by institution, 1947-74, annual, source (1).
2. Loans granted and outstanding, classified by purpose, 1947-74, annual, source (1).
3. Loans granted and outstanding of (a) private and (b) government non-bank financial institutions, classified by purpose, 1950-74, annual, source (1).
4. Savings and Loan Associations: Sources and Use of Funds, 1970-74, monthly, source (2).
5. Mutual Building and Loan Associations: Sources and Use of Funds, 1970-74, monthly, source (2).

INTEREST RATES

1. Interest rate on savings deposits and time deposits of banking institutions, 1956-1970, source (15).
2. Structure of lending rates of banks and other financial institutions, 1970, source (7).
3. Interest rates for commercial and savings bank credits granted, 1970-74, monthly, source (2).
4. Interest payment on various government securities, 1971, 1972, annual, source (6).
5. Annual yield of Treasury Bills, 1970-74, monthly, source (2).