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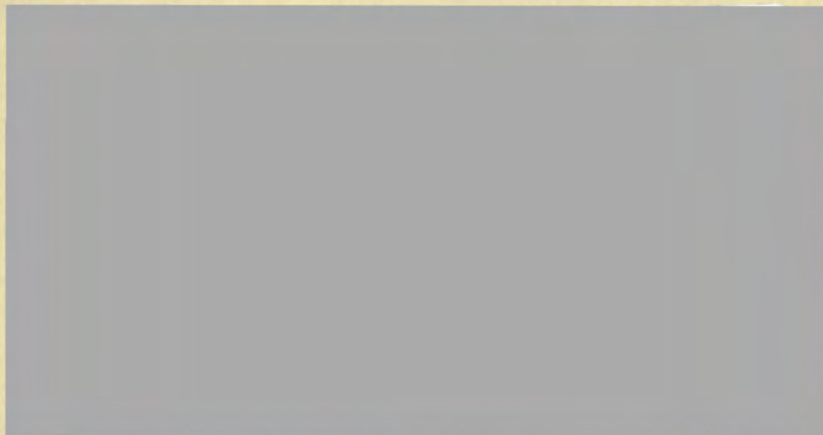
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Hollis B. Chenery papers - McNamara discussions 1980 (Jan. - July)



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Hollis B. Chenery Papers - McNamara discussions / notebooks / memoranda - 1980
(January - July)

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Implementation of GRAP Recommendations
on Research

DATE July 31, 1980

The budget for FY81 contains an increase in the funds for External Research to support various recommendations of the General Research Advisory Panel (Lewis Committee). I attach a memorandum that outlines the proposed uses of funds for applications and dissemination of research and for support of developing country research institutions. These proposals have been discussed and approved by the Research Committee and will be implemented on a trial basis.

Annex I summarizes other measures that have already been taken to implement the GRAP recommendations. The next Annual Report on Bank Research, programmed for January 1981, will provide an appropriate format for reporting to the Board on measures taken in response to GRAP recommendations.

Attachment:

cc: President's Council
Regional Directors
Directors, DPS and CPS
Chief Economists
Research Committee Members

HBC/SA:lt

S. Acharya
July 31, 1980

IMPLEMENTATION OF GRAP RECOMMENDATIONS
ON RESEARCH

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IMPLEMENTATION OF GRAP RECOMMENDATIONS ON RESEARCH

1. A number of steps have already been taken to implement the recommendations of the General Research Advisory Panel Report (See Annex I). This note focusses on additional measures, specially those that may be supported through the External Research Budget. This budget has been increased in FY81 by \$428,000 in FY80 dollars. While this note dwells mainly on the possible uses of external budget funds, it should not be forgotten that, implementing some of the GRAP recommendations entails efforts and resources from other budgetary units.

I. APPLICATIONS 1/

2. As a consequence of GRAP some research applications will be eligible for financial support from the Research Committee. The Committee has recommended that in the first year, FY81, the aim should be to allocate up to \$200,000 from the External Research Budget to proposals which will apply research results and techniques to specific country, sector and project problems. In case well-prepared and conceived requests for application exceed this amount, the Research Committee will be willing to reconsider this initial allocation. Ideally such applications should involve financial and/or staff contributions from three sources:

- (i) The research department responsible for developing the techniques and/or results;
- (ii) The External Research Budget; and

1/ This note draws a distinction between research applications and research dissemination. Applications tend to dominate in those research areas where the output is technique-oriented, e.g., industrial programming models, effective protection/domestic resource cost studies, social accounting matrices, agricultural sector models, etc. In contrast dissemination instruments dominate in areas in which comparative results and insights into patterns and processes of development are the usual output (e.g. urban, labor markets, population and public finance), or where research leads to fresh evaluations of technologies (e.g. in civil works or sanitation and water supply). Like all distinctions, this one is not hard and fast. For example, the results of Bank research on pricing and investment rules in public utilities, transportation, ports, etc., can usefully generate both application and dissemination activities.

- (iii) The Region in which the application is to occur. However, since the Regional Offices have not obtained additional resources for research in the FY81 budget, this last element of a desirable package should not operate as a binding constraint.

Such tripartite financing would have the merit of allowing relatively small contributions from the External Research Budget to catalyse the use of other resources in desirable applications. Wherever possible applications of research results should involve some participation by researchers and officials in the country concerned.

3. Given that proposals for applications may require relatively modest amounts there will be no minimum specified for applications to the Research Committee.

4. Finally, the Vice-President, Development Policy has recently designated, on a trial basis, Will Candler of the Development Research Center to act as a "Research Applications Advisor". His main function will be to act as a broker between the shelf of applicable techniques emanating from research projects, and country and project situations where a legitimate demand for application may be discerned.

II. DISSEMINATION

5. Since most of the measures taken to date have been in this area, it may warrant the lowest priority for additional measures. However, some further steps may be considered:

- (i) Seminars/Conferences for extra-Bank audiences (especially in LDCs). GRAP favored more of these to disseminate the results of Bank research. It may be useful to draw a distinction between (a) seminars to propagate results of individual research projects (or a series of projects in a well-defined area) and (b) seminars or conferences on more general topics. With respect to the latter, it might be more appropriate for the Bank to be financier/convenor of the last resort, since there is no dearth of international conferences or sources of funding for them. With respect to the former, projects which appear to yield valuable results should be encouraged to come back to the Research Committee for financing a dissemination component. This procedure will

have the advantage of keeping the Committee automatically informed of those research projects which yield disseminable results.

- (ii) Dissemination within the Bank will also be enhanced if the Research Steering Groups are successful in identifying operationally relevant research.

6. The Development Economics Department plans to employ an economist/editor, who will specialize in dissemination activities, such as state-of-the-art papers and workshops for country economists.

III. STRENGTHENING RESEARCH CAPACITY IN DEVELOPING COUNTRIES

7. It is obvious that developing countries differ widely with respect to their indigenous research capacity and with respect to the prevailing factors constraining such capacity. It may be useful to distinguish between the following sets of factors limiting indigenous research capacity:

- (i) insufficient number of trained researchers;
- (ii) inadequate infrastructure (computers, libraries, copying machines, office space);
- (iii) inadequate institutional arrangements (including lukewarm government support) for organizing and motivating researchers; and
- (iv) inadequate experience in conducting research to high standards.

8. GRAP's principal recommendation for more collaborative research is only likely to address the last two constraints. Attacking the first constraint would require the expansion/improvement of indigenous institutions of higher education and/or programs for foreign training of promising graduates. The second constraint may be tackled through the infusion of loans, credits or grants, whether from the Bank or some other agency. From the practical viewpoint of the Bank's research program, however, increased emphasis on collaborative research remains the most likely vehicle for immediate action in this field. Post-doctoral fellowships for LDC researchers and "outreach programs" for Bank researchers are two other GRAP suggestions which may merit experimentation in the future. More far-reaching steps, aimed at addressing the more deep-seated constraints may become desirable in the longer term.

9. The financial dimensions of what the Bank offers through its research program are quite small, especially in relation to institutions such as the International Development Research Center and Ford Foundation. The value of the Bank's involvement is more likely to arise from its research experience/capacity and its intimate country knowledge, combined with limited financial support.

Collaborative Research

10. The Bank has been financing collaborative research projects for a number of years (see Annex 2). Some of these projects have involved extended visits by LDC researchers to the Bank and by Bank researchers to collaborating countries. The GRAP report, and the Board discussion of it, strongly endorsed an increase in the frequency of collaborative research ventures and called for deeper involvement of developing country institutions in the design and execution of research projects.

11. As a first step, all Bank research proposals should indicate the nature of collaborative arrangements contemplated and justify their absence if none are proposed. To this end the Secretary to the Research Committee has recently circulated an amendment to the Guidelines for preparing research proposals. Through its decisions on individual research proposals the Research Committee will encourage a greater frequency of collaborative research ventures.

12. In order to deepen the involvement of developing country institutions in the design and execution of research projects and to widen the set of institutions considered for collaborative research, the Research Committee believes that it is desirable to experiment with some new forms of research collaboration. It is difficult to be precise about the nature of such "new style" collaboration. But some of the desiderata can be indicated:

- (i) Compared to many of the collaborative projects in the existing research portfolio, developing country institutions should have a greater role in the conception and execution of studies. This is likely to entail more country-specific research, even though some of it could be organized in a country-comparative framework.
- (ii) A special effort should be made to target such "new style" collaboration towards some countries and institutions hitherto neglected in the Bank's research program. In the case of countries with relatively weak research

institutions, successful collaboration may entail a correspondingly stronger element of Bank staff effort in order to preclude any compromise in research quality.^{1/} This special effort does not imply any exclusion of more established developing country institutions from the Bank's research program, since it may be presumed that the regular ("old style") collaborative projects will continue to gravitate towards them;

- (iii) In order to best exploit existing Bank knowledge of research areas/techniques and country situations, it would be desirable for collaborative efforts to involve significant Bank staff input from both researchers and Regional economists.

13. By way of example, two possible forms of "new style" collaboration are outlined below. The first stresses a country-comparative dimension, while the second emphasizes marrying research to operational needs within a country context.

- (i) A DPS or CPS Department, in consultation with Regions, might choose one or two research themes around which to invite collaborative proposals from a pre-determined set of LDC institutions. The choice of institutions could determine the extent to which an "affirmative action" element is included in the exercise.^{2/} Each research theme would need to be managed by one (or more) Bank researchers,

1/ Wherever possible, the institutions selected should be (or have the potential to be) a viable concern with good links to the policy-making process.

2/ Thus, one can envisage three alternative groupings of countries/institutions, in ascending order of institution building needs and descending order of risk with respect to research quality: (a) a group composed solely of good, established institutions; (b) a group composed of a mixture of good and somewhat weaker institutions; (c) a group composed solely of countries/institutions which tend to be neglected in the Bank's collaborative research.

who would act as entrepreneurs-cum-supervisors for the project. Thus, for example, if a set of intertemporal studies on poverty and income distribution is invited, it would be necessary to have some prior identification of the relevant researchers, who would manage the venture (perhaps conceive an unifying framework for the studies?) and participate in its execution. A desirable by-product of such thematic, country-comparative research would be the interaction among LDC researchers from different environments and research paradigms. Research proposals of this sort would go through the regular review process, with due weight being given to their collaborative aspects.

- (ii) Another type of collaborative projects could focus on marrying LDC research activities with the Bank's perception of economic and sector work priorities in the given country. Thus, in a given country, Regional economists or researchers might identify and encourage research proposals to be conducted mainly by indigenous institutions, but which fit into the Bank's priorities for economic work. (In some cases the work may best be done as part of ESW.) Aside from identification it would be necessary to have some input from Bank staff (research and Regional) in the design and supervision of the project; the weaker the indigenous institution, the greater the need for Bank staff input. As in the first case, the proposals would go through the normal review process. This version of new style collaboration requires less prior planning of research areas and entrepreneurs in the Bank, and relies more on "enlightened opportunism" on the part of Bank staff. It can also catalyse the desirable objective of enhancing the research component in Regional economic work and speed the use of LDC researchers in the latter. Research applications may be a particularly desirable vehicle for this form of research collaboration.

14. These two possible variants of "new style" collaborative projects are only intended to be indicative of the direction in which the Bank might move to deepen the involvement by LDC institutions in its research program. Other variants may also emerge. In the initial years it may be desirable to experiment with a variety of these forms and gradually develop preferred approaches on the basis of experience. In order to spur experimentation with new forms of collaboration the Research Committee recommends an initial allocation of \$200,000 in FY81 from the External Research Budget, with the possibility of upward revision if the Committee deems it necessary.

Outreach Programs

15. "Outreach" programs for Bank researchers may provide a direct and powerful instrument for strengthening LDC research capacity, especially in countries with young research traditions. Frequently, research institutions in developing countries lack a cadre of experienced, senior researchers, who can lead research teams and generally provide guidance and motivation to younger research personnel. This is the sort of lacunae which can be compensated for through the secondment of Bank researchers. Bank researchers could also learn from working in developing country conditions.

16. Outreach programs might involve secondment of Bank research staff to LDC institutions for 2-3 years. The secondment could occur either within the context of Bank research projects or outside them. Where the researcher continues to work on a Bank research project, the incremental costs to the Bank would be limited to the non-salary expenses associated with regular overseas assignment. Looking ahead, such outreach assignments might become as normal a component of a researcher's Bank career, as regular overseas assignments are for operational staff.

IV. OTHER RECOMMENDATIONS

Post-Doctoral Fellowships

17. GRAP's proposal to establish a program of post-doctoral fellowships in the Bank for LDC researchers is one which has met with little enthusiasm among Bank staff. However, informal polling of staff in developing country research institutions indicates strong support for such a program. At some point in the next 2 to 3 years it may be desirable to experiment with a small program of three or four fellowships. Even an experimental program will need to have certain desiderata:

- (i) The procedure for application and selection should not impose severe administrative burdens. One way of accomplishing this would be to limit the universe of potential fellows to researchers who have participated in Bank collaborative projects.
- (ii) Provisions would have to be worked out to minimize the possibility of permanent "brain drain".
- (iii) To keep costs manageable the benefits/costs of fellowships might be based on the package currently operating for EDI participants.
- (iv) For fellows to benefit from the Bank's research environment, host departments would need to exercise responsibilities for supervision and administration.

Management of Research Data

18. The GRAP report noted that present arrangements for documentation, archiving and subsequent retrieval of research-generated data are ad hoc and unsatisfactory. And many have observed that without appropriate documentation and archiving, such data sets decay rapidly. Measures are being taken to create a Bank Research Documents Center in the office of the Vice-President Development Policy. The intention is to create a reference center for the output (books, papers, completed research files, data tapes, etc.) of the Bank research program. The incremental costs of space, facilities and the service of a document assistant will be very modest in relation to the \$80 million or so of research financed through the Bank's research program since its inception in 1972.

Annex 1

MEASURES UNDERTAKEN TO IMPLEMENT GRAP RECOMMENDATIONS

I. Dissemination

1. The following steps have been undertaken during the past year:

- (i) The publication of a considerable number of state-of-the-art reviews in the Bank Staff Working Paper series. In the main, these have been a natural, and extremely valuable, by-product of the annual WDR exercises.
- (ii) The DPS seminar/workshop series for operational staff on such topical subjects as income distribution, public enterprises, trade/industrialization policies and labor market issues. ^{1/}
- (iii) The initiation of the thrice-yearly bulletin, Research News, for distribution within and outside the Bank.
- (iv) The revamping, with the assistance of Regional economists, of the lists for extra-Bank distribution of Bank Research documents (Staff Working Papers, Abstracts, Research News, Catalog, etc.).

II. Applications

2. No formal policy initiatives have yet been taken in this area. One noteworthy event was the Research Committee financing for the transfer to Turkey of a computable general equilibrium model (RPO 672-04). It is arguable that without GRAP, external research budget finance for this exercise would not have been forthcoming.

^{1/} Note should also be taken of the CPS workshop on project evaluation methodology, which has been running for several years.

III. Strengthening Indigenous Research Capacity in Developing Countries

3. Up until the GRAP report, the principal method of furthering the above objective - within the context of the Bank research program - has been through collaborative research projects. Annex 2 outlines some broad numbers for the period FY74-79. It also attempts - on a subjective basis - to isolate cases of "significant" research collaboration from those in which the developing country contribution has been largely "restricted to data collection and compilation".

4. While the GRAP report and subsequent discussions of it strongly endorsed the need for more - and more substantive - research collaboration with developing country institutions, no specific policies have yet been formulated. However, over the past few months two small research proposals have been approved (a study of income distribution in Colombia, RPO 672-05, and a study of land tenure issues in Indonesia, RPO 672-08), which are distinguished by two important features:

- (i) the initiative came from the developing country research institutions; and
- (ii) the primary responsibility for design and execution rests with these institutions.

It is arguable that without GRAP these features would have tended to disqualify the proposals for Bank financing. The other noteworthy recent initiative in this area has been the visits by Messrs. Chenery and Acharya to selected developing country research institutions in a few countries of Latin America and Asia, respectively, to solicit their views on research collaboration with the Bank and other means through which the Bank's research program might promote the enhancement of indigenous research capacity. Furthermore, a number of discussions on these issues are being conducted this summer by DPS senior staff with IDRC and Ford Foundation.

IV. Other Measures

5. In order to improve the interaction between researchers and operational staff and to give the latter better opportunities to influence the Bank's research program, Steering Groups have been set up in four areas thus far: International Economy; Industry; Agriculture and Rural Development; and Urban and Regional Economics. The few months that have elapsed since their inception constitute much too brief a period to attempt any evaluation of these Groups.

Annex 2

EXTENT, QUALITY AND TREND OF RESEARCH
COLLABORATION WITH DEVELOPING COUNTRIES,
FY74-FY79

1. Research collaboration with LDCs is of three kinds:

- (a) with Research Institutes
- (b) with Ministerial Organs
- (c) with individual researchers in LDCs.

Between FY74 and FY79 the total number of research projects authorized by the Research Committee that involved some form of research collaboration with LDCs was 49 out of a grand total of 115, i.e. 44 percent.

Of these 49 projects, 26 involved LDC research institutes, 15 involved ministerial organs, and 8 involved individual researchers in LDCs (see Table 1, attached).

The percentage shares of these research projects in the total number and value of research projects initiated over the FY74 to FY79 period is as follows:

	<u>No.</u>	<u>%</u>	<u>\$000 Value</u>	<u>%</u>
<u>All Research Projects</u>	115	100	6541.0	100
<u>Research Collaboration with LDCs</u>	49	44	3597.8	55
of which with:				
(a) Research Institutes	25	22	1874.4	29
(b) Ministerial Organs	16	15	1350.4	20
(c) Individuals	8	7	373.0	6

2. Another index of research collaboration is given by the proportion of ongoing research projects (using a number base) that have consultants from the LDCs. This latter percentage is 48 percent. However, in addition, 22 percent of all ongoing research projects have 'mixed' consultants, i.e. from LDCs as well as from the DCs. Thus, the proportion of research projects that have no LDC consultants (or have only DC consultants) is 30 percent.

3. Some judgements regarding the "quality" of collaboration may be gleaned from the description of research projects. Of the 49 projects that have some research association with the LDCs, 26 would seem to involve collaboration of a significant sort, i.e. not restricted to data collection and compilation. (See Table 2 attached.) These 26 projects account for 80 percent of the total value of authorizations for the 49 LDC-related research projects or 44 percent of the same figure for all research projects initiated over the FY74-79 period.

4. An examination of the time-series data (FY74-79 Authorizations) on research collaboration with LDCs shows no clear trend: in particular although the proportion of RPO authorizations involving some collaboration with LDCs fluctuated significantly between FY74 and FY79, their share in dollar totals was approximately the same (60-65 percent) in the end-years (FY74 and FY79). (See attached Table 3.)

Table 1: LIST OF RESEARCH PROJECTS INVOLVING
LDC COLLABORATION

A. LDC Research Institute Involvement

<u>RPO No.</u>	<u>Title</u>
670-76	Pricing and Investment in Telecommunications
670-80	Land Reform in Latin America
670-89	Development Strategies for Smallholder Agriculture in Yugoslavia
670-91	Benefits of Schooling for Workers
670-98	Urban Land Use Policies: Taxation and Control
670-99	Economic Aspects of Household Fertility Behavior and Labor Supply in Northeast Brazil
671-04	Rural Saving and Investment
671-07	CAMS
671-20	Urban Traffic Restraint
671-25	Commercial Bank Behavior
671-30	Structure of Rural Employment Income and Labor Markets
671-32	A Comparative Study of the Sources of Industrial Growth and Structural Change
671-35	Export Incentives in Developing Countries
671-47	Strategic Planning to Accommodate Rapid Growth in LDCs
671-49	Education and Rural Development in Nepal
671-55	Retention of Literacy/Numeracy Skills Among School Leavers
671-56	Marketing Manufactured Exports
671-57	Distribution of Income through the Extended Family System
671-59	Small-Scale Enterprise Development
671-60	Textbook Availability and Educational Quality
671-62	India - Impact of Agricultural Development on Employment and Poverty: Phase I
671-65	Small Enterprise Financing: Role of Informal Credit Market
671-71	Public Manufacturing Enterprises
671-72	Growth, Poverty and Basic Needs
671-80	Evaluation of Food Distribution Schemes
671-83	Export of Manpower from Pakistan and Bangladesh to the Middle East

(ii)

Table 1: LIST OF RESEARCH PROJECTS INVOLVING
LDC COLLABORATION

B. Ministerial Organs Involvement

<u>RPO No.</u>	<u>Title</u>
670-83	Income Distribution (ECLA)
670-90	Urban Labor Market
670-96	Distributive Impact of Public Expenditures
671-08	Evaluation of Asian Data on Income Distribution
671-10	Promotion of Non-Traditional Exports
671-27	Social Accounts and Development Models
671-33	Ability Characteristics as Factors of Production
671-40	Population Review Group
671-45	Programming and Designing Investment
671-53	El Salvador Health Study
671-61	Socio-Economic Aspects of Fertility Behavior in Rural Botswana
671-73	Kenya - Health, Nutrition and Worker Productivity Studies
671-76	Household Incomes and Expenditures in Mexico
671-81	Determinants of Fertility in Egypt
671-85	The Industrial Incentive System in Morocco

15 Sub-total

C. Individual LDC Researchers Involvement

670-84	Income Distribution (Ranis)
670-85	Urban Income Distribution (ECIEL)
670-87	West Africa Integration
671-06	Employment Models and Projections
671-26	Migration Patterns in West Africa
671-48	Urban Markets in Latin America
671-69	Capital Market Imperfections and Economic Development
671-84	Wage and Employment Trends and Structures

8 Sub-total

49 Total

Table 2: LIST OF RESEARCH PROJECTS WITH
"SIGNIFICANT" RESEARCH
COLLABORATION

RPO Number

670-76	Telecommunications
670-80	Land Reform
670-83	Income Distribution (ECLA)
670-89	Small-Holder Agriculture: Yugoslavia
670-96	Distributive Impact of Public Expenditures
670-98	Urban Land Use Policies: Taxation and Control
671-04	Rural Saving and Investment
671-06	Employment Models and Projections
671-07	CAMS
671-08	Evaluation of Asian Data on Income Distribution
671-10	Promotion of Nontraditional Exports
671-20	Urban Traffic Restraint
671-25	Commercial Bank Behaviour
671-26	Migration Patterns in West Africa
671-35	Export Incentives in Developing Countries
671-40	Population Review Group
671-47	Strategic Planning to Accommodate Rapid Growth in LDCs
671-55	Retention of Literacy/Numeracy Skills Among School Leavers
671-56	Marketing Manufactured Exports
671-59	Small-Scale Enterprise Development
671-60	Textbook Availability and Educational Quality
671-65	Small Enterprise Financing: Role of Informal Credit Market
671-71	Public Manufacturing Enterprises
671-72	Growth, Poverty and Basic Needs
671-80	Evaluation of Food Distribution Schemes
671-83	Export of Manpower from Pakistan and Bangladesh to the Middle East

Table 3: RESEARCH PROJECT AUTHORIZATIONS
FY74 THROUGH FY79

	<u>Total Number of Projects Initiated</u> (1)	<u>Value \$</u> (2)	<u>Total Number of Projects with LDC Collaboration</u> (3)	<u>Value \$</u> (4)	<u>% (4)÷(2)</u> (5)
74	22	637.5	12	400.2	63
75	24	829.9	6	270.5	33
76	17	604.6	8	314.8	52
77	11	686.6	5	174.6	25
78	22	1355.1	13	984.7	73
79	19	2427.3	5	1453.0	60
	<u>115</u>	<u>6541.0</u>	<u>49</u>	<u>3597.8</u>	<u>55</u>

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Helen Hughes, EPDDR (through Mr. Chenery, VPD)
Transmitted to Mr. Chenery 7/9/80
Signed Hollis B. Chenery

SUBJECT: Social Indicator Data Sheets--Algeria and Mexico

DATE: July 9, 1980

The latest issue of the social indicator data sheets which contains data as of April 1980 was sent to all Division Chiefs on June 11. It must therefore have missed the two President's Reports quoted (which are dated June 13) by a day or two, that is the time it takes the Secretary's Department to issue Board Reports. All Divisions are now using the updated indicator sheets.

HHughes/kg

c.c. Messrs. Blazic/Kundu, EPDES

ALGERIA- SOCIAL INDICATORS DATA SHEET

ALGERIA	REFERENCE GROUPS (ADJUSTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}					
	1960 ^{/b}	1970 ^{/b}	MOST RECENT ESTIMATE ^{/b}	SAME GEOGRAPHIC REGION ^{/c}	SAME INCOME GROUP ^{/d}	NEXT HIGHER INCOME GROUP ^{/e}
EDUCATION						
ADJUSTED ENROLLMENT RATIOS						
PRIMARY: TOTAL	46.0	75.0	86.0	85.0	102.5	101.7
MALE	55.0	92.0	..	103.7	108.6	110.0
FEMALE	37.0	57.0	..	66.0	97.1	92.8
SECONDARY: TOTAL	8.0	11.0	31.0	27.6	33.5	51.2
MALE	9.0	15.0	..	39.2	38.4	56.4
FEMALE	6.0	6.0	..	20.8	30.7	43.7
VOCATIONAL ENROL. (% OF SECONDARY)	29.0	20.0	2.5/1	4.3	11.5	18.3
PUPIL-TEACHER RATIO						
PRIMARY	38.0	40.0	41.0	32.6	35.8	27.1
SECONDARY	18.0	21.0	26.0	23.4	22.9	25.3
ADULT LITERACY RATE (PERCENT)	10.0	26.0	35.0	41.4	64.0	86.1
CONSUMPTION						
PASSENGER CARS PER THOUSAND POPULATION	17.0	11.0	17.9	16.7	13.5	53.4
RADIO RECEIVERS PER THOUSAND POPULATION	54.0	..	198.0	147.9	122.7	225.9
TV RECEIVERS PER THOUSAND POPULATION	5.0	8.0	30.0	36.0	38.3	102.6
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	28.0	15.0	17.0	17.9	40.0	78.5
CINEMA ANNUAL ATTENDANCE PER CAPITA	2.0	6.0	2.7	2.9	3.7	3.6
LABOR FORCE						
TOTAL LABOR FORCE (THOUSANDS)	2700.0	3019.0	3820.0	..	..	..
FEMALE (PERCENT)	3.2	4.1	5.0	8.6	25.0	24.5
AGRICULTURE (PERCENT)	66.8	50.0	35.0	43.0	43.5	28.9
INDUSTRY (PERCENT)	12.1	14.6	18.0	23.7	21.5	30.6
PARTICIPATION RATE (PERCENT)						
TOTAL	26.7	22.7	22.3	26.7	33.5	33.8
MALE	51.3	44.4	43.4	46.4	48.0	51.3
FEMALE	1.7	1.8	1.9	5.1	16.8	16.3
ECONOMIC DEPENDENCY RATIO	1.8	2.6	2.4	1.8	1.4	1.3
INCOME DISTRIBUTION						
PERCENT OF PRIVATE INCOME RECEIVED BY						
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	..	..	21.4	20.8	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	..	..	48.6	52.1	57.6
LOWEST 20 PERCENT OF HOUSEHOLDS	..	..	..	5.3	3.9	3.4
LOWEST 40 PERCENT OF HOUSEHOLDS	..	..	..	15.0	12.6	11.0
POVERTY TARGET GROUPS						
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	..	201.3	270.0	..
RURAL	..	..	..	134.2	183.3	..
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)						
URBAN	..	..	..	286.6	282.5	550.0
RURAL	..	..	..	170.0	248.9	403.4
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)						
URBAN	..	..	..	22.9	20.5	..
RURAL	..	..	..	31.2	35.3	..

.. Not available
 . Not applicable.

NOTES

- /a The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Coverage of countries among the indicators depends on availability of data and is not uniform.
- /b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1974 and 1977.
- /c North Africa & Middle East; /d Intermediate Middle Income (\$551-1135 per capita, 1976); /e Upper Middle Income (\$1136-2500 per capita, 1976); /f 1966; /g 1954-60; /h 1962; /i 1963; /j Certain fields of study previously classified under other second level education of a vocational or technical nature are now reported under general education; therefore data not comparable with those of earlier years.

Most Recent Estimate of GNP per capita is for 1978.

August, 1979

7/8 To Dr. Chénery
 W. Z. by Dr. Chénery not used

later data - in 1978 or later
 information on income distribution, etc.
 L. M. W.

DEFINITIONS OF SOCIAL INDICATORS

Notes: Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The adjusted group averages for each indicator are population-weighted geometric means, excluding the extreme values of the indicator and the most populated country in each group. Due to lack of data, group averages of all indicators for Capital Surplus Oil Exporters and of indicators of Access to Water and Excreta Disposal, Housing, Income Distribution and Poverty for other country groups are population-weighted geometric means without exclusion of the extreme values and the most populated country. Since the coverage of countries among the indicators depends on availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are mostly useful as approximations of "expected" values when comparing the values of one indicator at a time among the country and reference groups.

LAND AREA (thousand sq.km.)

Total - Total surface area comprising land area and inland waters.
Agricultural - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow.

GNP PER CAPITA (US\$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1976-78 basis): 1960, 1970, and 1978 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita: 1960, 1970, and 1978 data.

POPULATION AND VITAL STATISTICS

Total Population, Mid-Year (millions) - As of July 1; 1960, 1970, and 1977 data.

Urban Population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1978 data.

Population Projections

Population in year 2000 - Current population projections are based on 1975 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.

Stationary population - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.

Year stationary population is reached - The year when stationary population size has been reached.

Population Density

Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area.

Per sq. km. agricultural land - Computed as above for agricultural land only.

Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1977 data.

Population Growth Rate (percent) - total - Annual growth rates of total mid-year populations for 1950-55, 1960-70, and 1970-77.

Population Growth Rate (percent) - urban - Annual growth rates of urban populations for 1950-55, 1960-70, and 1970-75.

Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year population; 1960, 1970, and 1977 data.

Crude Death Rate (per thousand) - Annual deaths per thousand of mid-year population; 1960, 1970, and 1977 data.

Gross Reproduction Rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1975.

Family Planning - Acceptors, Annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.

Family Planning - Users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION

Index of Food Production per Capita (1969-71=100) - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g., sugarcane instead of sugar) which are edible and contain nutrients (e.g., coffee and tea are excluded). Aggregate production of each country is based on national average producer price weights.

Per capita supply of calories (percent of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distributions of population, and allowing 10 percent for waste at household level.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by JICA provide for a minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 25 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day.
Child Mortality Rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables.

HEALTH

Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970, and 1977 data.

Infant Mortality Rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.

Access to Safe Water (percent of population) - total, urban, and rural -

Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the household or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

Access to Excreta Disposal (percent of population) - total, urban, and rural -

Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.

Population per Physician - Population divided by number of practicing physicians qualified from a medical school at university level.

Population per Nursing Person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

Population per Hospital Bed - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities.

Admissions per Hospital Bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING

Average Size of Household (persons per household) - total, urban, and rural - A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.

Average number of persons per room - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

Access to Electricity (percent of dwellings) - total, urban, and rural - Conventional dwellings with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION

Adjusted Enrollment Ratios

Primary school - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentages of respective primary school-age populations; normally includes children aged 6-11 years but, adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

Secondary school - total, male and female - Computed as above, secondary education requires at least four years of approved primary instruction; provides general vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

Pupil-teacher ratio - primary, and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION

Passenger Cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearse and military vehicles.

Radio Receivers (per thousand population) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

TV Receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

Newspaper Circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

Cinema Annual Attendance per Capita per Year - Based on the number of tickets sold during the year, including admissions to drive-in cinema and mobile units.

LABOR FORCE

Total Labor Force (thousands) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc. Definitions in various countries are not comparable.

Female (percent) - Female labor force as percentage of total labor force.

Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force.

Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force.

Participation Rate (percent) - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1975 data. These are ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.

Economic Dependency Ratio - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.

INCOME DISTRIBUTION

Percentage of Private Income (both in cash and kind) - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS

Estimated Absolute Poverty Income Level (US\$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.

Estimated Relative Poverty Income Level (US\$ per capita) - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.

Estimated Population Below Absolute Poverty Income Level (percent) - urban and rural - Percent of population (urban and rural) who are "absolute poor".

TIMES (LONDON)

The McNamara years at the World Bank: the mighty effort has not been wasted

As a prophet he has not only warned of doom, he has laid down plans of action to avert disaster...

On April 1, 1968, Mr Robert McNamara's first day in office at the World Bank, he assembled the senior mandarins to tell him the state of this august and revered institution over which he had just assumed control. They told him, as permanent secretaries are wont to tell incoming ministers, that everything was very difficult: we have had to cut back on loans because we cannot borrow any more on Wall Street; we are giving no soft loans to the poorest countries because Congress has refused to appropriate any money for the International Development Association; the future looks worse and we must plan for further cutbacks because the limits of the absorptive capacity of the developing countries are being reached...

Mr McNamara listened intently and summed up briefly: "I would like to have a complete list of the projects we would undertake in the next five years if there were no limitation on our borrowings and no artificial limits on the developing countries capacity absorb."

That was the beginning of a five-year plan to double bank lending: a plan which was duly achieved by 1973.

Now, after 12 years of fantastic growth for the Bank, Mr McNamara plans to leave in 1981. What have the McNamara years meant for the

bank, for its clients—the world's poor—and its creditors—the world's rich? There can be no doubt about the statistics—in almost every way the Bank has quadrupled in size but, though Mr McNamara is notorious for his love of statistics, I have always found that they were secondary in his thinking. He lived by intuition, which he justified (first of all to his own puritan conscience) by statistics.

When, in 1968, he first surveyed the Third World scene, he felt intuitively that the industrialized countries were not doing all they could or should (for reasons of prudence and morality) to bring the developing countries forward as fast as possible. But that surely was what the World Bank was meant to do; therefore it must expand until it could tackle the job.

That was the message of his first annual meeting speech: that when development assistance was decreasing everywhere the World Bank would double its lending. It was a message of hope to the Third World which slowed the drift into confrontation, but it was a message that shocked many of the Bank's traditional supporters. The Bank treasurer resigned on the ground that he could never raise those amounts of money; the gnomes of Zurich and many development gnomes within and without the Bank declared that it could never lend so much prudently.

There was a storm which Mr McNamara rather enjoyed. As always, he sailed straight into the heart of it. In his inaugural speech he had said (echoing President Kennedy) that the only reason to obtain power was to use it, and to quit when it was used up. Perhaps he is acting that out today. In the first five years he defied his critics with a superb use of power. He borrowed all the money he needed (and continues to do so today) by simply going outside Wall Street to Frankfurt, Zurich, Tokyo and now the Eurodollar market. He found ways of investing it both prudently and beneficially by studying the real needs of developing countries and suggesting to them where the Bank should invest rather than waiting for their requests.

In my opinion Mr McNamara's greatest achievement lies in his comprehension of the complex problem of world poverty, its cause and possible cures. He was enormously helped in this by the theoretical work carried out in the Bank under Hollis Chenery, and by the imaginative practical schemes devised by the regional vice-presidents. But it was Mr McNamara himself who had made those appointments;

analysis of the country than was available to its own government.

His prodigious mind usually memorized all of this by the time he met the members of the government, whom he would cross-question to see if he and his staff had really understood the situation aright.

It was from this practical education that he learnt at first-hand the failure of the trickle-down system on which all development policies had been based. He chose a meeting of Unctad in Allende's Chile to denounce policies which did not permit the bottom 40 per cent of the population in the developing world to participate in the development process or share in its benefits.

This led to further storms with those least developed

countries whom he had named as examples of unfair income distribution. But Mr McNamara went on asking whether they thought they could survive with such disparities, and if not what to do to get rid of them. The conventional answer was to claw back the "wealth" of those who did better out of development, but this was clearly a deadend solution which Mr McNamara rejected.

Robert McNamara: a superb use of power. above all it was his burning zeal which fused the practical with the theoretical.

He was able to do this because, he built up an unrivalled practical and theoretical knowledge of the developing world. He visited almost every country, always prepared by a massive black book containing a far more acute and detailed theoretical and historical

Once, when we were on a visit to Tanzania, President Julius Nyerere had invited us to meet the cabinet and in the course of discussion the Finance Minister, Mr Amir Jamal, strongly argued for policies which made the small farmer with one acre and a cow the object of development policies instead of concentrat-

ing on the economies of scale provided by big estates. Mr McNamara seized on this saying, "To make the small farmer the instrument of progress—that would be the breakthrough of the century".

Out of that sprang the Bank's rural development programme, by no means entirely novel but perhaps the most significant shift in development

theory and practice since the 1950s.

The programme was announced in the 1973 annual meeting speech in Nairobi and within the year a multi-billion dollar programme was in train. It has been successful where it has been tried; but 1973 also saw the quadrupling of oil prices, a lethal blow to development based on cheap energy and, as a by-product, cheap fertilizer.

Within a few weeks of the Opec price rise Mr McNamara had worked out with some of the major oil exporters a scheme for using part of their profits for a global development programme. But suspicion on both sides wrecked this so that his second five years at the Bank have sometimes seemed like running up the down staircase. Even today the new Structural Adjustment Programme is only an attempt to buy time and avoid disaster in the hope that real development can resume.

Has all this mighty effort been wasted? I think future historians will not be so harsh in their judgment. What Mr McNamara has done is to create

a great and powerful machine for north-south development collaboration. It has the skills, it has the analytic ability, it has doubled its lending capacity to \$80,000 million and raised its soft loan capacity to \$12,000 million. Through his speeches and the world development report, his personal innovation, Mr McNamara has told the world what it needs to know, and why it so desperately needs to know it. Yet as a prophet he has not only warned of doom, he has laid down plans of action to avert disaster.

But at this moment it is uncertain that either the OECD countries or the Group of 77 developing countries in the United Nations will heed his warnings or take his advice. Both sides think they can get more for themselves by confrontation than by cooperation. In his last year of office as President of the World Bank he will need to make a final effort to rouse the world to the dangers it faces in the last 20 years of this century.

William Clark

The author was vice-president for external relations at the World Bank from 1974-80.

Mr. Robert S. McNamara

June 25, 1980

Hollis B. Chenery

Outline of WDR IV

I attach the current outline of next year's World Development Report, to be discussed with you on June 27. It has been reorganized in the light of our last discussion into two sections dealing first with the adjustment problems of the early and middle eighties (Part I) and then with selected longer-term issues (Part II). A considerable effort will be made to analyse the effects of adjustment policies followed by different countries and groups of countries (Ch. I.2). Part II has been reduced to a third or less of the total.

HBC:cbk

Attachment

cc: Messrs. Stern, Benjenk, Qureshi
Cassen, Koch-Weser

To: file
~~RS 44-384~~

(Not sent)
(memo. of conversation)

S: My Successor

I would like to record the conclusion that we reached on June 16
and add a few comments.

1. Timing. My statutory retirement date is January 1983. We agreed that January 1982 would be a reasonable time for me to turn over the management of DPS to my successor, with ~~the~~ some flexibility to fit the particular circumstances. I ~~would~~ plan to take up a professorship at Harvard ~~some time~~ in the course of 1982. Since the appointment covers half of the academic year (i.e. $4\frac{1}{2}$ months work), this allows for some flexibility in the time of my retirement from the Bank, which might take place in the fall of 1982.

In the next 18 months, I expect to concentrate on bringing to fruition several ~~analytical and~~ programs on which I have been working for some time:

--establishing the bank research program on the lines laid down in the Lewis report and initiated in this year's budget;

-- integrating the system of country and global analysis that has been developed through the Prospects Paper/ WDR series so that it can provide a focus for both country and global analysis in the future.

--supervising WDR 4, which has been designed

2. Qualifications of my Successor

The role that you foresee for the DPS is not significantly different from its present functions: providing leadership in research ^{policy} and ^{economic} analysis and helping to translate the results into ^{more} effective tools for regional economists. The qualities that you would stress in the Vice President in charge of this staff are high professional skills as a development economist, imagination, policy judgment and management ability. You have asked me to ~~canvass~~ prepare a list of possible candidates, consulting very informally with some of the leading professionals in the field. I have undertaken to submit a preliminary list early in September.

The relative weight to be given to these qualifications is probably more easily determined in the course of comparing actual individuals than abstract types. I would like to offer a few comments based on the DPS experience of hiring more than a hundred economists at various levels from outside the Bank as well as observation of other research organizations. I think it is still true that the best economists prefer a career that is sufficiently academically oriented to maintain their ~~p/pf~~ standing in their profession. I think this explains the failure of the IMF to attract any of their top three candidates to

succeed Pollak in their senior economic position, despite offering a salary well above the academic level. We have found that we can employ almost any economist in the world as a consultant and a significant number of the best development economists on term appointments.

Some of the best younger economists have stayed on because they find

the research opportunities in their field attractive. ^{It is generally} ~~compared to university~~
agreed, however, that outside the research departments
~~opp-~~

Development News—Daily Summary

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Wednesday, June 11, 1980

NEWS ITEMS (AFP, AP, IPS and Reuter)

ALGIERS: New Oil Price Guidelines Mean Likely Price Increases by Majority of OPEC States. The world's leading oil exporters today set new oil price guidelines that leave OPEC states free to charge any price up to \$37 a barrel for their oil. An official communique after the OPEC ministerial meeting here said the new price for standard OPEC oil should not exceed \$32 a barrel. But it said ministers agreed that members should be allowed to charge up to \$5 more a barrel in differentials--premiums allowed for quality and nearness to markets. OPEC sources said the new agreement, involving likely price increases by a majority of OPEC states, would lead to a \$1 rise in the average price of OPEC oil when the agreement is implemented from July 1. Saudi Arabian oil minister Ahmed Zaki Yamani said yesterday the agreement did not mean that his country, the biggest exporter, would increase its prevailing \$28 a barrel price, the lowest in the 13-nation OPEC. He said the present state of the world oil market does not allow for any price increases. OPEC ministers argued yesterday that although the agreement did not represent OPEC price unity, it was a first step in that direction. The communique also mentioned that the conference instructed the secretariat to conduct a feasibility study for the creation of an institute for higher education, the prime objective of which is to help other developing countries in forming and promoting scientific and technological development of human resources. (Reuter)

COPENHAGEN: Denmark's Development Aid to Drop Marginally in 1980. Danish development aid is to be frozen at 0.7 percent of the country's GNP from 1982 to 1984, Foreign Minister Kjeld Olesen announced Saturday. Danish aid to the developing world amounted to \$400 million in 1979, thus reaching the 0.7 percent of GNP mark. This year, Danish aid will drop marginally to 0.67 percent, rising again in 1981 to 0.7 percent of GNP, which is the current target set by the U.N. for Third World aid from the industrialized nations. (Reuter)

UNITED NATIONS: UNDP Plans Oil Exploration Program in Poorest Countries. The UNDP plans to help some of the world's poorest countries explore for oil in the belief that some have substantial undiscovered reserves. Bradford Morse, administrator of the program, said he would propose the idea to its governing council this month in Geneva. He said in an interview recorded for television that it was very easy to find money for oil exploration when seismology tests were encouraging but nobody was willing to help in the high-risk initial phase. His proposal would meet this need, he said. Many of the 65 least developed countries, those with incomes under \$500 per head, were believed to have untapped oil reserves, Mr. Morse said, "but nobody has ever done the scientific exploratory work to make the determination." (Reuter)

6/11/80

PRESS DIGEST

LONDON: World Bank's Eurodollar Borrowing. The World Bank's plan to tap the Eurobond market for a further \$200 million is reported prominently in the "Financial Times" today.

A three-column report leading the paper's international companies and finance page is headlined "World Bank Plans Further \$200 Million Eurobond Issue."

Staff writer Peter Montagpon says: "The issue will be a semi-private placement and is once again managed by Paribas."

He adds that the issue was trading at a discount of 3/4 percent yesterday, well below the selling concession of 1.1/4 percent.

- 0 -

The following are more press comments about Mr. McNamara's announced resignation:

LONDON: The "Times" today carries a lengthy article on Robert McNamara's career at the World Bank in which the Bank's former Vice-President for External Relations, William Clark, describes how Mr. McNamara created "a great and powerful machine for North-South development collaboration."

Clark's article, spread over six columns, is headlined: "The McNamara Years at the World Bank: The Effort Has Not Been Wasted." It is accompanied by a four-column photograph of Mr. McNamara.

The thrust of the article is that not only did Mr. McNamara overcome the initial problem of increasing the Bank's borrowing and lending, in the face of a pessimistic staff--"the Bank treasurer resigned on the grounds that he could never raise those amounts of money"-- but he also shaped the Bank into the foremost authority on Third World development.

"In the first five years," Clark writes, "he defied his critics with a superb use of power. He borrowed all the money he needed (and continues to do so today) by simply going outside Wall Street to Frankfurt, Zurich and Tokyo and now the Eurodollar market.

"He found ways of investing it both prudently and beneficially by studying the real needs of developing countries and suggesting to them where the Bank should invest rather than waiting for their requests."

"In my opinion," Clark goes on, "Mr. McNamara's greatest achievement lies in his comprehension of the complex problem of world poverty, its cause and possible cures. He was enormously helped in this by the theoretical work carried out in the Bank under Hollis Chenery and by the imaginative practical schemes devised by the regional vice-presidents.

"But it was Mr. McNamara himself who had made those appointments. Above all it was his burning zeal which fused the practical with the theoretical.

/...

6/11/80

"He was able to do this because he built up an unrivalled practical and theoretical knowledge of the developing world," Clark says.

Clark added that it was from visits to member countries that McNamara learned at first hand the failure of the trickle-down system.

He describes how Mr. McNamara's speech at the UNCTAD session in Chile "led to further storms with those least developed countries whom he had named as examples of unfair distribution."

Clark also describes a meeting he attended between Mr. McNamara and the Tanzanian cabinet at which Tanzania's Finance Minister Amir Jamal had argued that development policies should focus on the small farmer.

"Out of that sprang the Bank's rural development program, by no means entirely novel but perhaps the most significant shift in development theory and practice since the 1950s."

Clark says that the program, announced in 1973, has been successful where it has been tried but the quadrupling of oil prices dealt a lethal blow to development based on cheap energy and, as a by-product, cheap fertilizer.

Clark says that within a week of the 1973 OPEC oil price rise, McNamara had worked out a scheme with the major oil exporters where they would direct part of their profits for a global development program.

"But suspicion on both sides wrecked this so that his second five years at the Bank have sometimes seemed like running up the down staircase. Even today the new structural adjustment program is only an attempt to buy time and avoid disaster in the hope that real development can resume."

Clark concludes: "Has all this mighty effort been wasted? I think future historians will not be so harsh in their judgment. What Mr. McNamara has done is to create a great and powerful machine for North-South development collaboration. It has the skills, it has the analytic ability, it has doubled its lending capacity to \$80,000 million and raised its soft loan capacity to \$12,000 million.

"Through his speeches and the World Development Report, his personal innovation, Mr. McNamara has told the world what it needs to know, and why it so desperately needs to know it. Yet as a prophet he has not only warned of doom, he has laid down plans of action to avert disaster.

"But at this moment it is uncertain that either the OECD countries or the Group of 77 developing countries in the United Nations will heed his warnings or take his advice.

"Both sides think they can get more for themselves by confrontation than by cooperation. In his last year of office as president of the World Bank he will need to make a final effort to rouse the world to the dangers it faces in the last 20 years of this century."

/...

6/11/80

BONN: "Handelsblatt" says today that World Bank President Robert McNamara will be vacating perhaps the most important job in the international development field when he retires next June.

The choice of Mr. McNamara's successor could be influenced not least by the outcome of this year's U.S. presidential elections, the paper says.

If Ronald Reagan, the Republican candidate, went to the White House, Mr. McNamara's opponent of many years, former Treasury Secretary William Simon, could be proposed, it says.

In Mr. Simon's view, Mr. McNamara has made the World Bank and its related institutes expand at an unhealthy speed, "Handelsblatt" says.

In its report from New York, the paper recalls that the World Bank had a modest size when Mr. McNamara took over from George D. Woods in 1968 in the shadow of the Vietnam war, which it says former Defense Secretary McNamara tried in vain to control with "management methods."

Mr. McNamara is expected to make a final, strong appeal to the world's rich nations at the World Bank annual conference this fall, it says.

The "Frankfurter Rundschau" runs a three-column article with a photograph of Mr. McNamara, in its economic section.

"Mr. McNamara put his stamp on the World Bank as none of his four predecessors did," the article says. He earned high esteem among developing countries, it adds.

"But for others, the former defense secretary remains a controversial figure," the article says.

"It is said that McNamara's determined fight against poverty and misery was an attempt to make good his own, unfortunate role in the Vietnam war."

But Mr. McNamara was spared responsibility for the continued tragedy of the Vietnam war when President Johnson left the White House and he became World Bank president, it says.

Mr. McNamara's contributions in his 12 years of leadership are not contested, the paper goes on. The loans of the Bank, which remains one of the most credit-worthy institutions, increased from \$1 billion in 1968 to nearly \$12 billion this year.

Whether the U.S., whose share in World Bank activities has dropped, will keep the president's chair remains to be seen, the article says.

The question of Mr. McNamara's successor will certainly be raised at the coming economic summit in Venice and at the World Bank and IMF conference in the fall, it adds.

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PARIS: "Le Figaro" suggests today that World Bank President Robert McNamara resigned not for the reasons officially given--because of his age, and because he had completed the tasks he set himself--but because of his poor relations with presidential candidates Carter and Reagan.

"The official explanation for the departure was that McNamara, who is just 64, has several times expressed a wish to retire by his 65th birthday," "Le Figaro" says.

"Moreover he believes he has accomplished the final task he set himself, that of setting the World Bank on course for the 1980s.

"Mr. McNamara considers that he has set the organization on the way towards making a global offensive against poverty.

"If there is no doubt that McNamara has broadly achieved the aims he envisaged, it is equally certain that other motives account for his decision," the paper says.

"First it is clear that his relations with Jimmy Carter are far from warm. He has also found himself locked in perpetual conflict with Congress, who think the Bank acts too independently from American interests."

"Moreover observers agree that if Republican presidential candidate Ronald Reagan is elected in November, he will step up pressure to limit the Bank's autonomy and get rid of McNamara.

"Having chosen his moment, Mr. McNamara is leaving, so to speak, on his own terms and can present a balance-sheet with which he has good reason to be satisfied."

Commenting on possible successors to Mr. McNamara, "Le Figaro" says former U.S. Secretary of State Cyrus Vance is one of the most frequently mentioned candidates.

"But forecasters have two other favorites--Andrew Young on the left, and Henry Kissinger on the right," the article concludes.

BUENOS AIRES: Most Latin American newspapers yesterday published news reports that Robert McNamara is to retire as president of the World Bank.

Venezuela's daily "El Nacional" carried a lengthy article written by international affairs editor Ted Cordova-Claure who says that Mr. McNamara resigned without having achieved his objective of reducing hunger in the world.

He writes that Mr. McNamara, who had promised victory in Vietnam when he was U.S. defense secretary, had given up thinking about napalm to concern himself with fighting misery in the world.

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In Mexico, "Novedades" described Mr. McNamara as a staunch defender of poor countries.

In Colombia, "El Tiempo" said that under Mr. McNamara the World Bank became the greatest channel for the distribution of aid from the rich countries to the developing nations.

TOKYO: Three English-language newspapers today carry agency reports on World Bank President Robert McNamara's announcement to resign.

The "Japan Times" combines two reports on Mr. McNamara's announcement and his profile over three columns.

"Yomiuri" and the "Mainichi Daily News" each carry similar two-column inside-page reports using agency material.

Japanese-language papers carried their own or Japanese news agency reports yesterday.

In its own correspondent's report, the "Mainichi Shimbun" said yesterday that Mr. McNamara's decision to leave the post had been prompted in part because his relations with U.S. President Carter had worsened through his support for Senator Edward Kennedy in his bid to get the Democratic presidential nomination.

LUSAKA: The "Zambia Daily Mail" carries on its front page today an agency report on World Bank President Robert McNamara's decision to retire, which is accompanied by a photograph of Mr. McNamara.

The "Times of Zambia" uses the Reuter report from Washington on the announcement as an inside-page lead over four columns and also carries a photograph.

(The above summary was provided by Reuters.)

U.S. PRESS DIGEST

McNamara Leaving at a Critical Time. Tuesday's "Washington Star" (page C-7) reported "Robert S. McNamara is leaving the World Bank next year at a critical point in its development--in what he predicts will be a 'difficult decade' during which Third World nations will depend increasingly on the bank as their main source of outside help. The question facing Mr. McNamara's successor as president, then, is can the bank provide it? The question will be debated widely over the next year, bank officials say..." Quoting an unnamed bank official, "Star" correspondent Bailey Morris added "...It is a significant management achievement--a tribute to McNamara's ability--that he was able to increase the bank's loan activity 11-fold, from \$1 billion in 1968 to \$11.5 billion in fiscal 1980. This unprecedented growth under McNamara--in which the Bank set new lending records each year--is not without problems, in the opinion of some senior bank officials. At

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the moment there is an internal split between those who think it is growing too fast, becoming too big to effectively manage its projects. McNamara, however, feels strongly that growth must continue in order to meet the rising needs of Third World nations hard-pressed by soaring oil bills and continued population and food problems."

Speculating on successors, Morris reported "Even now, a year before the fact, former Secretary of State Cyrus Vance is being rumored as McNamara's choice... But selection of Vance would mark a departure, tipping the balance of skills normally required of the bank's president from hard finance to diplomacy." Morris quoted a Senate staffer as saying "normally, the bank looks for someone experienced in both finance and diplomacy, with the emphasis on hard-nosed finance, in order to inspire confidence in those who invest in the bank's bonds. McNamara was able to inspire that confidence even as he took the bank in new, often controversial, directions." Then Morris quotes a House foreign aid specialist "He changed it from a traditional bank to one which concerns itself with human equity as well as the repayment of loans. Under McNamara, the bank began addressing broader issues such as starvation and overpopulation and began tailoring loan programs around them, in an effort to better the lot of the poorest people."

These 'new style projects' were criticized by some as potentially harmful to the bank's overall credit rating, according to a bank official. "But McNamara remained undeterred, as he did at the beginning of his tenure when he was criticized by financial officials and publications such as Barrons Financial Weekly for doing such things as 'earmarking \$30 million for Tanzania, which in our view, has swung about as far left as anyone can go'. McNamara resisted both partisan and political pressures during his tenure, opting instead to stick to an independent course...", Morris added.

Cyrus Vance at Harvard is the title that the "Washington Star" (June 10, page 10) gives to an editorial on the former U.S. Secretary of State's commencement address at Harvard. "...Mr. Vance at least clarified a substantial difference of perception between his notion of strategic sense and others. His design for the world of 1990 revolves around two goals--strategic arms control (he believes it to be a 'profound mistake' not to ratify the Salt II treaty) and development aid to the so-called third world (he finds it disgraceful that U.S. foreign aid is shrinking in terms of gross national product). These, it is true, have been worthy fundamentals of recent U.S. foreign policy. But their fall from top priority is no mystery. Arms control has fallen into disfavor because the Soviet Union shows every disposition to strategic superiority, arms treaties or no. Foreign development assistance is in the same case because even at higher levels it manifestly failed to stop an alarming deterioration in the economic situation of many third world nations... If the industrial world is to take an intelligent interest in the welfare of the undeveloped world, that interest must distinguish between ideology and fact. That third world ideology--as distinguished from third world need--has led Mr. Vance to blame our stinginess is a tribute more to the power of uninstructed conscience than to the power of fact..."

Development News—Daily Summary

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Tuesday, June 10, 1980

NEWS ITEMS (AFP, AP, IPS and Reuter)

WASHINGTON: Robert S. McNamara to Retire as World Bank President. World Bank President Robert McNamara yesterday announced that he will retire on June 30, 1981, almost two years before his appointment was due to expire. The former U.S. defense secretary was named head of the Bank in April, 1968. His appointment was to have continued until April 1983. Mr. McNamara explained his decision by saying he will turn 65, the usual age of retirement, one year from today. The announcement came during a meeting of the Bank's Executive Board. Mr. McNamara said he suggested that the council form a special committee later this year to look for his successor and he was prepared to help that committee. Mr. McNamara is a former professor of business administration at Harvard and ex-president of the Ford Motor Company. He was appointed defense secretary in 1961 by President John Kennedy, and stepped down from that post in March, 1968, after playing an active role in United States involvement in the Vietnam war. Under his presidency the World Bank extended its activities on behalf of Third World countries, one of which, China, was recently admitted to the World Bank. (AFP)

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WASHINGTON: Robert S. McNamara, the former U.S. Secretary of Defense who has been president of the World Bank since 1968, announced yesterday he will resign from the Bank post next year. He proposed that a search committee be established to choose a successor. Traditionally, the president of the World Bank is an American, but McNamara indicated he did not feel this was necessary. Under McNamara, the Bank has become the world's chief dispenser of aid from wealthy nations to poor countries. He has been outspoken in declaring that wealthy countries must do more to relieve world-wide poverty and starvation. However, he has been almost a recluse at the Bank in that he seldom makes public appearances and almost never gives interviews. There has been some criticism both from within and without the Bank that not enough attention has been paid by the Bank under McNamara's tutelage to assuring that Bank assistance was being provided for viable and worthwhile projects. The Bank came under severe criticism in Congress for approving a \$50 million interest-free loan to Vietnam two years ago. In order to get Congress to approve additional U.S. contributions to the Bank, McNamara pledged in a letter to Congress last year that the Bank would bar future loans to Vietnam under present conditions. The United States traditionally has provided between 30-40 percent of Bank financing, although this amount has diminished steadily in recent years. Total Bank loans last year for all purposes were slightly more than \$10 billion. (AP)

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WASHINGTON: A non-American may for the first time become president of the World Bank when Robert McNamara leaves office next year at the traditional retirement age of 65. Mr. McNamara, who was U.S. defense secretary at the height of the Vietnam war, yesterday announced plans to retire on June 30, 1981 after heading the Bank for over 12 years. The United States, the largest shareholder in the 135-member organization, has always had the right to nominate its president and only Americans have held the top post since the Bank was formed in 1945. In a statement, the Bank said yesterday: "During the past 12 years, the World Bank has become by far the world's largest and most influential international development institution. And it is for that reason that its 135-member countries must take care to ensure that the Bank's next president--be he an American or not--be qualified to exercise strong and impartial leadership." Since it is only a tradition and not a rule, the Executive Directors of the Bank could chose a non-American as president. The Bank and the U.S. role in it have changed considerably since the organization was conceived to help finance the rebuilding of Europe after World War Two. The United States currently has about 21 percent of the voting power. In 1947 it controlled 35 percent and in 1961 it held 29 percent. Moreover, the developing world has become a much stronger political force in the intervening years, with the East and West competing for power there. With the recent admission of China to its membership, the Bank is now responsible for providing economic advice and financial assistance to more than 100 countries with a total population of 3.5 billion. (REUTER)

WASHINGTON/GENEVA: President Robert S. McNamara has announced he will retire as president of the World Bank on June 30, 1981 when he will have reached the usual retirement age of 65. Mr. McNamara became the president of the World Bank in April 1968. He announced his retirement at a meeting of Executive Directors representing the Bank's member countries. In a memorandum to the Bank's Board, Mr. McNamara said that "timely change in leadership is salutary both for institutions and for individuals and I had originally intended not to accept a third four-year term. In the end I acceded to the request of the Board because of the problems of the Bank's financial structure. Within the next 12 months these problems and related issues will have been largely resolved." McNamara's announcement would mean that his successor will be elected by the Governors of the Bank at their annual meeting this September. The presidency of the Bank is traditionally held by a national of the United States. This would mean that President Carter would be choosing the nominee. McNamara did more than anyone to reshape the philosophy of the Bank. The first president of the Bank, Mr. Eugene Black, functioned perhaps in terms of Adam Smith's philosophy in his "Wealth of Nations," though the Fund-Bank institutions, under the Bretton Woods scheme, were purportedly based on Keynes' theories. Under Black, after the initial phase when it was most concerned with and involved in European reconstruction, the Bank tried to enforce the free enterprise theory and ideals in the Third World, and persuade the Third World countries to adopt policies to make them attractive for investments from abroad. Black's successor George Woods functioned at the World Bank as he had done previously in U.S. private banking. He saw his role as looking after the interests of the United States. McNamara came to the Bank having, as U.S. defense secretary, vigorously pursued U.S. policies in Vietnam under President Lyndon Johnson. To his credit it must be said that he saw the policies would not succeed, and stepped out, but without making a public issue of it.

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Nominated by Johnson to the World Bank, McNamara gradually changed the orientation of the Bank. However, the Bank's policies, as reflected in its lending, lagged far behind what he advocated. From his philosophy of liberal capitalism, McNamara has tried to rouse global concern about the problems of the poor nations, and the poor within nations, and bring them into the productive apparatus, albeit through the process of integration into the world economic system. But he did bring about some innovations, especially in lending for social sectors. (IPS)

ALGIERS: "OPEC Must Define Itself as an Instrument of Development."
The 57th ministerial conference of OPEC which opened here yesterday, heard a call by the Algerian head of state, Chadli Benjedid, for curbs on the exploitation of oil reserves so as to conserve the strategic source of energy in the service of humanity, and not, as has so far been the case, in the service of the transnational companies. Mr. Benjedid called on OPEC to go ahead with its plan to create a bank of its own, a decision taken last December in Caracas. This decision was ratified by the ministerial meeting on May 27. He also asked for OPEC to act in greater solidarity with the Third World. He refuted western accusations that OPEC was responsible for the high level of world inflation, and affirmed that the problems afflicting society were the result of the present international economic system. Mr. Calderon Berti, Venezuelan minister of energy and mines, spoke in favor of a reassessment of OPEC's role 20 years after its creation. He said that the price of oil had increased many times but the 13 member countries "are neither richer nor more developed." OPEC must convert itself into a tool of progress and development for all the countries of the Third World, he said. A qualitative change must take place within the heart of OPEC to reinforce such an orientation. "The interests of OPEC cannot be different from those of the Third World and on this point we are not satisfied with the progress made," he said. He received a great deal of applause when he declared that OPEC needed new ideas and initiatives in order to find a new focus, a different system of working, so that the benefits of oil would be enjoyed by the majority of people in the underdeveloped countries. Mr. Calderon said he was hopeful that the OPEC summit conference to be held in Baghdad next November on the occasion of the 20th anniversary of the organization, would be more than a social event. He hoped that the meeting would be decisive and that important measures would be taken so that the organization could assume its true role as a tool of development. (IPS)

ALGIERS: OPEC to Have Own News Agency. OPEC will have its own news agency in time for the November summit in Baghdad, oil ministers of the organization decided here yesterday. "OPEC News Agency" will be based in Vienna, the headquarters of the organization, and will distribute 3,000 words a day at first, mainly on energy problems, said delegates to the first working session of the OPEC conference here. Journalists for the central agency and its bureaus in the 13 OPEC countries are to be hired over the next two weeks. Creation of the news agency, first decided upon at the June 1979 OPEC conference in Geneva, is aimed at "countering reports unfavorable to OPEC distributed by certain western media organizations, one OPEC delegate said. Venezuela was among the most active partisans of this initiative. (AFP)

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PRESS DIGEST

Following is the initial global press coverage of McNamara's announcement:

LONDON: Britain's newspapers carry reports today on World Bank President Robert McNamara's decision to resign next year.

The "Times," the "Guardian" and the "Financial Times" all speculate on possible successors to Mr. McNamara and the "Times" and "Guardian" also note that while the post has by tradition gone to an American, developing countries may strive for a non-U.S. appointment.

The "Financial Times," which carries a five-column spread on Mr. McNamara's decision, says the choice of a successor is likely to depend on who the next U.S. President turns out to be.

"If Mr. Carter is still in office next year, he might reach into the ranks of past or present administration officials (Mr. Cyrus Vance and Mr. Michael Blumenthal, ex-Secretaries of State and Treasury, spring to mind). If Mr. Reagan is in the White House, he might select a businessman with international experience," Washington correspondent Jurek Martin writes.

"It is also conceivable that a Canadian of stature could be tapped for the post--such as Mr. John Turner, the former finance minister, or even Mr. Pierre Trudeau, the current prime minister, should he decide in a year's time that his domestic political career has run its course," Martin adds.

The "Times" report by its U.S. economics correspondent Frank Vogl says that the search for a successor is likely to cause international political controversy "especially when the development problems of the world's poorest nations are so acute."

"Expectation of this probably prompted McNamara to make public his decision a year before he plans to leave," Vogl adds.

Possible successors suggested by Vogl are Mr. Edward Heath, who "has become deeply concerned with development problems through his work on the special commission chaired by Herr Willy Brandt of Germany" and Mr. Peter Peterson, the head of Lehman Brothers Merchant Bank who was also deeply involved with the Brandt Commission.

Vogl says that a preliminary decision on a successor is unlikely to be taken until after the American presidential election.

Vogl's report, carried over two columns in the business section, adds that Mr. McNamara's successor will face immense problems. "The debt burden weighs down developing oil-importing nations and threatens to undermine economic progress of the past."

"Guardian" correspondent Alex Brummer says in his two-column report that immediate speculation in Washington on a possible successor was that he might be drawn from the increasingly influential developing world.

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Arguing against an American successor, Brummer writes that U.S. control in the organization has been dissipated following the rise of OPEC financial power and the growing dislike of World Bank policies in Congress.

Looking for reasons for Mr. McNamara's retirement beyond those given in the Bank's statement, Brummer writes: "In the last year or so the McNamara presidency has met with increasing criticism. In the U.S. Congress there have been complaints about lending policy to such countries as Vietnam. There has also been some questioning of the high living standards of some World Bank officials, who enjoy a privileged tax status and have their own country club (sic) not far from Washington.

"Mr. McNamara's apparent flirtation with domestic politics when Senator Edward Kennedy entered the race for the Democratic nomination last year has also attracted some adverse comment," Brummer says.

Jurek Martin, in assessing Mr. McNamara's career in the "Financial Times," says that the former U.S. Secretary of Defense transformed the institution to the point where, for years, it has been known as 'McNamara's Bank'.

"During his tenure, the Bank's annual lending has risen from under \$1 billion to its current \$11.5 billion, its professional staff has risen from about 900 to 2,300, plus any number of consultants on top.

"Its management structure has been radically altered, initially concentrating authority in the hands of the president and his inner circle of advisers, more recently tending towards decentralization as the institution has grown," Martin writes. Martin also notes that the Bank also widened its programs under Mr. McNamara.

"If pressed, Mr. McNamara would probably say his greatest achievements were to draw attention to the overpowering issue of poverty, particularly rural, in the Third World, to the development of energy programs in developing nations, to his role in contributing to the international debate on the need for population control, and to the drawing together of many disparate strands in this year's report of the Brandt Commission."

But Martin adds that his most notable achievement at the Bank has "surely been in increasing its lending resources... He pushed the Bank into more innovative forms of financing from the private sector, as well as lobbying with some success for continued official support for the International Development Association, the Bank's soft loan arm."

Martin concludes: "Yet Mr. McNamara had remained a controversial figure. His extraordinary energy, and an undoubted inclination towards authoritarianism, was often frustrating even to his own staff: and the Vietnam legacy has died hard in the U.S."

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Most of the papers carry photographs of Mr. McNamara. The "Telegraph" carries two paragraphs of Mr. McNamara's resignation in its finance section.

PARIS: "Le Matin" is the only French daily to report today on Mr. Robert McNamara's announcement that he will retire from the World Bank presidency in a year's time.

The factual report concludes: "Mr. Robert McNamara's presidency has been marked by a considerable development of the World Bank and its activities in favor of developing countries.

"Loans granted under his presidency by the Bank had increased to \$11.5 billion at the end of the first six months of 1980 from \$1 billion on June 30, 1968.

"The World Bank supervises currently more than 1,600 projects throughout the world for a global amount of more than \$100 billion," it says.

BONN: The "Frankfurter Allgemeine Zeitung" says that Mr. McNamara, "who is esteemed by the developing countries, has led the World Bank through a period of expansion."

The paper says that at his suggestion the World Bank's financing of the developing countries' oil-related balance of payments deficits was broadened from its project-related credits to include program credits for restructuring the economy.

The news of Mr. McNamara's decision came too late for report or comment by other German morning papers today.

MADRID: The Spanish press today reports in its economic sections on Robert McNamara's decision to resign as World Bank president next year.

The economic daily "Cinco Dias" carries editorial comment, saying that Mr. McNamara's biography was as agitated as were his reports on the world economy.

His arrival at the World Bank in 1968 was like a spiritual rebirth, a conversion from a preacher of (logically, Soviet) military dangers to a preacher of economic threats, never losing an apocalyptic tone which gave added strength to his addresses," it says.

THE HAGUE: Robert McNamara's decision to step down as president of the World Bank is reported briefly today by most leading Dutch morning papers, but the story broke too late for any editorial comment to be carried.

The "Volkskrant" runs four paragraphs credited Reuter/AFP with a Washington dateline.

The "Algemeen Dagblad" and the "Telegraaf" each carry two paragraphs. Both items say that Mr. McNamara wanted to retire on his 65th birthday in June next year and had raised the possibility of a non-American following him in office.

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TOKYO: Three of the six major Japanese-language dailies published in Tokyo and the Japan Broadcasting Corporation (NHK) report today on the retirement of World Bank President Robert McNamara announced in Washington yesterday.

In its own correspondents' report from Washington, the "Yomiuri Shimbun" says that Mr. McNamara's decision to resign in the middle of his third five-year term came as a surprise.

The paper says that since assuming the World Bank presidency, Mr. McNamara had been striving for international peace by expanding development assistance to developing countries.

The "Mainichi Shimbun" and the "Nihon Keizai" carry a report by the Japanese news agency Kyodo, which quotes World Bank sources as saying Mr. McNamara had decided to resign because he would turn 65 next year and his aim of expanding the Bank's funding was now being accomplished and the admission of China had also been achieved. The NHK also used the Kyodo report.

BAHRAIN: Bahrain's "Gulf Daily News" and Dubai's "Khaleej Times" each carry three-paragraph agency reports on World Bank President Robert McNamara's decision to resign next year.

(The above summary was provided by Reuters.)

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U.S. PRESS DIGEST

The "New York Times", the "Washington Post", the "Washington Star", the "Journal of Commerce", the "Wall Street Journal", and the "Christian Science Monitor" gave prominence to the news about Mr. McNamara's retirement.

In a page one story, "Times" correspondent Edward Cowan reported "a statement by Mr. McNamara, issued on his 64th birthday, seemed to express the view that it was time to end the tradition, going back to the creation of the bank in 1946, that it be headed by an American chosen by the White House... There was no immediate reaction from the Carter Administration. Mr. McNamara paid a call on Treasury Secretary G. William Miller last Thursday and presumably told Mr. Miller that he would recommend that the bank's directors create a search committee to select a new president." Cowan added "one United States official with some knowledge of the situation speculated that the Administration would not agree to the selection of a non-American. This official said he believed Mr. McNamara's suggestion for a search committee was the result of 'his being sensitive to this being a member-owned institution.'" Cowan reported that "Secretary Miller issued a statement expressing 'great personal disappointment' that Mr. McNamara was leaving but saying nothing about whether the Carter Administration felt that another American should succeed him."

The "Times" supplemented this story with another one in the financial pages by Clyde Farnsworth. The report headlined "World Bank Under McNamara" said "The World Bank in 12 years under Robert S. McNamara has become the leading international instrument for the transfer of technical and financial assistance to the world's poor. In addition to vastly enlarging its scope of operations, Mr. McNamara, a former Defense Secretary and a former President of the Ford Motor Company, has fostered significant changes in the Bank's development strategy... By making the poorest villagers--the small holders and tenant farmers--more productive, the rural development program he sponsored sought both to create 'wealth' where it is needed most and to increase food supplies. Where the Bank had earlier concentrated on larger and highly visible 'infrastructure' projects, such as dams and steelworks, it now puts 70 percent of its resources into rural development. Another major innovation of the McNamara presidency was to stress the 'basic needs' approach by throwing Bank support behind projects whose goals were to improve health, education, nutrition and housing of the poor."

Correspondent Farnsworth quoted the Executive Director for Bangladesh, India and Bangladesh, Mr. Narasimham, as saying that Mr. McNamara provided "social dimension to development". Here are some other comments mentioned in the Farnsworth report.

Senator William Proxmire: "Bob McNamara's performance has been unique and refreshing in that he has brought to the world of high finance a concern for humanity and a sympathy for the poor that most bankers lack." Eugene R. Black, a former President of the Bank, was quoted as saying that Mr. McNamara has managed the difficult job of maintaining confidence both of the Third World and the financial community. C.W. Bill Young, Representative, Florida: "He has made the World Bank into a very smooth operation. I do believe Mr. McNamara feels he is responsible to no one."

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McNamara to Step Down At World Bank Next Year. The "Washington Post" (page A-10) reported "On his 64th birthday yesterday, World Bank President Robert S. McNamara called a meeting of his executive board and to its surprise announced he would retire on his 65th birthday." Correspondent Hobart Rowen added "An aide volunteered there is nothing political in McNamara's decision to quit. There was no indication yesterday who the successor might be. However, in the event that Ronald Reagan is elected president, the name of William Simon, former secretary of the treasury may come up..."

Rowen reported "...In the past 12 years, McNamara has become a passionate advocate of the poor and needy nations and in the process has shaken up the private banking world, which thought he was going too far too fast. The less-developed nations on the other hand views McNamara as their most influential champion in the richer world. He made good on his promise to double, then triple, World Bank lending. Today, the World Bank is the main source of development funds for the poor nations of the world... In a sense, McNamara has become the conscience of the rich nations, articulating the case for an ever-increasing volume of aid. In 1969, in a landmark speech at Notre Dame University, he laid out a compelling case that the problems of the poor could not be tackled without dealing with birth control. He was one of the leaders in the movement--still resisted by the United States--for a large common fund to help the developing countries stabilize their export earnings. In his featured and emotional address to the joint annual meetings of the Bank and the International Monetary Fund, McNamara regularly touched off new initiatives among them the need of the ruling elites in poor countries to something more than talk about the problems of their own poorest population..."

The "Wall Street Journal" (page 13) carried the story under the headline "McNamara to Retire as World Bank Chief: Next June; Non-American Could Get Post". Correspondent Richard J. Levine reported "Mr. McNamara's departure will come at a time when U.S. influence within the World Bank is waning, and some Bank officials believe there is a good chance that Mr. McNamara will be succeeded by a non-American." Levine added "during Mr. McNamara's stewardship, lending by the World Bank increased rapidly; annual financial commitments, or loans approved by the directors, rose to \$11.5 billion annually from \$1 billion. China, the world's most populous country, joined the Bank. And Bank lending was refocused on helping the poorest elements of society rather than on sophisticated development projects."

Monday's "Washington Star" gave front page treatment to the story. Correspondent Baily Morris reported "Robert S. McNamara today announced plans to retire as president of the World Bank--a move that both surprised and saddened senior Bank officials... Then, as now, he stressed his now familiar theme that true development means the elimination of poverty in the hungry nations." Correspondent Morris added "There are rumors that McNamara's personal choice is former Secretary of State Cyrus Vance who served as secretary of the Army while McNamara was defense secretary from 1961 to 1968." One Bank official was quoted as saying "this kind of speculation is premature."

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The "Journal of Commerce" (page 9) carried the story under the headline "World Bank to Lose Chief to Retirement". The report said "The reason for the long advance notice apparently was to help the Bank choose a successor. But traditionally the Bank president has been an American. But it is an informal understanding, which could be changed."

The "Christian Science Monitor" (page 2) carried a brief wire service story on the announcement.

Foreign Aid Faces New Problems. The "New York Times" (page A-3) reported "administration specialists were briefly elated last week when the House passed a foreign aid bill that would authorize only \$86.5 million less than President Carter requested for fiscal 1981. It had been a hard fight, but the House leadership had been able to sidetrack most of the damaging amendments and produce a \$5.2 billion package." Correspondent Graham Hovey added "But the euphoria evaporated as the Administration officials took stock of the struggle with Congress that lay ahead if the United States was to maintain even a minimal aid program during an election year when inflation, budget cutting and increasing unhappiness with the world situation all seemed to combine against it."



June 9, 1980

THE WORLD BANK: 1968-1980

During the past 12 years the World Bank has become by far the world's largest and most influential international development institution. And it is for that reason that its 135 member countries must take care to insure that the Bank's next president--be he an American or not--be qualified to exercise strong and impartial leadership. With the entrance of the People's Republic of China into the Bank, this single institution is responsible for providing economic advice and financial assistance to one hundred developing countries, with a combined total population of some three and a half billion people.

The Bank's growth in capability and importance since 1968 can be measured in a number of ways.

Annual financial commitments have risen from \$1 billion in the fiscal year ending June 30, 1968 to \$11.5 billion in the fiscal year ending June 30, 1980.^{a/}

The internal financing necessary to support this expansion of lending has come both from the private capital markets of the world, and through negotiated agreements with the governments of the developed nations. The most recent steps in this process have included the approval of a \$40 billion increase in the capital of the Bank, and a \$12 billion replenishment for the next three years of the funds of the International Development Association--the Bank's affiliate that lends on special concessional terms to the very poorest developing countries.

As a result of this expansion in financial commitments the Bank today is supervising more than 1,600 projects--with a total value of some \$100 billion--in 100 countries.

Perhaps of even greater significance than the elevenfold expansion in lending has been the World Bank's major shift in emphasis from economic programs and investments directed simply toward maximizing the rate of overall economic growth, to programs and investments directed toward achieving that growth with equity. The Bank's research, initiated during this period, has demonstrated that in most instances there need not be a punitive trade-off between equity and growth, and that there is a workable solution to the problem of the 800 million absolute poor who literally live on the margin of life.

The Bank's views in this matter have gained wide acceptance in both the developing countries and the donor nations. These views have helped reshape development strategy in dozens of developing societies, and have directly resulted in a substantial thrust in the Bank's lending program toward investments specifically designed to raise the

^{a/} Robert S. McNamara assumed the presidency on April 1, 1968.

productivity of the poor, and to insure the equitable distribution of essential public services--basic education, primary health care, potable water--to the poor.

During this same period, the Bank has initiated lending in a number of critical sectors in which it had never been engaged before. These have included population planning, environmental protection, primary health care, and energy development.

In the case of energy, for example, the oil import bill of developing countries has risen from \$4 billion in 1972 to \$26 billion in 1978, and is estimated to reach \$60 billion in 1980. To help meet this problem, the Bank has recently launched an energy development program so that its non-OPEC developing member countries can assess, explore, and exploit their domestic petroleum, coal, hydroelectric, and other energy resources. By 1983 the World Bank's lending to these countries for domestic petroleum development alone will reach \$1.2 billion per year--financing, annually, oil and gas exploration and production projects with a total cost of over \$4 billion, and representing roughly a third of the total investment requirements of its developing member countries in this sector.

McN

Office of the President

June 9, 1980

To All Staff

As you know, my current term as President of the World Bank runs to April 1, 1983. Today, however, is my 64th birthday, and I want to inform you, as I informed the Board this morning, that one year hence--that is, effective June 30, 1981, when I shall have reached the traditional retirement age of 65--I propose to retire from my present position.

Timely change in leadership is salutary both for institutions and for individuals, and I had originally intended not to accept a third five-year term. In the end I acceded to the request of the Board that I do so because of the then unresolved problems of the Bank's future financial structure. There was the added circumstance that eight senior officers of the Bank were scheduled to retire in the near future, and careful consideration needed to be given to their replacement.

Within the next twelve months these problems, and related issues, will have been largely resolved. The negotiations for the Sixth Replenishment of IDA's resources, at a level of \$12 billion, have been concluded; agreement on the \$40 billion General Capital Increase for the IBRD has been reached; and the new senior appointments will soon be in place.

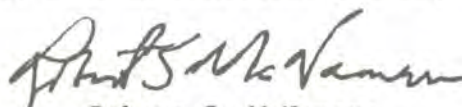
Further, two other matters of long-range significance have now been settled.

The Board has approved membership for the People's Republic of China, and in the months immediately ahead we will be setting in motion the planning and organizational steps required as the world's largest developing society--a nation of some one billion individuals--prepares to seek our assistance in its drive toward economic modernization.

Finally, the Bank's basic policy decision, taken in the early 1970s, to gear itself not merely to the traditional role of assisting its developing member countries to increase their overall economic growth, but to help them as well in their efforts to deal directly with the fundamental problems of absolute poverty, has now been largely institutionalized within the organization. Our growing experience and capability--particularly in our new rural development projects--to design effective measures to help the poor to become more productive, and to assure a more equitable distribution of services to them, have demonstrated the essential feasibility and soundness of the approach, and its immense potentiality for the future.

In view of all these circumstances, I have come to the conclusion that we are approaching an appropriate time for a change in leadership in the Bank.

I have suggested that later in the year the Board organize a Search Committee, and I will of course be available to assist it in any way that I can. In the meantime, there is a great deal of Bank business ahead of us all in the coming months, and I look forward to it, as I am confident you do, with undiminished enthusiasm and anticipation.



Robert S. McNamara

OFFICE MEMORANDUM

DATE: April 8, 1980

TO: Mr. Robert S. McNamara (President)

THRU: Hollis B. Chenery (VPD)

FROM: John H. Duloy and Graham Pyatt (DRC)

SUBJECT: Living Standards Measurement Study (LSMS) Conference of Experts

1. After discussion in the President's Council, you approved initiation of the study described in "An Approach to Improved Primary Data on Income and Living Standards" (Development Research Center, May 31, 1979). This study is now known as the Living Standards Measurement Study (LSMS). In the document referred to we foresaw the need to convene a conference of international experts to advise us prior to drawing up a detailed work program. That conference met in Washington over the last week of February, under joint Bank-U.N. auspices. Lists of participants and of papers prepared for the conference are appended.
2. Of the 33 participants, eight were from the Bank, seven from the U.N. Statistical Office and Regional Commissions, ten from national statistical offices, six were academics, and two were from non-university international research institutes. There was a very strong endorsement from this diverse group for a Bank initiative on methods of measuring levels of living. Evidently, the Bank can play an important role in providing a focal point for work on improved concepts and measurement in this area. We received offers of support and cooperation from all those attending, who were invited in their personal capacities. In many instances, however, their offers carried a strong institutional commitment also.
3. This positive reception of the ideas underlying LSMS went well beyond our expectations, and suggests that LSMS may play a broader role than we originally envisaged. It seems that the timing of LSMS is good, and that its encouraging reception is based, partly, at least, on the credibility which the Bank has built up through its previous and ongoing research. We consider, therefore, that LSMS is off to a good start, although we have not yet been able to appoint a Special Advisor to have direct responsibility for the study.
4. As we had anticipated, discussion at the February meeting, and not least interaction with the national statistician who attended, led to changes in our thinking and in the strategy we now propose for LSMS. Below we record for your information the main changes in emphasis in the study.

Emphasis on Changes Over Time

5. While the importance of a "poverty profile" and income distribution data at a point in time was not downplayed, the conference urged that the major data requirements for improved policy debate and policy formulation are robust measures of changes over time. In order to redirect both projects and policies, it is essential to have a national monitoring system which can track, over time, who is benefitting from the development process and who is being left outside it. Such information is lacking for virtually all developing countries, even those with relatively advanced statistical systems. This priority has major implications for LSMS. It demands that LSMS develop a relatively simple set of survey and other instruments to be repeated on, say, a five-year cycle, which can be speedily processed, which is responsive to national policy needs and which can be set within a national statistical framework. In turn, this

implies that international comparability should not be the primary focus of LSMS. Our view, and that of the experts, is that a successful LSMS so oriented would also make a major contribution to international comparability, but that this should not be forced as an objective ahead of the claims of national policy formulation. This assessment is consistent with our experience in two research projects conducted jointly with ESCAP and ECLA.^{1/} In addition to these technical considerations, both the research phase of LSMS and its ultimate acceptance in country practice are crucially dependent upon national cooperation which will most readily be forthcoming if national interests are given primacy. The issue here does not involve an "either/or" choice. Rather it is one of emphasis, and where we make a start.

Field Work

6. The original LSMS proposal envisaged field work in two or three countries to test new concepts and measures. Such field-testing remains our intention. However, we now plan to extend the field work over more countries and to integrate it into household surveys now in the early planning stages in particular countries. This shift in approach will permit testing over a wider range of country types and will minimize delays in injecting LSMS contributions into ongoing national statistical practice. We have already received indications of a willingness to collaborate in such an approach from most of the statistical offices we have contacted so far.^{2/}

Time-Phasing of LSMS

7. The conference explicitly considered the time-frame of LSMS (originally an elapsed time of two years for the study) in the light of its objectives. It was considered that field-testing was essential if the findings of the study are to impress national statistical authorities, and that the earliest date when field work could begin was in calendar year 1981. Such field work will be preceded by conceptual and design work and followed by processing, analysis and report-writing. We are persuaded by the unanimous advice we received from professional survey statisticians at the conference that we had been over-optimistic in our original assessment of how rapidly surveys of the kind required can be mounted and analyzed. We, therefore, are proceeding to rephase LSMS. A first phase will be completed in two years, as originally proposed. At its completion, current best practice will have been identified and summarized; reports will be available on the main conceptual issues; questionnaires will have been designed and field work started. A report on Phase I should be presented to the Bank and to the Conferences of the International Statistical Institute, and of the Association for Income and Wealth, both about two years from now. Agreement in principle has been secured from both professional bodies.

^{1/} Preliminary reports from these projects have only now become available, and were presented to the conference.

^{2/} Preliminary indications are positive with respect to India, Brazil, Kenya, Thailand, Korea, Portugal, The Philippines, Senegal and (through OAS) Mexico and Venezuela.

These reporting commitments prevent Phase I from being open-ended. Phase II would then involve completing the field work, its analysis, and preparing the final report and recommendations. Like the first phase, it, too, will require about two years, culminating in a final presentation of recommendations to the U.N. Statistical Commission.

Revision of the United Nations System of National Accounts (SNA)

8. The U.N. Statistical Office has initiated discussions which may lead to a revision of the U.N. System of National Accounts (SNA). One issue under consideration is to disaggregate the household sector, and to present the disaggregated accounts in a Social Accounting Matrix (SAM) format as developed in ongoing DRC research.^{1/} The significance of such a change is that it would, for the first time, incorporate distributional (and, therefore, poverty) considerations into the national accounts. These developments potentially open up important possibilities for improved information on who is benefitting from development. They require information of the kind with which LSMS is concerned. Accordingly, LSMS will devote some of its resources to work in this area and the Bank will participate actively in the debate on a new SNA which is being conducted under U.N. auspices.

Processing of Survey Data

9. The conference recognized that a major constraint to the availability of better and timely data in all developing countries, and an absolute barrier in many, was the inadequacy of processing and analytical facilities and management capability in this area.^{2/} Nevertheless, this set of problems will not be an area of concentration for LSMS. This is partly because it is a problem area common to all survey and statistical work in developing countries and not, therefore, specific to the measurement of levels of living. We are also concerned to avoid spreading our resources too thinly and to avoid entering a field within which we lack comparative advantage. Instead, LSMS should attempt to catalyze the efforts of others in this area, notably the U.N. National Household Survey Capability Program.

Budgetary Implications

10. Our May 31, 1979 prospectus for this study estimated a budget requirement of \$1.5 million in calendar 1980 prices. No change is proposed for this sum. We also undertook to explore the possibility of obtaining support from non-Bank sources.

^{1/} Work on SAM has been a major focus of the DRC in recent years, and the first detailed country SAM (for Malaysia) is currently under consideration for publication.

^{2/} One consequence of this situation is that the conference was able to identify bodies of survey data which have already been collected, but only partially analyzed.

11. During the conference, and also in discussions prior to it, individuals from many institutions have expressed the view that the Bank should play an even larger role than envisaged in our earlier proposals. This encouragement has been accompanied by expressions of willingness to make additional resources available to permit the expansion. Three specific offers are as follows. First, as noted above, several countries have expressed a willingness to include LSMS experiments in their ongoing survey programs. This implies that much of the field work can be financed on a marginal-cost as opposed to a full-cost basis. Second, Professor Malinvaud (Director-General, Institut National de la Statistique et des Etudes Economiques, Paris) has offered to provide staff time for the guidance and management of an application in some West African country, and more generally to associate his institute with LSMS. Third, we have been told informally that USAID would welcome a proposal to assist in funding an expanded LSMS effort.

12. Our recommendations in the preceeding sections reflect the view that the Bank should respond positively to these suggestions, which do not imply Bank funding additional to the \$1.5 million previously estimated, in view of these offers of incremental resources.

13. The major budgetary implication, therefore, is for a spreading of the present budget total over a four-year period with consequential changes in the timing and mix of expenditures. In particular, we will extend the two staff positions from two to four years, with consequent reduction in other expenditure categories.

Immediate Next Steps

14. We will develop a detailed work program on the basis of the above by the end of April. This will incorporate a number of research components on aspects of levels of living which go beyond a narrow focus on income and expenditure surveys and capture the wider range of issues discussed by the conference. As an immediate response to the interest in LSMS, we have initiated an LSMS Working Paper Series which will be given wide circulation. The papers presented at the conference will constitute the first of this new series.

Attachments.

cc: DPS Directors
LSMS Steering Group
Ms. Cleave (VPD)
Ms. Stout (DRC)

LIVING STANDARDS MEASUREMENT STUDY

EXPERT GROUP MEETING

Washington, D.C.
February 25-29, 1980

List of Participants

Prof. Irma Adelman	University of California, Berkeley
Dr. Oscar Altimir	ECLA, Santiago, Chile
Dr. Paulo de Tarso A. de Andre	IBGE, Rio de Janeiro, Brazil
Mr. Robert Bartram	Bureau of the Census, Washington, D.C.
Mr. William Booker	Economic Commission for Africa, Ethiopia
Mr. Ramesh Chander	World Bank, Washington, D.C.
Prof. V.M. Dandekar	National Sample Survey, New Delhi, India
Mr. Barrie Davies	UN Statistical Office, New York
Prof. Angus Deaton	Princeton University, Princeton
Mr. John Duloy	World Bank, Washington, D.C.
Mr. Joseph Duncan	Office of Federal Statistical Policy and Standards, Washington, D.C.
Mr. Simon Goldberg	UN Statistical Office, New York
Mr. Christiaan Grootaert	World Bank, Washington, D.C.
Mr. Benjamin Gura	OAS, Washington, D.C.
Prof. Thomas Juster	University of Michigan, Ann Arbor
Prof. Isaac Kerstenetsky	Fundacao Getulio Vargas, Rio de Janeiro Brazil
Dr. Dai Young Kim	Bureau of Statistics, Seoul, Korea
Mr. Timothy King	World Bank, Washington, D.C.
Prof. Edmond Malinvaud	INSEE, Paris, France
Mr. Farhad Mehran	ILO, Geneva, Switzerland
Mr. Mervin Muller	World Bank, Washington, D.C.
Mr. Graham Pyatt	World Bank, Washington, D.C.
Prof. Christopher Saunders	European Research Centre, Sussex, England
Dr. Landing Savane	CODESRIA, Senegal
Mr. Christopher Scott	World Fertility Survey, London, England
Prof. Dudley Seers	IDS, Sussex, England
Mr. William Seltzer	UN Statistical Office, New York
Mr. Parmet Singh	Central Bureau of Statistics, Kenya
Prof. T.N. Srinivasan	Yale University, New Haven
Mr. Pravin Visaria	World Bank, Washington, D.C.
Mr. Bevan Waide	World Bank, Washington, D.C.

List of Observers

Mr. Sang Mok Suh	Korea Development Institute, Seoul, Korea
Mr. Robert Johnson	UN Statistical Office, New York

GPyatt:nr
February 21, 1980

LIVING STANDARDS MEASUREMENT STUDY

EXPERT GROUP MEETING

Washington, D.C.
February 25-29, 1980

TITLE OF PAPERS

"Measuring Levels of Living in Latin America: An
Overview of Main Problems"

by O. Altimir/J. Sourrouille

"Development of African Surveys and Measurement of
Levels of Living"

by W.L. Booker

"Recent Experience in Household Surveys in Malaysia
and the Philippines"

by R. Chander

"Measurement of Welfare: Theory and Practical Guidelines"

by Angus Deaton

"National Household Expenditure Survey" (Brazil)

by Paulo de Tarso A. de Andre

"Opening Statement"

by Simon Goldberg

"Some Guidelines for Discussion at the Expert Group
Meeting on the Living Standards Measurement Study"

by Christiaan Grootaert

"The Measurement of Inequality of Basic Needs Attributes"

by Farhad Mehran

"Employment Data for the Measurement of Living Standards"

by Farhad Mehran

"Some Conceptual Problems of Measuring Living Standards
or How Do We Find Out Who is Benefiting from Development"
by Graham Pyatt

"Towards a Work Program for the Living Standards Measurement
Study"
by Graham Pyatt

"Experimental Survey of Household Budgets and Consumption
in Senegal 1973-75"
By Landing Savane

"Practical Problems in Conducting Surveys on Living Standards"
by Christopher Scott

"Kenya's Data on Living Standards"
by Parmeet Singh

"Towards More Effective Measurement of Living"
by UN Statistical Office

"Poverty and Living Standards in Asia: An Overview of the
Main Results and Lessons of Selected Household Surveys"
by Pravin Visaria

A Summary: "Poverty and Living Standards in Asia: An Overview
of the Main Results and Lessons of Selected
Household Surveys"
by Pravin Visaria

"Income and Expenditure Surveys in Developing Countries
Sample Design and Execution "
by M. A. Wahab

LIVING STANDARDS MEASUREMENT STUDY

EXPERT GROUP MEETING

Washington, D.C.
February 25-29, 1980

List of
Background Papers

- "Household Surveys for Poverty Studies: Some Guidelines"
by Samir Radwan and Torkel Alfthan
- "Draft Revision of the Handbook of Household Surveys
Part Three: National Questionnaires - Sample Questionnaire from Brazil"
Expert Group on Revision of UN Handbook of
Household Surveys, Geneva 3-11 March 1980
- "Review of Work of the United Nations Statistical Office (UNSO)
Related to Statistics of Levels of Living"
by the Statistical Office of the United Nations
February 1980
- "Experiments on Recall Error in African Household Budget Surveys"
by Christopher Scott
- "National Sample Survey Reports Published"
GIPN-S4-18 CSO ND/76-19-9-78-700
- "Time Use Data: Policy Uses and Methods of Collection"
Report of a Workshop sponsored by the Asia
Society in New York, September 15, 1978
- "Time Use in Rural Botswana"
by Eva Mueller
- "Illustrations of National and International Socio-Economic and
Socio-Economic Group Classifications"
by Brigitte Doring-Bradley and Robert Johnston
June 1979
- "The National Household Survey Capability Programme: Prospectus"
by United Nations Secretariat

Forthcoming

"Proceedings"

"Summary" Statement

by Christopher Saunders

March 1980

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery, VPD *HBC*

SUBJECT: DPS Budget Request

DATE: April 4, 1980

1. PAB is proposing an increase of \$440,000 (4.5%) in the DPS discretionary budget plus continued funding of the three-year Living Standards study with the U.N. This increase finances the minimum level requested for research, but makes no allowance for any increase in operational support to the regions or other DPS activities.
2. For CESW we requested one new position, so that the present DPS share of this work (7 percent) can be maintained. We understood from Mr. Stern that this was what he expected. As it is, DPS is continually having to turn down regional requests for mission support, and our ability to provide specialist assistance to country economists has been substantially reduced (see p.11).
3. For structural adjustment lending we requested two additional positions, but the PAB memorandum suggests that DPS support in this area could be provided out of resources previously allocated to policy work on basic needs. The fact is that other DPS policy work was deferred to make room for the work on basic needs. We have been planning on its resumption in FY81, with particular emphasis being given to an examination of the Brandt Commission's recommendations, analysis of the Bank's role in the changing international environment and the continued study of important sectoral issues (e.g., impact of the Bank's work on poverty, developing LDC energy sources, policies for industrial employment). If we do not get the additional positions requested, we shall either have to drop some of this policy work or severely restrict the support we give to the regions for structural adjustment lending.
4. In sum, we would only be able to accommodate the desired expansion of the Research Program by holding down operational support, policy work and other DPS activities to levels which are out of line with the general growth of the Bank's activities. I therefore recommend that you approve at least two of the four additional professional positions requested for these functions.
5. The World Development Report. The computing requirements to make the global modelling system operational (para. 3.32) were discussed with you this afternoon. As concluded in that meeting, DPS and CAD will complete the

April 4, 1980

preparation of a computing program involving use of an outside supplier of IBM services for consideration on your return. Our present estimate is that it will require an additional \$0.5 million above the resources available to DPS and CAD.

cc - Messrs. Qureshi
Stern
Gabriel

HBC:jm

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

Office of the President

April 4, 1980

APR - 7 1980

MEMORANDUM FOR MR. QURESHI
MR. CHENERY ✓

I understand we face problems in assuring timely and accurate development of the econometric model which will serve as a foundation for WDR IV, V and VI.

I am told that in order to improve the model to desirable levels it may be necessary to expend \$100,000 more than previously planned in FY80. I am prepared to do so if Messrs. Muller and Cheetham develop a plan with a high probability that it will yield the desired improvement.

This leaves open the question of possible additions to the presently planned FY81 budget to assure acceptable WDRs IV, V, and VI. Messrs. Muller and Cheetham will present alternatives which I will consider immediately following my return. To the extent the alternatives involve expenditures not now planned for FY81, such expenditures, if approved, will be charged against the FY81 contingency allowance.


Robert S. McNamara

cc: Mr. Muller
Mr. Cheetham
Mr. Gabriel

KSM
N. S. M. N. S. M.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 19, 1980

FROM: E. Bevan Waide, VPD *EW*SUBJECT: Official Transfers

1. You asked about our 1980 estimate of net official transfers from the industrialized countries. The net outflow of \$24.6 billion in 1980 is based on projected official transfer receipts of \$17.8 billion and payments of \$42.4 billion (see Table 1 below). In 1977, the net outflow from industrialized countries was \$15.4 billion.

Table 1: GLOBAL DISTRIBUTION OF OFFICIAL TRANSFERS, 1977 AND 1980

(billion US\$)

	Receipts		Payments		Net Flows	
	1977	1980	1977	1980	1977	1980
Industrialized Countries	11.1	<u>17.8</u>	26.5	<u>42.4</u>	-15.4	<u>-24.6</u>
Capital Surplus Oil Exporters	0.4	0.5	5.5	8.4	-5.1	-7.9
Developing Countries	6.9	<u>9.5</u>	0.5	0.7	6.4	8.8
Centrally Planned Economies	-	-	-	-	-	-
International Organizations	6.6	<u>7.8</u>	0.8	1.3	5.8	6.5
Total	<u>25.0</u>	<u>35.6</u>	<u>33.3</u>	<u>52.8</u>	<u>-8.3</u>	<u>-17.2</u>

Source: 1977 is based on IMF balance of payments and OECD data; 1980 is from projections by the Economic Analysis and Projections Department.

2. As you can see from Table 1, official transfer receipts and payments do not balance at the global level. In fact, the differences account for a significant part of the discrepancy in the global balance of payments accounts prepared each year for the WDR. Differences in balance of payments accounting conventions account for an important part of these discrepancies. The DAC countries, for example, include the imputed cost of technical assistance in their transfer payments, whereas the recipient developing countries typically exclude it. Military assistance is also recorded by the industrialized countries, but in many of the recipient countries it is excluded from the balance of payments accounts altogether, or classified as a receipt in the service account rather than as an official transfer. We also lack information about official transfers for the centrally planned economies, although we believe

March 19, 1980

that these are quite small. Flows to and from the international organizations are a further source of discrepancies, in that contributions to funds like IDA are not always treated in a consistent manner by donor countries; the same is true of aid in the form of budgetary support. Transfer payments by international organizations are quite small since they exclude IDA-type funds which are classified as loans and not as grants.

3. We have been working closely with the staff of the IMF and the EEC, and the secretariat of OECD on these issues. Only limited progress has been made, mainly because the reporting countries are slow in agreeing to changes in their accounting procedures.

cc: Messrs. Chenery (o/r), Stern, Baneth, Isenman
Mrs. Hughes (o/r)

RJCheetham/EBWaide:cjl

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Hollis B. Chenery and William Clark) ¹⁷⁵² DATE: March 12, 1980

FROM: John E. Merriam and Mahbub ul Haq ^{mk}

SUBJECT: Basic Needs Publication Program

1. As desired by you, PPR and IPA have been discussing a suitable format and schedule for publishing and disseminating the studies on basic needs done in the Bank. As a result, the following suggestions have emerged.

Basic Needs Series

2. The studies will be published in a booklet form with a specially designed cover.

3. We are suggesting "Poverty and Basic Needs Series" as a provisional title. It would have been simpler to call it the "Basic Needs Series" but for the unfortunate connotations this code word has acquired. The alternative phrasing that you suggested ("An Attack on Absolute Poverty") can be used as a subtitle but there is no way that the very word "basic needs" can, or should, be eliminated since there is no comfortable substitute for it in the text of the papers. Our proposal would be that this series should carry a standard foreword of 2-3 pages, preferably to be signed by you, which puts the concept of basic needs into its proper developmental perspective and translates it into an attack on absolute poverty. This title would also link up the work on basic needs with the continuing work on poverty in the Bank.

4. A list of the studies that might be published is given in Annex I with a proposed schedule of publication. The country studies may be grouped together as some of them are too short to appear alone, while others will have to be condensed. The exact number of studies to be published will depend on the evaluation by a committee (described in paragraph 6) which will ensure that adequate quality standards are maintained. It should be noted that if all the basic needs studies are to be published before the Spring of 1981, it will place considerable pressure on IPA resources.

5. Best estimates are that each booklet in the series will cost IPA a total of \$15,000 to produce in English only. French and Spanish editions will cost \$7,000 each, assuming that the Bank's translation service and new typesetting facilities can handle the task. This total (for the English editions) includes costs of a consultant editor, typesetting, and printing of 10,000 copies for each volume in the series. Additional costs to IPA for fiscal 1980, therefore (for four booklets), will aggregate \$60,000, and budgetary authority to incur this extra expense must be given. Costs for fiscal 1981 are estimated at \$120,000 for English and additional sums (\$125,000) for French and Spanish.

6. In order to ensure quality control over this series, it is proposed to set up an informal committee of four people (Merriam, van der Tak, P. Wright, and Haq) who will see that the contents of each booklet are reviewed adequately before final publication. For country studies, a regional representative will be added to this group. The publication of country studies will depend on the formal permission of governments concerned. Such permission has been obtained for Sri Lanka, Brazil, and Gambia so far; it will be sought in other cases as well.

7. In order to give a distinctive character to this series, there will be a common cover for all the papers. Sector studies will have a cover in one color; country studies will be in a second color; covers of general studies will be in a third color. As desired by you, two dummy covers, with abstract motifs, are appended and your approval sought for the use of one of them. The two covers are indicative only; whichever of the two you may like better will be slightly modified so as to meet IPA's "standardization" criteria. Attached also are two alternative formats of the inside pages of the booklets. The first is a two-column format with a 7" x 9" page size; both the page size and the format will clearly distinguish this series from others, such as the Sector Policy Papers, which is attached for comparison and information.

8. It is proposed to distribute each booklet to the Board for its information before its dissemination outside. Where appropriate, the booklets will contain disclaimers indicating that they represent the views of the authors rather than the Bank. Mr. Damry agrees with this procedure.

9. It is essential that the distribution of each booklet be targeted to the right audience. Distribution lists in each case will be worked out between IPA, PPR, and concerned Bank departments.

10. In addition to this series, we propose two additional publications on the following lines.

Finance and Development Basic Needs Series

11. In September 1979, Finance and Development began the publication of a series of articles on basic needs with Paul Streeten's article on "From Growth to Basic Needs," as the first. The complete series of articles and publications dates are attached as Annex II. It is our intention at this time to group these articles together in booklet form under a distinctive title and to issue it to the same kind of audience as F&D reaches. These articles present short and succinct statements on operational implications of basic needs, and their availability in a convenient booklet form will be useful for general distribution.

Book on Basic Needs

12. The Policy Planning and Program Review Department is preparing a synthesis of the thirty-three conceptual, sectoral, and country papers prepared under the Basic Needs Work Program. Paul Streeten is in charge of this work. A book-length manuscript is expected to be ready later this month for review by the Editorial Subcommittee. The publication schedule for this book will be decided after such a review.

13. Your approval of the program as proposed is requested. To summarize the financial picture:

	<u>FY1980</u>	<u>FY1981</u>
English	\$60,000	\$120,000
Spanish, French	---	\$125,000
Total	\$60,000	\$245,000

Of which, \$ 0 and \$175,000 can be absorbed by IPA, leaving a total of \$60,000 in extra funds for FY1980 and \$70,000 in extra funds for FY1981 that must be found in order for the program to proceed.

Attachments

cc: Mr. Peter Wright, VPD
Mr. H. van der Tak, CPSVP

POVERTY AND BASIC NEEDS SERIES

(The series will be issued in a booklet form with a special cover. Numbers at the left indicate order of publication.)

<u>Number</u>	<u>Subject</u>	<u>Provisional Publication Date</u>
<u>Sector and General Studies*</u>		
1	Health	Spring 1980
2	Education	Spring 1980
3	Basic Needs: An Overview of Policies and Experience	Spring 1980
4	Nutrition	Spring 1980
5	Shelter	Spring 1980
6	Water Supply and Waste Disposal	Spring 1980
7	Sector Policies and Linkages in Meeting Basic Needs	Summer 1980
8	Global Estimates for Meeting Basic Needs	Summer 1980
<u>Country Studies**</u>		
9 -	Sri Lanka	Fall 1980
	Brazil (already issued in red cover)	" "
	Somalia	" "
	Egypt	" "
	Mali	" "
	Gambia	" "
	Indonesia	" "
	Performance of Middle-Income Countries on Basic Needs	" "
	Nigeria (not yet completed)	?

* Education and Health will be issued separately as Sector Policy Papers.

** A number of these country studies may be combined in one volume.

FINANCE AND DEVELOPMENT BASIC NEEDS SERIES

Paul Streeten, "From Growth to Basic Needs"
(September 1979)

Frances Stewart, "Country Experience in Providing for Basic Needs"
(December 1979)

Shahid Javed Burki, "Sectoral Priorities for Meeting Basic Needs"
(March 1980)

Alan Berg, "Strategy to Reduce Malnutrition"
(March 1980)

Norman Hicks, "Is There a Trade-Off Between Growth and Basic Needs?"
(June 1980)

Hollis B. Chenery, "Poverty and Progress: Choices for the
Developing World"
(June 1980)

Mahbub ul Haq, "Basic Needs: International Implications"
(September 1980)

OFFICE MEMORANDUM

Through: Mr. Robert S. McNamara
Mr. Hollis B. Chenery
Mahbub ul Haq, Director, PRG

DATE: March 7, 1980

The Report of the ACC Task Force on Long Term Development Objectives

1. The attached report of the ACC Task Force on Long Term Development Objectives has been submitted to the Preparatory Committee for the New International Development Strategy. This report, along with that prepared by the CDP (analyzed in our memo to you of February 21, 1980) constitute the two most important inputs for the formulation of the IDS.

2. There are, of course, a number of common elements in the approaches adopted by the two bodies. Both recognize that global targetting has no operational significance. If targets are presented, it is done purely for aspirational or monitoring purposes. The IDS is seen essentially as an international development framework within which countries will formulate their individual programs. Both reports have a remarkable degree of balance in the extent and nature of structural changes asked for from both developed and developing countries. Both urge the developed nations to reach the ODA target of 0.7% of GNP by 1985 and both call for the acknowledgement of the "principle of automaticity" in resource transfers to developing countries.

Differences in emphases between the CDP and ACC Task Force Reports: These similarities notwithstanding, there are some interesting differences in emphases in the two reports. The following points are worth noting:

- Although the Task Force report also puts forward the 7% growth target (6% for the low income countries), the statement accompanying it is much more cautious than in the CDP report. For instance: "A development strategy based on an overall growth target of 7% would involve major structural and institutional transformation in developing countries as well as in the world economy."
- There is much greater specificity about the actions to be taken by the developing countries for improving their growth performance. They are required to increase their agricultural growth from 2.7% average in the sixties and seventies to 4.0% in the eighties; triple their energy production by 1990; create new productive jobs at the rate of 3.5% per annum in the next two decades; increase the incomes of the poorest segments at rates faster than the average; and "generate the institutions, the managerial ability and the creative enterprise" needed for rapid growth.

- The CDP's commitment to NIEO is essentially of a proforma nature. The ACC Task Force is much more explicit in calling for the establishment of a new order. Thus: "In many areas, the various premises underlying [the old] order have been challenged; many have collapsed in the process; and some have been replaced by new ones." Accordingly, "new rules and mechanisms are urgently called for in the area of primary commodities, energy, trade, money and finance, and service and technology."
- The CDP urges some delinking between the economies of the developed and developing countries. The Task Force, while urging the developing nations to collaborate with each other, argues that "collective self-reliance ... does not imply delinking." Thus: "in a dynamic setting, when the total number or volume of linkages is constantly rising, it is clear that an increase in the relative share of developing-country linkages does not imply a decrease in the absolute number of linkages between developed and developing countries."
- Finally, the ACC Task Force contains a much more explicit "basic needs" orientation than the CDP Report. The CDP Report's basic needs targets, to be met by the developing world by the end of the century, are to be pursued along with a number of other goals. The ACC makes investment in human resource development central to the strategy since this type of investment "has a strict bearing on the pace and pattern of economic growth." Also, the emphasis on human resource development "is not only desirable on the grounds of equity but is a critical requirement for sustained growth in the absence of a steadily growing demand from developed countries."

External conditions for the IDS

3. The Task Force sees the establishment of the "new international economic order" as a prerequisite for the achievement of the IDS goals and objectives. In addition to this general endorsement of the NIEO, the Report has a number of specific recommendations concerning international institutions. Among them the following receive emphasis (the words are essentially those of the Report):

- Initiate negotiations on the establishment of a new financial facility - possibly a third window of the Common Fund - to complement international commodity agreements and to stabilize directly the commodity export earnings of individual countries.
- Establish a fund to finance the investment needs of developing countries in the field of energy and to finance also the additional oil import requirements of accelerated growth.

- Establish a mechanism to monitor developments in the field of trade, to evaluate their implications and to guard against regressive tendencies.
- Establish a more responsive system of monetary cooperation that would ensure a more balanced distribution of decision-making as between creditor and debtor countries. This calls for institutional changes and possibly the creation of new institutions.
- Possible establishment of a new multilateral facility that recognizes the long-term structural character of many balance of payments problems.
- Empower an international institution or a confederation of central borrowers with the authority to create a world currency to provide adequate short-term credit, to act as a lender of last resort, to support international discounting of domestic or external assets by countries seeking to manage their external indebtedness.
- Initiate negotiations among developing countries to establish an Independent Third World institution to undertake research on common problems as well as promote collaboration between them.

The Report and the World Bank

4. The only important direct reference to the World Bank in the report concerns its role in overcoming balance of payments crises by "providing long-term finance [in order to] change the debt profiles of the developing countries."

5. Both the ACC Task Force Report and the CDP Report mark a major step forward in the UN thinking on the new international development strategy. They are much more open and non-ideological than the documents which had appeared before. They also make a refreshing departure from the usual "numbers game" and focus instead on policy options for national and international decision makers. We have been closely in touch with both forums and with Messrs. Dadzie and Ripert and tried to make our full contribution to the policy discussions.

6. The next stages in discussion are the UN Preparatory Committee which is now meeting and the ACC meeting in April where discussion may center around the basic questions you have circulated to Mr. Waldheim and ACC. We shall be preparing a separate brief for your use at the ACC meeting.

Attachment

cc: Messrs. Clark, W.
Benjenk
Mrs. Boskey

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery, VPD *HBC*

SUBJECT: Update of Tidewater Speech Numbers

DATE: February 21, 1980

1. The attached tables have been updated as you requested. The GNP growth rates in Table 1 reflect the outcome of the recent consultations with country economists and are slightly lower than before. Table 2 contains minor revisions to the historical data for petroleum imports, which reflect further work to improve the consistency of these data.
2. The current account deficits for 1979 and subsequent years (Table 3) are consistent with Table 2. They will be revised further in the course of the WDR analysis. The present estimates do not make allowance for any special effort by the international financial community to expand the amount of financial resources available to the oil-importing developing countries. Under this assumption we expect the current account deficit (excluding official transfers) to be about \$63 billion in 1980, rising to about \$70 billion in 1982. These estimates are smaller than the earlier ones, which assumed a special effort by the international community to mobilize an additional \$10-15 billion a year during 1980-82.
3. At 1977 constant prices the deficit in 1980 is about the same as that in 1975, and in relation to GNP it is somewhat smaller (4.2% of GNP in 1980 compared with 5.1% in 1975). However, the deficit of the low income countries rises in real terms during the 1980s, roughly in line with the growth of GNP (in contrast to the experience in 1976-78). The deficit of the middle income countries is projected to decline about 2.5% of GNP in 1985 and to 1.5% of GNP by 1990. Even with this relatively slow adjustment to rising energy prices, the projections which were sent to you last week indicate that the burden of debt will be substantially higher in many countries and GNP growth rates will remain at relatively low levels, especially in the first half of the 1980s.

Attachment

cc: Messrs. Stern
Qureshi
Baneth
Isenman
Mrs. Hughes

HBC:RBC:jm

Table 1: ANNUAL GROWTH RATES OF GNP AND GNP PER CAPITA
OF OIL-IMPORTING DEVELOPING COUNTRIES, 1970-90

(percent per annum)

	1977 Population Mid Year (million)	Average Annual Growth Rates of GNP (at 1977 prices)						
		1970-77	1978	1979	1980	1980-82	1982-85	1985-90
Low Income	1,009.4	3.1	4.7	3.1	3.0	4.3	4.5	4.9
Middle Income	646.8	5.8	4.4	4.9	3.8	4.4	4.8	5.4
Total	<u>1,656.2</u>	<u>5.3</u>	<u>4.5</u>	<u>4.6</u>	<u>3.6</u>	<u>4.4</u>	<u>4.8</u>	<u>5.4</u>

	1977 GNP Per Capita at 1977 prices (US\$)	Average Annual Growth Rates of GNP Per Capita						
		1970-77	1978	1979	1980	1980-82	1982-85	1985-90
Low Income	168	0.8	2.4	0.8	0.7	2.0	2.2	2.6
Middle Income	1,205	3.3	2.1	2.5	1.4	2.0	2.4	3.0
Total	<u>573</u>	<u>2.8</u>	<u>2.2</u>	<u>2.2</u>	<u>1.2</u>	<u>2.0</u>	<u>2.4</u>	<u>3.0</u>

Note: The oil-importing developing countries are divided, on the basis of 1977 GNP per capita into:

Low Income Countries -- with per capita income of US\$300 and below;
Middle Income Countries -- with per capita income above US\$300.

Source: Economic Analysis and Projections Department.

2/19/80

Table 2: PETROLEUM IMPORTS OF THE OIL IMPORTING DEVELOPING COUNTRIES, 1973-90

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1985</u>	<u>1990</u>
Value of Net Imports <u>/a</u>											
Low Income	0.41	0.40	0.40	0.40	0.40	0.34	0.29	0.30	0.31	0.33	0.39
Middle Income	<u>3.97</u>	<u>4.24</u>	<u>4.50</u>	<u>5.27</u>	<u>5.43</u>	<u>5.21</u>	<u>5.01</u>	<u>5.11</u>	<u>5.20</u>	<u>5.51</u>	<u>6.54</u>
Total	<u>4.38</u>	<u>4.64</u>	<u>4.90</u>	<u>5.67</u>	<u>5.83</u>	<u>5.55</u>	<u>5.31</u>	<u>5.41</u>	<u>5.51</u>	<u>5.84</u>	<u>6.93</u>
Price Per Barrel, f.o.b.	\$4.20	\$12.40	\$12.33	\$13.60	\$13.70	\$21.30	\$29.80	\$33.50	\$37.00	\$50.30	\$78.30
Cost of Petroleum Imports (billion US\$)											
Low Income	0.6	1.8	1.8	2.0	2.1	2.7	3.3	3.7	4.2	6.0	11.1
Middle Income	<u>6.1</u>	<u>19.2</u>	<u>20.3</u>	<u>26.1</u>	<u>27.1</u>	<u>40.4</u>	<u>54.5</u>	<u>62.5</u>	<u>70.2</u>	<u>101.2</u>	<u>186.9</u>
Total	<u>6.7</u>	<u>21.0</u>	<u>22.1</u>	<u>28.1</u>	<u>29.2</u>	<u>43.1</u>	<u>57.8</u>	<u>66.2</u>	<u>74.4</u>	<u>107.2</u>	<u>198.0</u>

/a Million barrels per day.

Source: Economic Analysis and Projections Department

February 15, 1980

Table 3: CURRENT ACCOUNT DEFICIT OF OIL-IMPORTING DEVELOPING COUNTRIES, 1973-90^{a/}
(billion US\$)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1985</u>	<u>1990</u>
Current Account Deficit (at current prices)												
Low Income	-1.9	-4.3	-4.8	-1.5	-1.7	-5.4	-6.7	-9.1	-11.1	-12.7	-17.2	-25.7
Middle Income	-4.3	-27.3	-34.2	-26.0	-22.6	-20.8	-36.5	-54.2	-55.2	-56.8	-55.7	-59.4
Total	<u>-6.2</u>	<u>-31.6</u>	<u>-39.0</u>	<u>-27.5</u>	<u>-24.3</u>	<u>-26.2</u>	<u>-43.2</u>	<u>-63.3</u>	<u>-66.3</u>	<u>-69.5</u>	<u>-72.9</u>	<u>-85.1</u>
Current Account Deficit (at 1977 constant prices)												
Low Income	-2.6	-5.4	-5.4	-1.6	-1.7	-4.7	-5.2	-6.4	-7.2	-7.6	-8.5	-9.5
Middle Income	-6.0	-34.3	-38.3	-28.2	-22.6	-18.0	-28.5	-38.4	-35.8	-34.1	-27.5	-21.9
Total	<u>-8.6</u>	<u>-39.7</u>	<u>-43.7</u>	<u>-29.8</u>	<u>-24.3</u>	<u>-22.7</u>	<u>-33.7</u>	<u>-44.8</u>	<u>-43.0</u>	<u>-41.7</u>	<u>-36.0</u>	<u>-31.4</u>
Current Account Deficit as % GNP												
Low Income	1.4	3.3	3.5	1.0	1.0	2.6	2.8	3.4	3.7	3.7	3.6	3.2
Middle Income	0.9	4.7	5.5	3.8	2.9	2.2	3.3	4.3	3.7	3.1	2.5	1.5
Total	<u>1.0</u>	<u>4.4</u>	<u>5.1</u>	<u>3.3</u>	<u>2.6</u>	<u>2.3</u>	<u>3.3</u>	<u>4.2</u>	<u>3.7</u>	<u>3.1</u>	<u>2.7</u>	<u>1.8</u>

^{a/} Excludes official transfers.

Source: Economic Analysis and Projections Department

2/19/80

Mr. Robert S. McNamara, President

February 11, 1980

Hollis B. Chenery, VPD

Lending for Structural Adjustment: DPS Support

1. During the President's Council meeting on Monday, you requested that a note be prepared setting out the support that DPS could provide the regions in developing the new type of program lending for structural adjustment. I attach a copy of my memorandum to Ernie Stern of January 22, which addresses this specific issue.

2. We intend to assist in three ways. First, we would build up a core group of economists within the Policy Planning and Program Review Department who would become increasingly experienced in the preparation, appraisal, review and supervision of program loans. PPR would thus perform the functions undertaken by CPS and/or Projects Departments for project-related operations. To do this job adequately, we need more staff and, consequently, PPR has submitted to me a budget request for FY81 for several additional positions.

3. Second, we will assist the regions by helping to hire high-level outside consultants, with mature policy judgment and considerable country experience, including some experience of World Bank operations. A list of possible candidates has been prepared. From this Ernie and I have selected an initial group of about 10 people whose interest is being ascertained. Normally, a consultant will be hired by the region, and financed, if necessary, against the OVP special budget provision for this purpose. However, we would expect to be consulted by the regions before a final choice is made.

4. Third, DPS will, within the limits of competing claims of policy and research work, provide its own specialists to help develop particular aspects of the policy packages to be supported through lending for structural adjustment. PPR will assist the regions in defining their needs for country-specific policy work and in identifying DPS staff who have the necessary country knowledge or specialized skills.

5. At the President's Council meeting, you also raised the possibility of establishing a special Management Steering Committee for this new type of program loan. This role is at present performed by the Loan Committee, to which PPR supplies

February 11, 1980

substantive analysis of forthcoming program-type loans. On Ernie's return, I propose to review the existing procedures with him to determine whether any changes are needed. In the meantime, the relevant OMS has been revised to confirm that the Vice President, Development Policy is a member of the Loan Committee when program-type loans or credits are being considered.

6. You also asked that a note be prepared on the distinguishing features of IMF balance of payments support and Bank lending for structural adjustment. PPR expects to submit this note by February 15 after further discussions with the Fund staff.

Attachment

cc: Messrs. Stern (o/r)
Wright
Waide
Haq
Landell-Mills

Messrs. Gabriel
Hussain
DPS Directors

HBC:MH:PL-M:tss

OFFICE MEMORANDUM

TO: Mr. Ernest Stern, Vice President

FROM: Hollis B. Chenery, VPD *HBC*

SUBJECT: Program Lending--Role of DPS

DATE: January 22, 19

Bank policy on program lending is undergoing a change, and the purpose of this memorandum is to set out the role DPS can play in support of the new policy thrust. We assume that in addition to past types of crisis program lending there will be an expanded volume of "planned program lending", usually in the form of a series of loans aimed at supporting a program of structural change. The program loans would be accompanied by sets of conditions related to changes in development strategy and policies, such as the allocation of investment, the mobilization of resources, the structure of incentives, trade policies, etc., changes in which are likely to bring about, at least for a period, an increase in the external deficit. We presume that the general justification for expanding such lending is the judgement that the Bank can exert more useful policy leverage, in circumstances where major national policy changes are necessary, through program lending rather than through project or sector lending.

Deciding on the amount, timing, phasing, conditionality and monitoring of a program loan requires specific country knowledge and understanding. For this reason program lending is primarily the responsibility of Program Departments, as OMS 2.01 makes clear. However, if conditionality relates, in whole or in part, to specific sectors (usually industry), then a Projects Division or a CPS sector Department may be involved.

The DPS is to carry out two main functions: firstly, it is the operational center for (a) advice on the Bank's program lending policy, and (b) assistance to the regions in the preparation of program loans. Secondly, it is the point of review of program loan packages at the issues/decision, initiating memorandum, and yellow cover stages. These tasks are carried out by the Program Review Division of the PPR, the Division Chief of which is Pierre Landell-Mills. As necessary, this Division calls on staff in the Policy Review Division and other parts of DPS for advice and technical support. Additionally, the DPS has an indirect responsibility for helping to promote the staff development of economists throughout the Bank. At present there appears to be serious shortages of experienced generalists in some of the Program Departments for this work as evidenced by the number of senior country economist

positions currently vacant (e.g. for work in Brazil, India, Pakistan, Tanzania).

Given the likely increase in the number of program loans going through the pipeline, DPS will seek to ensure that the size and staffing of the Program Review Division is adequate, and will review this matter in the course of preparing the FY81 budget. However, the Division's size is such that it neither can, nor should, itself supply all the skills that an expansion of program lending requires. The Division will thus (i) help the Region concerned secure the technical advice it needs from the functional divisions in DPS e.g. industry, trade, public finance, etc., and (ii) maintain lists of experienced economists with country, language and professional skills and experience, on whom the Bank can call both for general advice and manpower help to regional offices, and for the review function. Such lists will need to be developed over time and periodically revised. Attached to this memorandum are two very preliminary lists of (a) senior Bank staff, other than in the regions, with appropriate skills and background, and (b) experienced economists from outside the Bank with suitable skills. In order to add to the effective supply of regional economists, it could be suggested that, given the turnover of country economists, regions make greater use of front office senior economists in leading missions to prepare and negotiate program loans. This would involve relieving them of some of their bureaucratic chores. We would also stress that if consultants or advisors are used in program loan preparation--a process that usually involves several iterations both within the Bank and with the country concerned--their involvement should start early on and continue throughout the period concerned.

A quick review of countries in which there is more than a 50% likelihood that program lending may take place over the next two years suggests that there are about sixteen. Leaving aside Bolivia, the Dominican Republic and Uganda, which would be crisis or reconstruction loans, these countries might include Kenya, Tanzania, Malawi, Sudan, Ghana, Senegal, Mauritania, Philippines, Bangladesh, Pakistan, Sri Lanka, Guyana and Jamaica. A further seven countries including Turkey, Thailand, Korea and Zambia are also likely candidates. Of the above, a total of 10-12 may be under active preparation in any one fiscal year.

This has staffing and budget implications. In addition to reviewing the strength of PPRPR, if DPS were to help through its own staff, say eight countries at any one time, absorbing about three manmonths per country--a total of two manyears--this could probably be found from within the current level of regional support of about 20 manyears. If outside consultants are sought by sponsoring regions, they will naturally have to provide the necessary funds: if consultants are to be used by DPS in the review process, suitable additional provision will need to be made in our own budget. We estimate that the review function for say six countries in FY81 could cost up to one manyear of consultant time.

After you have perused this memorandum, we would propose to circulate it (less the lists) to the Regions to inform them of the role we can play. We also propose to write to those on list (b) to ascertain their interest and potential availability.

cc without attachments:

DPS Directors
Mr. E.P. Wright (VPD)
Mr. P. Landell-Mills (PPRPR)
Mr. G. Gabriel (PAB)

EBW
EBW~~waide~~/EPWright/ko

Mr. Robert S. McNamara, President

January 28, 1980

Hollis B. Chenery, VPD

Revised Set of Petroleum Import Projections

Attached is a revised set of petroleum imports for selected oil-importing developing countries which replaces those included in my memorandum to you of January 11, 1980.

As paragraph 3 indicates, we are preparing more detailed balance of payments projections which may result in further adjustments to imports (including petroleum) for some countries. Preliminary results from this next iteration should be available towards the end of next week.

Attachment

cc: Messrs. Stern
Waide
Isenman
Mrs. Hughes (o/r)

HBC:tss

OFFICE MEMORANDUM

TO: Mr. Ernest Stern, VPO

DATE January 18, 1980

FROM: Russell J. Cheetham, EPDDR

SUBJECT: Petroleum Imports for Selected Countries

1. We have completed a round of discussions with regional staff about the petroleum imports of oil-importing developing countries, and have prepared a revised set of estimates (attached). We all agree that these should be treated as a preliminary set of estimates.

2. It is clear that more work is needed to develop a reasonably consistent set of historical data for energy (including petroleum) production, consumption, exports and imports. Moreover, further work is needed on the projections of coal, electricity, gas and petroleum production which have been prepared by CPS. For some countries regional staff felt that these projections were too optimistic. In most of these cases we agreed to raise the projected levels of net imports of petroleum to reflect more reasonable expectations about domestic energy production. In other cases, estimates were revised to take account of more up-to-date information available to regional staff about past and likely future trends in energy consumption. In yet other cases, where there was considerable uncertainty about actual levels of energy consumption, net imports of petroleum were reestimated directly by the regional staff.

3. We plan to have further discussions with regional staff and CPS about improving the Bank's estimates of energy supply, demand and trade for the major oil-importing developing countries. In the meantime we are incorporating the attached estimates of petroleum imports into our balance of payments projections for these countries. In some cases the earlier projections of current account deficits will have to be revised. As soon as this is done we will prepare new debt projections to get a more complete assessment of the impact of higher petroleum prices on the balance of payments of these countries, and on the nature of the adjustment process during the first half of the 1980s. We expect to complete the exercise by the end of January. The results should also give a better idea about the implications for Bank operations in these countries including, for example, the scope for additional program lending.

Att.

cc: Messrs. Chenery, Waide, van der Tak, Rovani,
Isenman
Mrs. Hughes (o/r)
Regional Chief Economists
EPD Division Chiefs and Senior Staff

RJCheetham:cjl

Table 5: VOLUME OF NET IMPORTS OF PETROLEUM OF SELECTED OIL IMPORTING
DEVELOPING COUNTRIES, 1972-1990

(*000 barrels a year)

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia*	3,889	2,628	2,482	2,539	3,135	4,094
Kenya	n.a.	n.a.	9,600	11,000	13,400	16,300
Madagascar	2,887	3,020	2,768	3,031	3,432	5,130
Tanzania	4,687	4,855	4,891	4,913	6,253	6,935
<u>Low Income Asia and Pacific</u>						
Bangladesh *	6,461	6,461	8,650	11,700	14,900	19,100
India*	107,675	110,632	114,866	126,100	141,700	149,600
Pakistan*	23,506	24,966	27,740	25,300	23,800	9,900
Sri Lanka*	10,658	8,432	8,578	11,000	19,700	21,600
<u>Middle Income Africa South of Sahara</u>						
Sudan	10,814	12,921	13,250	14,110	13,391	13,815
Ghana	7,517	8,664	8,522	5,181	5,707	6,235
Ivory Coast*	7,164	7,556	8,979	7,483	3,504	4,818
Senegal*	2,930	3,760	4,015	4,459	5,464	6,903
Zambia	n.a.	n.a.	n.a.	5,500	5,500	5,000
<u>Middle Income North Africa and Middle East</u>						
Jordan *	n.a.	n.a.	n.a.	9,543	15,621	26,005
Morocco	13,568	18,287	21,718	27,715	36,383	50,249
<u>Middle Income Asia and Pacific</u>						
Korea	70,216	103,295	103,561	195,000	257,891	341,066
Philippines	60,975	63,474	71,905	77,380	76,900	78,000
Thailand	56,108	55,955	67,890	75,226	85,111	96,295
<u>High Income Asia and Pacific</u>						
Hong Kong*	20,323	24,382	35,004	38,908	53,542	75,064
Singapore*	20,095	22,630	27,850	29,354	40,783	56,639
<u>Middle Income Latin America</u>						
Chile	20,430	20,805	24,054	20,134	43,750	53,100
Colombia	-2	-3	n.a.	24	48	17
Guatemala	6,044	7,337	8,176	18	11	13
Peru	11,900	18,000	11,600	-32,500	-24,600	17,300
<u>High Income Latin America</u>						
Argentina	-19	23,500	23,800	15,000	0	0
Brazil	168,300	253,400	291,100	341,200	312,300	387,700
<u>Southern Europe</u>						
Spain*	194,496	271,064	294,840	233,009	215,651	218,691
Turkey	44,228	70,518	102,237	102,000	104,000	117,931
Yugoslavia	38,695	52,195	74,132	74,825	75,000	75,000

1/28/80

Pencil corrections made after memo was circulated.

R. J. Cheetham

Note: Net imports are defined as the total volume of imports of petroleum crude and products minus exports and bunkers.

Source: (a) Historical data for countries with an asterisk (*) were developed by EPD Staff from the United Nations Yearbook of International Trade Statistics (several issues) and from United Nations World Energy Supplies (several issues). All other historical data were provided by regional staff;

(b) Projections for 1980, 1985 and 1990 were prepared by regional and EPD staff.

Table 6: COST OF NET IMPORTS OF PETROLEUM FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1972-1990

	(million US \$)					
	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia *	n.a.	28.9	32.0	71.1	147.1	295.5
Kenya	4.0	106.0	78.7	233.2	475.7	888.4
Madagascar	11.0	47.3	47.8	114.7	217.4	500.2
Tanzania	n.a.	53.4	63.1	172.2	367.0	626.5
<u>Low Income Asia and Pacific</u>						
Bangladesh *	14.5	59.8	88.2	349.0	746.0	1,465.0
India *	242.3	1,321.0	1,588.6	3,758.0	7,070.0	11,490.0
Pakistan *	31.3	274.6	291.3	815.0	1,289.0	827.0
Sri Lanka *	41.8	115.4	129.5	328.0	988.0	1,663.0
<u>Middle Income Africa South of Sahara</u>						
Sudan	27.5 *	150.5	168.5	515.0	818.2	1,300.0
Ghana	18.8	101.4	108.2	144.5	266.5	447.6
Ivory Coast *	18.2	88.0	114.2	209.0	164.0	346.0
Senegal *	7.3	39.7	49.5	120.7	248.9	481.1
Zambia	n.a.	n.a.	n.a.	154.0	257.9	360.5
<u>Middle Income North Africa and Middle East</u>						
Jordan *	10.7	63.8	100.5	292.0	801.0	2,052.0
Morocco	35.7	223.6	303.6	837.0	1,841.0	3,914.0
<u>Middle Income Asia and Pacific</u>						
Korea	177.6	1,170.3	1,324.5	5,635.5	12,481.9	25,409.4
Philippines	159.1	712.2	917.5	2,162.8	3,598.9	5,616.0
Thailand	154.9	662.5	946.4	2,297.4	4,349.2	7,578.2
<u>High Income Asia and Pacific</u>						
Hong Kong *	65.2	290.9	478.5	1,149.0	2,647.7	5,713.1
Singapore *	64.5	270.0	380.7	338.5	787.5	1,683.2
<u>Middle Income Latin America</u>						
Chile	65.2	267.8	329.8	600.0	2,015.0	4,215.0
Colombia	-4.1	-31.9	58.2	464.3	1,286.3	829.9
Guatemala	23.0	107.0	139.6	345.2	650.0	1,178.7
Peru	44.0	221.0	158.0	-969.0	-1,328.0	1,329.0
<u>High Income Latin America</u>						
Argentina	n.a.	329.0	330.8	442.5	0.0	0.0
Brazil	370.3	2,698.7	3,755.2	9,383.0	13,959.8	26,673.8
<u>Southern Europe</u>						
Spain *	567.9	3,407.3	3,986.2	7,200.0	11,157.8	17,414.3
Turkey	123.8	786.3	1,390.4	3,200.0	5,262.4	9,184.4
Yugoslavia	121.9	639.4	974.0	2,158.7	3,622.5	5,572.5
SAMPLE TOTAL						

Source: (a) Historical data for countries with an asterisk (*) were developed by EPD Staff from the sources mentioned in Table 5. All other data were provided by regional staff.

(b) Projections for 1980, 1985 and 1990 were prepared by regional and EPD Staff.
Economic Analysis & Projections Department
January 18, 1990

Mr. Robert S. McNamara, President

January 25, 1980

Hollis B. Chenery, VPD

Guidelines for the Bank Research Program and FY81 Budget

1. As requested, this memorandum outlines a management response to the recommendations of the Research Advisory Panel (GRAP) and the Board discussion of them. It is designed to provide a basis for preparing a five-year research program as well as guidelines for the FY81 research budget. The program will be formulated by the Research Committee, with inputs from the Steering Groups that are being set up in major fields of research. The 1981 budget should be consistent with the objectives that the Bank wishes to accomplish in the field of economic and social research in the 1980s.

I. RESPONSE TO THE RESEARCH PANEL'S PROPOSALS

2. The main thrust of the Panel's recommendations is to increase and broaden the Bank's role in research to include wider dissemination and application of research findings, strengthening of the data base in selected fields, and support for research groups in developing countries. As to research topics, both the general and specialized panels suggest some redirection but no drastic changes among fields. They recommend making research more operational and place greater emphasis on trial applications. If put on a five-year basis (see Annex I), the GRAP recommendations would imply nearly doubling the research budget in real terms by 1985, with the increase of \$10 million over 1980 distributed as follows:

(1)	Research (10% annual increase)	68%	
(2)	Dissemination and application	22%	(plus additional regional staff)
(3)	LDC research capacity	8%	
(4)	Data improvement		
	-- internal	2%	
	-- external		(no estimate)

3. Your November memorandum to the Executive Directors endorsed some expansion in each of these areas, leaving formulation of specific proposals and amounts to future Budget submissions. Steps already taken include setting up Steering

Groups in major areas, organizing workshops for regional economists, starting a news bulletin for Bank research, and initiating a study of ways of supporting LDC research institutions. The Bank's proposed response has been discussed with the Research Committee and the research producing departments. The major issues are discussed below.

II. BALANCE AMONG RESEARCH, APPLICATION AND DISSEMINATION

4. The GRAP report is critical of the lag in application and dissemination in relation to ongoing research in some fields. In part this phenomenon is inherent in the R & D cycle. Since it takes 3-4 years to complete a significant piece of research and write up the results, it is only the products of projects started between 1972 and 1976 that are now available for application. Of these perhaps a quarter involve techniques that require trial applications to additional countries before they can be generally applied in operational work. Other results may need to be presented in the form of manuals or other less technical publications. Annex II indicates that out of 185 projects started under the central research program since 1972, 82 have been completed. Some 40% of these have produced results that need to be tried out in pilot applications or require additional dissemination and support activities.

5. Trial applications. Pilot applications are required to test out new techniques in the policy context of developing countries and to modify them for general use. In the past this has been done in fields such as project evaluation, public utility pricing, highway design, planning industrial investment, and trade policy. In recent years, however, limitations on research staff and budget have restricted the possibilities for such pilot applications even though there is considerable demand both inside and outside the Bank in a growing number of fields.

6. Since trial applications produce results of benefit to the country analyst as well as the researcher, it is not necessary to fund such work entirely from the research budget. The principal obstacle at present is the shortage of research staff, who would have to be diverted from new research for this purpose. An arrangement in which the consumer (regional department or LDC institution) and research producer share the cost would make such applications more feasible. Preliminary discussions suggest that perhaps half of any additional resources allocated for research staff would be used for this purpose although the proportions vary greatly by division and department. Beyond trial applications, users of proven techniques may also need support from the researchers who developed them. This support is likely to form an important element of CPS/DPS input into the Regions' economic and sector work.

7. Dissemination. Until recently efforts to disseminate and apply the findings of Bank research beyond the stage of initial technical publication have been limited. This lag appears to be more serious in the DPS than in the CPS, which has more direct ties to the project and sector work of the Bank. In the past year or so there has been a marked increase in internal dissemination through seminars and workshops in fields such as income distribution, population, social accounting methods, shadow pricing, employment, agriculture and industrial planning.

8. The problems of external dissemination are more difficult because in many cases they require development of less technical forms of publication and establishment of closer ties with research and policy institutions in developing countries. A major bottleneck at the moment lies in the limited resources of the Bank publication program, on which you will receive a separate memorandum.

9. Balance. There is general support in the Research Committee and the research units of the Bank for greater allocation of resources to trial applications and dissemination. Initiatives for such applications may come from either the regions or the research departments and should be worked out jointly. I suggest that an initial fund for trial applications of \$100,000 should be established under the control of the Research Committee so that such allocations can be weighed against new research proposals.

III. SUPPORT FOR LDC RESEARCH INSTITUTIONS

10. Your memorandum to the Board gave strong support to this objective and suggested a variety of ways of pursuing it. Under the budgetary guidelines of the past five years, we have tended to regard this as a secondary objective to be pursued as a by-product of collaborative research. It will require some consultation with LDC institutions and internal discussion before we can make comprehensive proposals in this field.

11. Several preparatory steps should be taken over the next year so that we will be in a position to consider concrete proposals a year hence.

-- Identification of representative research institutions in several regions and discussions with them as to possible forms of collaboration. An allocation should be made to the central research budget to cover the extra costs of such efforts.

-- A working group will be asked to prepare proposals to be considered by the Research Committee and subsequently by the President's Council. As part of this study it should be possible to explore the advantages and disadvantages of ultimately setting up a research subsidiary for this and other purposes.

-- Opportunities to support research institutions in the context of education loans should be examined.

IV. DATA

12. The initiative we have already taken to support work in the field of living standards measurement and income distribution is proceeding on schedule. I do not recommend any further initiatives on external data until the results of this project become available. However, there will be a minimum increase in funding already approved for this project of about \$400,000 in FY81.

13. The maintenance and dissemination of data collected as a basis for our research and as a result of project monitoring is a rapidly increasing problem. I suggest that PAB or OPD assess the nature of the problem and the need for budgetary provisions. The question is closely related to developments in data processing and retrieval, and it is not clear that this function should be the responsibility of the research staff. However, I fully support the conclusion of the GRAP report (p. 12) that this should become an important function for the Bank in the future as its results accumulate. It would also be a logical function for a research subsidiary if one were created.

V. RESEARCH PRIORITIES

14. Apart from the question of balance between new and ongoing research, trial applications and dissemination, the GRAP report (and the Board discussion) suggested the need for a careful examination of the content of research so that we may be assured that its relevance to the various categories of users is as great as possible. This is a job which I expect to be initiated by the steering groups, who will help to develop research programs and priorities in each field.

VI. BUDGETARY GUIDELINES

15. It is important to develop a five-year program to guide the reorientation and staffing of the Bank's research activities. I think that the recommendations of the Review Panel provide reasonable objectives for such a program, which should be refined over the next year by the Research Committee on the basis of the studies of the steering groups in each field.

16. Given the Bank's general budget limitations, the broadening of research activities should take place in several stages. First priority should be given to securing a balance among research, pilot applications, and dissemination in each field. This would accelerate the application of our operational findings and help to meet the main criticism of the program. Support for LDC institutions would be built up more gradually on the basis of experience with various forms of collaboration or other means of support.

17. The PAB guideline of an additional \$1.0 million for research in FY81 over FY80 does not take account of priority needs for application and dissemination.* If the priorities of the research departments are followed, less than half of this amount would be allocated to new research, and we would make little progress toward achieving a minimum critical effort in priority fields. I therefore suggest that you authorize a guideline of an increase of up to \$1.5 million for preparing Departmental budgets, which is the minimum consistent with the five-year objectives shown in Annex I. After consulting with Mr. Baum and the Research Committee, I suggest that \$600,000 be allocated to the central research budget, \$600,000 to the DPS, and \$300,000 to the CPS. Detailed justification will be included by Mr. Baum and myself in our budget submissions, and a final decision can be made in the normal budget review.

- * It also ignores the fact that expenditures for the Living Standards Study are scheduled to increase in FY81. Since this is a three-year study that will peak in 1982 and finish in 1983, it should not be treated on a par with the build up of the Bank's research program.

cc - Messrs. Stern
Qureshi
Gabriel
Baum

HBC:tsa:jm

ANNEX I

Implications of GRAP Recommendations for Increases in
Research Budget (Phased over 5 years)*

(1980 '000 dollars)

	<u>FY81(\$)</u>	<u>FY82(\$)</u>	<u>FY83(\$)</u>	<u>FY84(\$)</u>	<u>FY85(\$)</u>	<u>FY85(\$)</u>
(1) Research	1123.4	2359.1	3718.3	5213.5	6858.2	68.4
(2) Application and Dissemination	259.3	440.8	749.4	1273.9	2161.6	21.5
(3) Collaboration and Support of LDC Research Institutions	100.8	171.4	291.3	495.2	840.0	8.4
(4) Improved Data Retrieval and Management	20.2	34.3	58.4	99.2	168.0	1.7
TOTAL	<u>1503.7</u>	<u>3005.3</u>	<u>4817.4</u>	<u>7081.8</u>	<u>10027.8</u>	<u>100.0</u>

* GRAP figures from paras 5.08 and 5.09, converted to 1980 dollars. Items 2-4 increase at a rate of 70% instead of the immediate increase recommended by GRAP. Figures omit increases in regional staff, and funds for the Living Standards Study.

ANNEX II

External Research Projects: Application
and Dissemination Requirements

	<u>DPS</u>	<u>CPS</u>	<u>TOTAL</u>
1. No. of Starts (FY72-FY80)	127	58	185
2. No. of Ongoing Research Projects	63	40	103
3. No. of Completed Research Projects	64	18	82
4. No. of Research Projects Requiring Dissemination and/or Application	20-27	8-12	28-39

ANNEX III

MAJOR RESEARCH PROJECTS REQUIRING APPLICATION AND/OR

DISSEMINATION

<u>RPO No.</u>	<u>RPO Title</u>	<u>Application Instrument</u>	<u>Dissemination Instrument</u>
	<u>DED</u>		
670-70	Urban Public Finance)	Application to Countries (Project and Sector work)	Conference
671-18	Financing Urban Services)		Conference
671-47	City Study)		Mini Models, Manuals
670-25)	Industrial Capacity Utilization)		-
670-95)			
671-05	Patterns of Industrial Development	-	Edited Papers
671-51	Appropriate Industrial Technology	To industries other than textiles	Seminars, Policy Papers
671-84	Wage & Employment Trends		Training Workshops, Functional Reviews
671-48	Urban Labor Markets in Latin America		Seminars
671-63	Migration in Middle East		Participation - Conferences
671-49)	Education and Rural Development		Seminars
671-78)			
671-25	Commercial Bank Behavior		Seminars
671-70	Fertility Decline in Sri Lanka and South India		Seminars
	<u>DRC</u>		
671-27	Social Accounting Models	Application to Countries (Planning Ministries)	Joint Studies & Advisory Services
Group of RPOs	Income Distribution Surveys	Application to Countries (Statistical Offices)	Joint Studies & Advisory Services

<u>RPO No.</u>	<u>RPO Title</u>	<u>Application Instrument</u>	<u>Dissemination Instrument</u>
670-87) 670-01)	Domestic Resource Costs and Effective Protection	Application to Countries (Economic and Sector Work)	Joint Studies and Advisory Services
670-24	Industrial Sector Models	Application to Countries (Project and Sector Work)	Joint Studies and Advisory Services
670-73	Agriculture Sector Models	Application to Countries (Project, Sector and Economic Work)	Joint Studies and Advisory Services
671-29	(Small Policy Models)	Application to Countries (Economic Work)	Joint Studies and Advisory Services
<u>EPD</u>			
3 RPOs	Commodity Models	Application to Countries (Economic and Sector Work)	Conferences, Seminars
670-68	ICP Studies	-	Conferences, Workshops
671-91	Industrial Statistics	Application to Countries and International Institutions	Manuals/Papers
<u>CPS</u>			
(Group of 5 RPOs)	Transportation	Application to Countries (Project and Sector Work)	Workshops, Seminars, Manuals
2 RPOs	Industrial Projects	Application to Countries (Project and Sector Work)	Seminars, Policy Papers
670-39	Electricity Pricing	Application to Countries (Project and Sector Work)	Seminars, Public Utility Notes
670-38	Rural Electrification Issues	Application to Countries (Project and Sector Work)	Seminars, Public Utility Notes
671-29) 671-80)	Agricultural Pricing and Subsidies	Application to Countries (Project and Sector Work)	Workshops, Seminars

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

cc: Cheetham

Office of the President

January 10, 1980

JAN 14 1980

MEMORANDUM FOR MR. CHENERY

I understand that Mr. Cheetham worked all of last weekend and as late as 2:00 AM on certain nights. Surely, such overtime is in excess of what we should tolerate. Please tell me how you propose to limit his hours in the future to acceptable levels.


Robert S. McNamara

Russ
This is based on a statement I made
to Carlo de Cologno staff 7 min - McNamara must have
given a garbled version.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 11, 1980

FROM: Hollis B. Chenery, VPD *HBC*SUBJECT: Revised Set of Country Projections

1. We have prepared a revised set of projections of GNP, petroleum imports, and current account balances for the major oil-importing developing countries. These new projections (attached) take account of the comments received from regional staff. We have included the tables you requested showing growth rates of GNP per capita (Table 3) and estimates of GNP per capita in 1980 US\$ (Table 4).

2. Further work is needed to link the country results with the global and regional projections being prepared for the Base Case of WDR III. The growth rates in the early 1980s may still be optimistic. We will have a better idea about the likely effects of rising energy prices on the prospects for these countries after discussions with regional staff later this month.

3. Table 5 has been included to give estimates of the volume of net imports of petroleum. These have been derived from estimates of petroleum production (prepared by CPS) and consumption (derived from projections of GNP and energy prices). In a number of cases the value of these net imports differs considerably from those prepared by regional staff (see Tables 6 and 6A). We plan further discussions with the regional staff and CPS about these estimates of production, consumption and imports.

Attachment

cc: Messrs. Stern, Baum, Waide, Haq, Isenman
Mrs. Hughes (o/r)
EPD Division Chiefs and Senior Staff
HBC/RJC:ea

OIL EXPORTING AND IMPORTING DEVELOPING COUNTRIES BY REGION AND INCOME GROUP 1/

Region/Income Group	Oil Exporting Developing Countries 2/	Oil Importing Developing Countries
AFRICA, SOUTH OF SAHARA	Zaire	Benin Burundi Central Afr. Rep. Chad Ethiopia Guinea Kenya Lesotho
Low Income		Madagascar Mali Malawi Niger Rwanda Sierra Leone Somalia Tanzania
Lower Middle Income	Angola Congo Nigeria	Uganda Upper Volta Comoros * Gambia *
Upper Middle Income		Mauritania Mozambique Sudan Togo Cameroon Ghana Ceuta & Melilla *
		Ivory Coast Liberia Rhodesia Senegal Zambia Seychelles * Namibia *
		Eq. Guinea * Botswana * Sao Tome & Principe * Swaziland * Cape Verde * Guinea-Bissau * Mauritius *
	Gabon *	South Africa Djibouti
NORTH AFRICA & MIDDLE EAST	Algeria Egypt	Jordan Morocco
Lower Middle Income	Syria Tunisia	Yemen AR Yemen PDR
Upper Middle Income	Iran Iraq Oman *	Lebanon
ASIA & PACIFIC	Indonesia	Afghanistan Bhutan Bangladesh Burma Cambodia India
Low Income		Lao Nepal Pakistan Sri Lanka Vietnam Maldives *
Lower Middle Income	Malaysia	Solomon Is. * China Rep. Korea Philippines
		Papua New Guinea Thailand W. Samoa * Fiji *
		Tonga * New Hebrides * Gilbert Is. * Pacific Is., Trust Terr. of the
Upper Middle Income	Brunei *	Hong Kong Singapore
		Macao * Fr. Polynesia *
		New Caledonia * Guam *
		American Samoa *
LATIN AMERICA	Bolivia Ecuador	Haiti Chile Colombia Costa Rica Dom. Rep. Belize *
Lower Middle Income		El Salvador Guatemala Honduras Jamaica Nicaragua Paraguay
		Peru Grenada * Guyana * St. Vincent * Dominica * St. Lucia *
		St. Kitts-Nevis * Antigua *
Upper Middle Income	Mexico Trinidad & Tobago Venezuela	Argentina Brazil Panama Uruguay
		Surinam * Barbados * Bahamas * Guadeloupe *
		Neth. Antilles * Fr. Guiana * Puerto Rico * Martinique *
		Virgin Is. * Bermuda *
SOUTHERN EUROPE		Greece Israel Portugal Spain
		Turkey Yugoslavia Cyprus * Malta *
		Gibraltar *

1/ Excludes Capital Surplus Oil Exporting Countries - Kuwait, Libya, Qatar, Saudi Arabia and United Arab Emirates.

2/ Defined as countries which are currently producers and net exporters of petroleum.

* Countries with populations of less than 1 million and therefore not listed in World Development Indicators.

Table 1: POPULATION AND GROWTH RATES OF POPULATION FOR SELECTED OIL IMPORTING COUNTRIES, 1960-90

(Percent per annum)

	1977 Population (Millions)	Average Annual Growth Rates				
		1960-70	1970-77	1977-80	1980-85	1985-90
<u>Low Income Africa South of Sahara</u>						
Ethiopia	30.2	2.4	2.5	2.4	2.6	2.4
Kenya	14.6	3.5	3.8	3.7	3.7	3.3
Madagascar	8.1	2.2	2.5	2.7	2.8	2.6
Tanzania	16.4	2.7	3.0	3.3	3.3	3.0
<u>Low Income Asia and Pacific</u>						
Bangladesh	81.2	2.9	2.5	2.8	2.8	2.6
India	631.7	2.3	2.1	2.2	2.0	2.0
Pakistan	74.9	2.8	3.1	3.0	3.0	2.8
Sri Lanka	14.1	2.4	1.7	2.1	2.0	1.9
<u>Middle Income Africa South of Sahara</u>						
Ghana	10.6	2.4	3.1	3.1	3.4	3.0
Ivory Coast	7.5	3.8	5.9	5.0	3.1	2.8
Senegal	5.2	2.5	2.6	2.7	2.8	2.5
Sudan	16.9	2.3	2.6	2.6	2.9	2.8
Zambia	5.1	2.8	3.1	3.4	3.4	3.1
<u>Middle Income North Africa and Middle East</u>						
Morocco	18.3	2.7	2.8	3.3	3.1	2.8
<u>Middle Income Asia and Pacific</u>						
Korea	36.0	2.4	2.0	1.0	1.5	1.6
Philippines	44.5	3.0	2.7	2.6	2.5	2.4
Thailand	43.3	3.1	2.8	2.4	2.3	2.0
<u>High Income Asia and Pacific</u>						
Hong Kong	4.5	2.5	2.0	1.0	1.5	1.4
Singapore	2.3	2.4	1.6	1.2	1.5	1.4
<u>Middle Income Latin America</u>						
Chile	10.6	2.1	1.7	1.3	1.5	1.5
Colombia	24.6	3.0	2.1	2.2	2.2	2.1
Guatemala	6.4	2.8	2.9	3.0	2.8	2.7
Peru	16.4	2.9	2.8	2.7	2.7	2.6
<u>High Income Latin America</u>						
Argentina	26.0	1.4	1.3	1.4	1.2	1.1
Brazil	116.1	2.9	2.9	2.7	2.7	2.5
<u>Southern Europe</u>						
Spain	36.3	1.1	1.0	0.8	0.8	0.8
Turkey	41.9	2.5	2.5	1.9	2.0	1.9
Yugoslavia	21.7	1.0	0.9	0.8	0.8	0.7
<u>Sample Total</u>	<u>1,365.4</u>	<u>2.5</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.2</u>

Note: The projected growth rates are those prepared by the Development Economics Department, Population and Human Resources Division for the 1979 World Development Indicators and the 1980 World Bank Atlas.

Source: Economic Analysis and Projections Department.

1/11/80

Table 2: GNP AND GROWTH RATES OF GNP FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1960-90

(Percent per annum)

	1977 GNP (US\$ mill.)	1960-70	Average Annual Growth Rates				
			1970-77	1977-80	1980-85	1985-90	
<u>Low Income Africa South of Sahara</u>							
Ethiopia	3,295.0	4.7	2.7	2.1	3.5	4.1	
Kenya	4,258.0	5.9	4.7	4.3	5.3	5.5	
Madagascar	1,772.0	2.9	-0.3	3.2	4.0	4.0	
Tanzania	3,400.0	6.1	5.2	3.4	4.5	4.6	
<u>Low Income Asia and Pacific</u>							
Bangladesh	6,188.0	3.8	2.2	5.5	4.0	4.0	
India	101,471.0	3.6	3.2	3.4	4.5	5.0	
Pakistan	15,209.0	7.2	3.9	5.4	4.8	5.0	
Sri Lanka	2,341.0	4.8	2.9	7.4	5.5	5.5	
<u>Middle Income Africa South of Sahara</u>							
Ghana	3,639.0	1.9	0.8	1.6	2.9	3.0	
Ivory Coast	5,974.0	8.0	6.1	6.5	5.4	6.0	
Senegal	1,895.0	2.4	3.0	-1.4	4.0	4.0	
Sudan	5,892.0	1.3	5.2	-0.9	4.4	4.8	
Zambia	2,338.0	6.0	2.8	1.2	3.2	3.4	
<u>Middle Income North Africa and Middle East</u>							
Morocco	10,776.0	3.9	7.0	2.3	3.9	5.4	
<u>Middle Income Asia and Pacific</u>							
Korea	34,406.0	8.7	9.7	9.0	8.0	8.5	
Philippines	20,615.0	5.1	6.5	6.1	6.2	6.5	
Thailand	18,681.0	8.3	7.0	7.8	6.2	6.3	
<u>High Income Asia and Pacific</u>							
Hong Kong	12,062.0	10.2	8.0	7.6	7.1	7.0	
Singapore	6,447.0	8.7	8.3	7.4	7.3	7.2	
<u>Middle Income Latin America</u>							
Chile	14,560.0	4.3	0.0	6.3	5.7	5.0	
Colombia	19,087.0	4.9	5.9	7.4	5.8	5.5	
Guatemala	5,516.0	5.4	6.3	4.9	4.5	4.5	
Peru	12,292.0	5.4	4.0	0.5	5.5	5.0	
<u>High Income Latin America</u>							
Argentina	50,872.0	4.1	3.2	1.6	5.2	5.1	
Brazil	163,501.0	5.4	9.8	5.9	5.9	6.2	
<u>Southern Europe</u>							
Spain	115,088.0	7.2	4.7	2.3	3.4	3.8	
Turkey	48,339.0	6.2	7.1	3.8	5.5	5.9	
Yugoslavia	45,296.0	6.1	6.1	5.4	5.0	6.0	
Sample Total	735,210.0	5.7	5.8	4.5	5.2	5.7	

Note: Growth rates for the periods 1960-70 and 1970-77 were calculated by using the least square method; 1977-80, 1980-85 and 1985-90 are end-point growth rates.

Source: Economic Analysis and Projections Department.

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Table 3: GNP PER CAPITA AND GROWTH RATES OF GNP PER CAPITA FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1960-90

(Percent per annum)

	1977 GNP Per Capita (US\$)	Average Annual Growth Rates				
		1960-70	1970-77	1977-80	1980-85	1985-90
<u>Low Income Africa South of Sahara</u>						
Ethiopia	109.0	2.2	0.2	-0.3	0.9	1.7
Kenya	292.0	2.3	0.9	0.6	1.5	2.1
Madagascar	219.0	0.7	-2.7	0.5	1.2	1.4
Tanzania	207.0	3.3	2.1	0.0	1.2	1.6
<u>Low Income Asia and Pacific</u>						
Bangladesh	76.0	0.9	-0.3	2.6	1.2	1.4
India	161.0	1.3	1.1	1.2	2.5	2.9
Pakistan	203.0	4.3	0.8	2.3	1.7	2.1
Sri Lanka	166.0	2.3	1.2	5.2	3.4	3.5
<u>Middle Income Africa South of Sahara</u>						
Ghana	343.0	-0.5	-2.2	-1.5	-0.5	0.0
Ivory Coast	797.0	4.1	0.2	1.4	2.2	3.1
Senegal	364.0	-0.1	0.4	-4.0	1.2	1.5
Sudan	349.0	-1.0	2.5	-3.4	1.5	1.9
Zambia	458.0	3.1	-0.3	-2.1	-0.2	0.3
<u>Middle Income North Africa and Middle East</u>						
Morocco	589.0	1.2	4.1	-1.0	0.8	2.5
<u>Middle Income Asia and Pacific</u>						
Korea	956.0	6.2	7.6	7.9	6.4	6.8
Philippines	463.0	2.0	3.7	3.4	3.6	4.0
Thailand	431.0	5.0	4.1	5.3	3.8	4.2
<u>High Income Asia and Pacific</u>						
Hong Kong	2,680.0	7.5	5.9	6.5	5.5	5.5
Singapore	2,803.0	6.2	6.6	6.1	5.7	5.7
<u>Middle Income Latin America</u>						
Chile	1,374.0	2.2	-1.7	4.9	4.1	3.4
Colombia	776.0	1.8	3.7	5.1	3.5	3.3
Guatemala	862.0	2.5	3.3	1.8	1.7	1.8
Peru	750.0	2.4	1.2	-2.1	2.7	2.3
<u>High Income Latin America</u>						
Argentina	1,957.0	2.7	1.9	0.2	4.0	4.0
Brazil	1,408.0	2.4	6.7	3.1	3.1	3.6
<u>Southern Europe</u>						
Spain	3,144.0	6.0	3.7	1.5	2.6	3.0
Turkey	1,154.0	3.6	4.5	1.9	3.4	3.9
Yugoslavia	2,087.0	5.1	5.2	4.6	4.2	5.3
<u>Sample Total</u>	<u>538.0</u>	<u>3.1</u>	<u>3.4</u>	<u>2.2</u>	<u>2.8</u>	<u>3.4</u>

Note: Growth rates for the periods 1960-70 and 1970-77 were calculated by using the least square method; 1977-80, 1980-85 and 1985-90 are end-point growth rates.

Source: Economic Analysis and Projections Department.

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Table 4: GNP PER CAPITA IN 1980 PRICES

	1960	1970	1978	1980	1985	1990
<u>Low Income Africa South of Sahara</u>	240	285	286			
Ethiopia	114	142	147	161	168	183
Mali	133	144	160			
Rwanda	204	215	232			
Somalia	189	170	159			
Upper Volta	158	178	211			
Burundi	143	171	183			
Chad	219	206	189			
Benin	261	271	300			
Malawi	141	167	231			
Zaire	330	419	356			
Guinea	221	230	261			
Niger	310	295	293			
Lesotho	122	185	353			
Comoros	239	320	227			
Gambia, The	169	207	301			
Tanzania	196	259	306	303	322	348
Madagascar	357	386	325	331	351	377
Sierra Leone	-	320	282			
Central African Republic	300	314	333			
Kenya	326	391	432	438	472	524
Uganda	483	555	497			
<u>Middle Income Africa South of Sahara</u>	466	544	641			
Togo	159	256	396			
Sudan	405	364	379	386	416	457
Cameroon	372	526	586			
Mozambique	268	351	223			
Equatorial Guinea	-	615	416			
Mauritania	-	382	328			
Nigeria	429	526	737			
Senegal	521	535	448	472	501	532
Botswana	181	284	774			
Zambia	518	644	576	557	551	559
Liberia	425	503	567			
Swaziland	217	505	741			
Sao Tome & Principe	-	-	617			
Congo, P. R.	611	678	685			
Rhodesia	565	613	576			
Ghana	799	816	686	673	656	656
Ivory Coast	667	501	1,113	1,124	1,253	1,446
Seychelles	920	1,037	1,513			
Angola	711	1,000	482			
Mauritius	312	660	1,076			
Namibia	1,052	1,349	1,370			
<u>High Income Africa South of Sahara</u>	1,330	1,879	1,963			
South Africa	1,297	1,813	1,886			
Reunion	3,032	4,653	4,214			
Djibouti	283	903	686			
Gabon	1,793	2,821	4,523			
<u>Middle Income North Africa and Middle East</u>	540	603	873			
Yemen A.R.	-	-	773			
Egypt A.R.	207	270	437			
Yemen P.D.R.	-	-	512			
Morocco	552	635	852	835	869	983
Jordan	-	-	1,323			
Syria	574	801	1,160			
Tunisia	-	708	1,177			
Algeria	1,348	1,375	1,627			
<u>Upper Middle Income North Africa and Middle East</u>	944	1,288	2,284			
Iraq	944	1,288	2,193			
Bahrain	-	-	5,296			

Table 4: GNP PER CAPITA IN 1980 PRICES (Page 2)

	1960	1970	1978	1980	1985	1990
<u>Capital Surplus Oil Exporters</u>	5,155	6,780	11,141			
Oman	788	2,466	3,028			
Saudi Arabia	-	3,998	9,754			
Libya	2,211	11,238	8,131			
United Arab Emirates	-	-	17,451			
Qatar	12,455	15,917	15,875			
Kuwait	25,872	20,422	27,516			
<u>Low Income Asia and Pacific</u>	166	199	237			
Bhutan	136	132	124			
Bangladesh	99	111	107	109	117	128
Burma	147	160	184			
Maldives Is.	104	114	98			
Nepal	115	120	136			
India	160	188	210	212	240	277
Afghanistan	298	289	330			
Pakistan	173	265	284	304	331	367
Sri Lanka	136	170	200	214	253	300
Indonesia	226	281	434			
<u>Middle Income Asia and Pacific</u>	421	631	1,008			
Solomon Is.	410	443	520			
Tonga	501	505	524			
Thailand	269	426	599	659	794	975
Philippines	383	404	624	684	816	993
Papua New Guinea	386	575	686			
New Hebrides	347	563	654			
Korea	473	831	1,535	1,698	2,316	3,217
Gilbert Is.	993	776	873			
Malaysia	664	939	1,373			
China Rep. of	561	1,025	1,712			
Trust Territory of the Pacific Is.	957	1,319	1,501			
Fiji	1,134	1,409	1,839			
<u>High Income Asia and Pacific</u>	1,258	2,547	4,095			
Macao	326	606	1,804			
Hong Kong	1,105	2,273	3,689	4,132	5,400	7,058
Singapore	1,221	2,311	3,973	4,438	5,855	7,726
French Polynesia	2,893	5,927	6,874			
New Caledonia	5,233	8,698	5,930			
Guam	4,629	5,836	8,719			
American Samoa	2,490	4,833	9,041			
Brunei	-	7,383	13,234			
<u>Middle Income Latin America</u>	681	863	1,038			
Haiti	281	245	298			
Grenada	466	672	710			
Bolivia	486	582	693			
Honduras	482	530	580			
St. Vincent	414	451	464			
El Salvador	550	675	784			
Dominica	543	605	524			
Guyana	592	709	692			
Colombia	683	830	1,133	1,223	1,453	1,709
Guatemala	690	882	1,145	1,185	1,289	1,409
St. Lucia	454	685	796			
Ecuador	-	759	1,140			
Paraguay	635	749	1,063			
St. Kitts-Nevis	782	709	813			
Belize	582	704	1,003			
Dominican Republic	628	769	1,072			
Nicaragua	685	976	1,034			
Peru	560	698	738	726	829	929
Antigua	1,128	1,412	1,188			
Costa Rica	1,152	1,467	1,906			
Chile	1,320	1,641	1,666	1,848	2,259	2,670
Jamaica	1,245	1,676	1,460			

Table 4: GNP PER CAPITA IN 1980 PRICES (Page 3)

	1960	1970	1978	1980	1985	1990
<u>High Income Latin America</u>	1,172	1,577	2,186			
Mexico	1,088	1,530	1,861			
Brazil	896	1,213	1,961	2,081	2,424	2,893
Barbados	1,094	1,969	2,420			
Suriname	1,236	1,972	2,061			
Panama	969	1,548	1,523			
Uruguay	1,740	1,810	2,003			
Argentina	1,671	2,203	2,393	2,537	3,087	3,755
Guadeloupe	2,048	2,884	3,685			
Netherlands Antilles	2,964	2,651	3,001			
French Guiana	2,216	2,657	3,115			
Trinidad and Tobago	2,361	2,978	3,673			
Puerto Rico	1,826	3,037	3,247			
Venezuela	2,152	2,813	3,551			
Martinique	1,824	3,271	5,189			
Bahamas	3,523	4,942	3,234			
Virgin Is.	2,108	6,576	6,567			
Bermuda	6,005	9,476	11,318			
<u>Southern Europe</u>	1,329	2,288	3,020			
Turkey	759	1,046	1,441	1,508	1,782	2,158
Cyprus	1,196	2,080	2,703			
Yugoslavia	1,195	1,897	3,014	3,256	4,000	5,178
Portugal	924	1,822	2,389			
Malta	771	1,267	2,786			
Greece	1,533	3,037	4,229			
Spain	1,933	3,582	4,577	4,765	5,418	6,280
Gibraltar	4,484	3,207	4,959			
Israel	2,259	3,753	4,612			
<u>Western Europe</u>	5,383	7,692	9,491			
Ireland	2,545	3,703	4,592			
Italy	2,714	4,361	5,053			
United Kingdom	4,623	5,793	6,699			
Austria	4,663	7,026	9,382			
Finland	4,209	6,686	8,179			
Iceland	5,707	7,586	9,870			
Netherlands	6,596	9,568	11,370			
France	5,437	8,398	10,829			
Luxembourg	7,870	10,346	13,990			
Belgium	6,149	4,704	12,170			
Germany, Fed. Rep.	7,209	10,417	12,802			
Norway	5,927	8,834	11,919			
Denmark	7,457	10,973	12,998			
Sweden	8,163	11,840	12,653			
Switzerland	11,828	16,237	17,264			
<u>North America, Japan and Oceania</u>	5,970	8,914	11,211			
New Zealand	5,060	6,223	6,405			
Japan	2,919	7,552	10,072			
Australia	6,103	8,488	9,606			
Canada	5,790	8,062	10,459			
United States	7,582	9,759	11,854			

Note: These estimates of GNP per capita have been derived in the following way: first, GNP per capita for 1960, 1970, 1980, 1985, and 1990 were obtained by applying period growth rates to the 1978 GNP per capita (1978 prices and exchange rates). These estimates of GNP per capita at 1978 prices were then rebased to 1980 prices using the US\$ based GDP deflator.

Source: Economic Analysis and Projections Department.

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Table 5: VOLUME OF NET IMPORTS OF PETROLEUM OF SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1972-1990

('000 barrels)

	<u>1972</u>	<u>1975</u>	<u>1977</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
<u>Low Income Africa South of Sahara</u>						
Ethiopia	3,889	2,628	2,482	2,539	3,135	4,093
Kenya	7,271	9,855	9,089	9,510	13,581	19,191
Madagascar	2,268	3,322	2,993	3,136	1,644	1,450
Tanzania	4,687	4,855	4,891	4,851	3,032	3,248
<u>Low Income Asia and Pacific</u>						
Bangladesh	5,504	6,169	8,176	9,391	14,307	23,290
India	76,816	77,271	78,767	13,223	73,789	110,235
Pakistan	21,637	23,506	21,572	12,376	11,182	2,899
Sri Lanka	8,887	7,118	7,446	7,410	10,389	14,720
<u>Middle Income Africa South of Sahara</u>						
Ghana	5,013	5,950	6,169	3,236	2,256	1,727
Ivory Coast	7,164	7,556	8,979	5,118	-1,042	-2,465
Senegal	2,930	3,760	4,015	4,458	5,463	6,902
Sudan	10,814	12,921	13,250	14,108	18,376	25,082
Zambia	3,577	4,782	5,293	31,083	27,351	34,410
<u>Middle Income North Africa and Middle East</u>						
Morocco	13,568	18,287	21,718	18,412	24,829	35,455
<u>Middle Income Asia and Pacific</u>						
Korea	70,216	103,295	103,561	167,531	255,626	414,455
Philippines	60,975	63,474	71,905	59,134	56,560	65,739
Thailand	56,108	55,955	67,890	75,225	100,478	148,395
<u>High Income Asia and Pacific</u>						
Hong Kong	20,323	24,382	35,004	38,908	53,542	75,064
Singapore	20,095	22,630	27,850	29,354	40,782	56,635
<u>Middle Income Latin America</u>						
Chile	20,430	20,805	24,054	14,605	22,324	9,495
Colombia	-36,597	-17,520	-3,687	-763.5	2,879	1,452
Guatemala	6,044	7,337	8,176	2,534	394	-5,878
Peru	11,322	17,666	11,242	-43,226	-39,948	-48,795
<u>High Income Latin America</u>						
Argentina	-19	1,606	4,161	-8,528	-10,590	-10,902
Brazil	146,881	230,972	266,523	277,590	332,955	370,665
<u>Southern Europe</u>						
Spain	194,496	271,064	294,840	233,008	244,882	262,016
Turkey	44,228	70,518	102,237	82,675	109,812	159,043
Yugoslavia	38,695	52,195	74,132	58,485	52,058	64,157
SAMPLE TOTAL	<u>901,706</u>	<u>1,203,272</u>	<u>1,376,059</u>	<u>1,180,240</u>	<u>1,528,482</u>	<u>1,969,257</u>

Source: U.N. Trade Statistics (1972-77). For all other years the net imports were derived as the difference between estimates for petroleum production and consumption in each country.

Table 6: VALUE OF NET PETROLEUM IMPORTS FOR SELECTED OIL IMPORTING
DEVELOPING COUNTRIES, 1972-1990
(million US \$)

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa</u>						
<u>South of Sahara</u>						
Ethiopia		28.9	32.0	71.1	147.1	295.5
Kenya	9.9	73.9	78.5	268.6	643.6	1,393.1
Madagascar	8.6	36.5	38.6	88.8	77.9	106.1
Tanzania		53.4	63.1	137.4	143.6	236.2
<u>Low Income Asia and Pacific</u>						
Bangladesh	12.4	73.7	113.1	284.2	724.4	1,807.4
India	172.8	922.6	1,089.3	1,489.2	3,705.5	8,511.5
Pakistan	48.7	280.7	298.3	374.8	563.2	224.5
Sri Lanka	34.8	97.4	103.0	224.4	526.2	1,145.3
<u>Middle Income Africa</u>						
<u>South of Sahara</u>						
Sudan	27.5	150.5	168.5	392.5	860.3	1,795.4
Ghana	12.7	69.3	78.5	90.5	97.5	122.9
Ivory Coast	18.2	88.0	114.2	208.5	206.2	345.0
Senegal	7.3	39.7	49.5	120.7	248.9	481.1
Zambia	24.4	57.1	74.0	127.7	118.4	250.9
<u>Middle Income North Africa and Middle East</u>						
Jordan	10.7	63.8	100.5	290.4	797.7	2,036.7
Morocco	35.7	223.6	303.6	558.4	1,247.1	2,749.1
<u>Middle Income Asia and Pacific</u>						
Korea	177.6	1,170.3	1,324.5	4,700.8	12,005.2	26,441.4
Philippines	159.1	712.2	917.5	1,653.1	2,654.6	4,722.5
Thailand	154.9	662.5	946.4	2,292.2	5,127.7	11,612.8
<u>High Income Asia and Pacific</u>						
Hong Kong	65.2	290.9	478.5	1,164.9	2,686.4	5,778.2
Singapore	64.5	270.0	380.7	878.6	2,045.4	4,359.6
<u>Middle Income Latin America</u>						
Chile	65.2	262.8	329.8	438.3	1,120.4	724.1
Colombia	-76.1	-140.5	-34.6	-25.2	139.6	101.4
Guatemala	23.0	107.0	139.6	75.6	20.2	-453.6
Peru	40.8	223.1	154.1	-1,297.3	-2,011.2	-3,766.9
<u>High Income Latin America</u>						
Argentina	-0.1	25.8	66.7	84.6		
Brazil	468.6	2,917.2	3,654.0	8,097.4	10,873.1	18,933.2
<u>Southern Europe</u>						
Spain	567.9	3,407.3	3,986.2	8,212.9	12,152.7	19,948.8
Turkey	123.8	786.3	1,390.4	2,460.9	5,477.9	12,174.2
Yugoslavia	121.9	639.4	975.6	1,683.1	2,521.0	4,759.5
<u>Samble Total</u>	<u>2,380.1</u>	<u>14,536.8</u>	<u>18,525.6</u>	<u>37,503.7</u>	<u>69,801.3</u>	<u>136,125.1</u>

Source: U.N. Trade Statistics (1972-77). For all other years the net imports were derived as the difference between estimates for petroleum production and consumption in each country.

Table 6A: COST OF PETROLEUM IMPORTS FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1972-1990

(million US\$)

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	15	54	79	181	374	746
Kenya	25	105	78	237	476	888
Madagascar	18	73	60	n.a.	n.a.	n.a.
Tanzania	11	68	85	248	368	585
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	155	141	349	746	1,465
India	253	1,397	1,621	4,437	8,413	13,847
Pakistan	43	327	406	907	1,518	1,402
Sri Lanka	5	124	166	547	1,170	1,831
<u>Middle Income Africa South of Sahara</u>						
Ghana	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ivory Coast	26	157	199	412	470	841
Senegal	8	37	43	102	214	481
Sudan	40	140	169	280	n.a.	n.a.
Zambia	26	95	120	170	300	450
<u>Middle Income North Africa and Middle East</u>						
Morocco	n.a.	224	304	837	1,841	3,914
<u>Middle Income Asia and Pacific</u>						
Korea	202	1,244	1,964	6,000	12,005	26,441
Philippines	166	758	1,004	2,160	3,600	5,520
Thailand	138	691	1,019	2,292	4,200	7,500
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	77	252	418	552	1,078	1,812
Colombia	-4	-32	58	412	1,016	586
Guatemala	24	98	140	195	300	465
Peru	40	223	154	-969	-1,228	1,329
<u>High Income Latin America</u>						
Argentina	33	290	734	816	975	1,040
Brazil	527	3,131	4,212	9,384	13,970	26,768
<u>Southern Europe</u>						
Spain	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Turkey	133	753	1,405	3,000	5,478	12,174
Yugoslavia	116	731	947	1,900	4,222	8,646

Source: Estimates of the cost of petroleum imports provided by regional staff.

Table 7: RATIO OF NET PETROLEUM IMPORTS TO EXPORTS OF GOODS AND NFS FOR
SELECTED OIL IMPORTING DEVELOPING COUNTRIES

	(Percent)					
	<u>1972</u>	<u>1975</u>	<u>1977</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
<u>Low Income Africa South of Sahara</u>						
Ethiopia	6.1	12.2	8.3	17.1	19.4	21.0
Kenya	4.6	16.3	4.9	13.1	18.3	24.9
Madagascar	4.9	12.8	9.4	18.2	8.9	6.8
Tanzania	1.0	12.2	9.0	19.2	12.4	11.2
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	19.5	20.9	36.1	55.3	61.3
India	9.4	25.3	23.5	14.5	20.4	27.8
Pakistan	5.2	28.1	20.2	13.6	11.1	2.6
Sri Lanka	1.4	19.7	19.8	20.9	29.0	36.3
<u>Middle Income Africa South of Sahara</u>						
Ghana	7.1	12.7	7.7	8.1	6.0	5.0
Ivory Coast	2.6	6.1	4.3	5.9	3.4	3.1
Senegal	2.1	5.4	7.2	13.4	11.8	11.2
Sudan	5.7	4.0	21.5	41.8	43.5	53.8
Zambia	3.1	14.2	7.6	11.7	10.9	11.6
<u>Middle Income N.Africa & Middle East</u>						
Morocco	n.a.	11.2	16.5	29.5	29.7	35.6
<u>Middle Income Asia and Pacific</u>						
Korea	9.2	21.3	15.3	20.7	23.7	23.7
Philippines	11.4	25.3	26.4	27.9	22.8	21.6
Thailand	9.0	24.7	25.3	38.6	43.2	47.1
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	5.6	4.9	n.a.	n.a.	n.a.
Singapore	4.0	6.6	5.6	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	7.9	15.1	12.6	10.2	12.1	4.3
Colombia	4.9	4.1	1.5	-0.5	1.4	0.6
Guatemala	6.1	12.5	10.2	4.9	.8	0.0
Peru	3.5	13.2	7.2	0.0	0.0	0.0
<u>High Income Latin America</u>						
Argentina	1.4	8.2	6.1	1.0	0.0	0.0
Brazil	12.1	32.8	30.5	44.7	41.6	33.5
<u>Southern Europe</u>						
Spain	9.9	26.1	25.3	n.a.	n.a.	n.a.
Turkey	10.5	37.9	60.0	59.1	55.1	64.5
Yugoslavia	3.6	12.0	13.5	16.7	16.3	16.8

Note: Net petroleum imports (based on Table 6) as a percent of exports of goods and nfs. Zero percent indicates country is a net exporter of petroleum.

Source: Economic Analysis and Projections Department.

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Table 8: CURRENT ACCOUNT BALANCE FOR SELECTED OIL IMPORTING COUNTRIES^{a/}
1972-1990

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	-7	-72	-124	-259	-465	-778
Kenya	-97	-283	-5	-585	-1,134	-1,480
Madagascar	-34	-88	-39	-323	-564	-728
Tanzania	-76	-321	-104	-436	-633	-702
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	-696	-340	-1,516	-2,140	-4,057
India	-227	-203	975	-2,167	-4,271	-7,400
Pakistan	n.a.	-1,183	-1,052	-1,058	-1,877	-2,084
Sri Lanka	-45	-183	81	-455	-1,150	-1,185
<u>Middle Income Africa South of Sahara</u>						
Ghana	92	-22	-144	-199	-503	-733
Ivory Coast	-151	-420	-355	-803	-813	-163
Senegal	-13	-88	-77	-418	-386	-294
Sudan	-58	-472	-92	-888	-1,481	-2,803
Zambia	-211	-722	-232	-499	31	364
<u>Middle Income N.Africa & Middle East</u>						
Morocco	48	-528	-1,842	-785	-382	-1291
<u>Middle Income Asia & Pacific</u>						
Korea	-418	-1,924	-47	-5,250	-7,530	-3,370
Philippines	-29	-989	-849	-2,378	-2,300	-4,000
Thailand	-80	-630	-1,113	-2,733	-4,500	-4,500
<u>High Income Asia & Pacific</u>						
Hong Kong	n.a.	88	317	n.a.	n.a.	n.a.
Singapore	-515	-605	-467	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	-473	-578	-514	-450	-400	-400
Colombia	-214	-126	434	-400	-600	-1,100
Guatemala	-10	-65	-60	-250	-225	-350
Peru	-64	-1,574	-971	150	400	250
<u>High Income Latin America</u>						
Argentina	-234	-1,295	1,319	1,078	54	-78
Brazil	-1,695	-7,017	-5,114	-11,000	-12,310	-14,250
<u>Southern Europe</u>						
Spain	591	-3,506	-2,458	n.a.	n.a.	n.a.
Turkey	109	-1,858	-3,438	-2,582	-4,514	-10,344
Yugoslavia	416	-1,034	-1,802	-2,157	-3,215	-9,693

^{a/} Current account balance excluding official transfers.

Source: These balances are based on the petroleum import cost shown in Table 6. They reflect however, balance of payments adjustments that are likely to take place given such costs of petroleum. Historical data from IMF; projected data may be slightly different in coverage of certain types of transfers.

Source: Economic Analysis and Projections Department

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Table 9: CURRENT ACCOUNT DEFICIT AS A PERCENT OF GNP AT CURRENT PRICES^{a/}, 1972-1990

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	0.3	2.7	3.8	5.2	5.5	5.6
Kenya	5.0	9.3	0.1	8.6	9.0	6.7
Madagascar	3.2	5.0	2.2	11.8	10.8	9.3
Tanzania	4.9	12.6	3.1	8.2	6.7	4.4
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	6.1	5.5	14.8	12.0	13.9
India	0.4	0.2	(1.0)	1.4	1.5	1.5
Pakistan	n.a.	7.8	6.9	2.1	2.6	2.1
Sri Lanka	2.5	6.9	(3.5)	11.1	15.0	8.8
<u>Middle Income Africa South of Sahara</u>						
Ghana	(3.3)	0.4	4.0	3.7	5.2	5.3
Ivory Coast	8.8	11.7	5.9	7.9	4.3	0.5
Senegal	1.2	4.8	4.1	16.3	8.6	4.0
Sudan	1.9	11.0	1.2	10.9	10.3	11.5
Zambia	11.9	34.4	9.9	14.6	(0.5)	(4.1)
<u>Middle Income N.Africa & Middle East</u>						
Morocco	(1.0)	5.6	17.1	4.8	1.3	2.6
<u>Middle Income Asia and Pacific</u>						
Korea	4.1	9.7	0.1	8.3	5.7	1.3
Philippines	0.4	6.3	4.1	6.8	3.4	3.2
Thailand	1.0	4.3	6.0	8.3	7.0	3.9
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	1.1	(2.6)	n.a.	n.a.	n.a.
Singapore	17.9	10.8	7.2	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	4.2	7.3	3.5	1.8	0.9	0.5
Colombia	2.6	1.0	(2.3)	1.2	0.9	1.0
Guatemala	0.5	2.1	1.1	2.8	1.4	1.3
Peru	0.8	11.6	7.9	(0.9)	(1.2)	(0.4)
<u>High Income Latin America</u>						
Argentina	0.8	3.6	(2.6)	(1.4)	(0.0)	0.0
Brazil	2.8	5.7	3.1	4.0	2.4	1.5
<u>Southern Europe</u>						
Spain	(1.1)	3.4	2.1	n.a.	n.a.	n.a.
Turkey	0.6	5.0	7.1	3.4	3.2	4.1
Yugoslavia	(2.5)	3.2	4.0	2.9	2.4	4.0

a/ Current account deficit excludes official transfers.

Note: Parentheses indicate current account in surplus.

Source: Derived from information contained in Tables 1 and 8.

M. Chenery

OFFICE MEMORANDUM

TO Mr. Robert S. McNamara
FROM Hollis B. Chenery, VPD
SUBJECT Country Projections

1-11 January 4, 1980

1. We have prepared a preliminary set of projections of GNP, petroleum imports, and current account balances for some of the major oil-importing developing countries. (See Annex I for a classification of the oil-importing developing countries.) The results of this work are set out in the tables in Annex II.

2. On the basis of these individual country projections, we have estimated the above variables for all oil-importing developing countries, the results of which are set out in Table 1. We are still working on the regional and global projections for the Base Case of WDR III, and in the coming week we plan to link the country and regional projections in a consistent fashion. Once that is done there may be some changes in the individual country projections. For example, the GNP growth rates may be revised downwards for some countries after we take full account of the projected sluggish growth in world trade and exports of developing countries in the first half of the 1980s.

3. A preliminary version of the Base Case projections for WDR III, and a revised set of country projections, should be available at the end of next week. These will be circulated to regional staff, since we have not yet had an opportunity to consult them in this exercise. We plan to discuss the results of the country and global analysis with them in the latter part of January, giving particular attention to the requirements for external finance and the scope for domestic adjustment in the face of rising oil prices. A final set of projections should be ready in early February.

Att.

cc: Messrs. Stern
Waide
Haq
Isenman
Mrs. Hughes (o/r)
EPD Division Chiefs and Senior Staff

RJCheetham:cjl

Table 1: TRENDS IN SELECTED INDICATORS FOR ALL
OIL-IMPORTING DEVELOPING COUNTRIES

	1960-70	1970-77	1977-80	1980-85	1985-90
Population growth (% per annum) ^{a/}	2.4	2.4	2.4	2.3	2.2
GNP growth (% per annum) ^{b/}	5.7	5.3	4.6	4.9	5.2
	<u>1975</u>	<u>1977</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
Volume of petroleum imports ^{c/} (million barrels a day)	4.98	5.76	5.39	6.11	7.76
Unit value of imports (\$/barrel, fob)	12.3	13.6	29.8	49.9	76.8
Value of petroleum imports (billion US\$)	22.4	28.6	58.6	111.3	217.5
Current account deficit ^{d/} (billion US\$)	-39.1	-23.4	-62.4	-78.5	-100.9
Current account deficit as % GNP	5.0	2.5	4.1	2.8	2.1

a/ Mid-year population.

b/ GNP at 1977 constant prices.

c/ Net imports of crude petroleum and petroleum products.

d/ Excludes official transfers.

OIL EXPORTING AND IMPORTING DEVELOPING COUNTRIES BY REGION AND INCOME GROUP 1/

Region/Income Group	Oil Exporting Developing Countries 2/	Oil Importing Developing Countries
AFRICA, SOUTH OF SAHARA Low Income	Zaire	Benin Burundi Central Afr. Rep. Chad Ethiopia Guinea Kenya Lesotho Madagascar Mali Malawi Niger Rwanda Sierra Leone Somalia Tanzania Uganda Upper Volta Cote d'Ivoire Gambia *
Lower Middle Income	Angola Congo Nigeria	Mauritania Mozambique Sudan Togo Cameroon Ghana Cote d'Ivoire & Melilla * Ivory Coast Liberia Rhodesia Senegal Zambia Seychelles * Namibia * Eq. Guinea * Botswana * Sao Tome & Principe * Brazil Cape Verde * Guinea-Bissau * Mauritius *
Upper Middle Income	Gabon *	South Africa Djibouti Reunion *
NORTH AFRICA & MIDDLE EAST Lower Middle Income	Algeria Egypt Syria Tunisia	Jordan Morocco Yemen AR Yemen PDR
Upper Middle Income	Iran Iraq Oman *	Lebanon Bahrain *
ASIA & PACIFIC Low Income	Indonesia	Afghanistan Bhutan Bangladesh Burma Cambodia India Laos Nepal Pakistan Sri Lanka Vietnam Maldives *
Lower Middle Income	Malaysia	Solomon Is. * China Rep. Korea Philippines Papua New Guinea Thailand W. Samoa * Fiji * Tonga * New Hebrides * Gilbert Is. * Pacific Is., Trust Terr. of the
Upper Middle Income	Brunei *	Hong Kong Singapore Macao * Fr. Polynesia * New Caledonia * Guam *
LATIN AMERICA Lower Middle Income	Bolivia Ecuador	Haiti Chile Colombia Costa Rica Dom. Rep. Belize * El Salvador Guatemala Honduras Jamaica Nicaragua Paraguay Peru Grenada * Guyana * St. Vincent * Dominica * St. Lucia *
Upper Middle Income	Mexico Trinidad & Tobago Venezuela	Argentina Brazil Panama Uruguay Surinam * Barbados * Bahamas * Guadeloupe * Neth. Antilles * Fr. Guiana * Puerto Rico * Martinique *
SOUTHERN EUROPE		Greece Israel Portugal Spain Turkey Yugoslavia Cyprus * Malta * Gibraltar *

1/ Excludes Capital Surplus Oil Exporting Countries - Kuwait, Libya, Qatar, Saudi Arabia and United Arab Emirates.

2/ Defined as countries which are currently producers and net exporters of petroleum.

* Countries with populations of less than 1 million and therefore not listed in World Development Indicators.

ANNEX II

Table 1: POPULATION AND GROWTH RATES OF POPULATION FOR SELECTED OIL IMPORTING COUNTRIES, 1960-90

	1977 Population (Millions)	Average Annual Growth Rates (Percent)				
		1960-70	1970-77	1977-80	1980-85	1985-90
<u>Low Income Africa South of Sahara</u>						
Ethiopia	30.2	2.4	2.5	2.4	2.6	2.4
Kenya	14.6	3.5	3.8	3.7	3.7	3.3
Madagascar	8.1	2.2	2.5	2.7	2.8	2.6
Tanzania	16.4	2.7	3.0	3.3	3.3	3.0
<u>Low Income Asia and Pacific</u>						
Bangladesh	81.2	2.9	2.5	2.8	2.8	2.6
India	631.7	2.3	2.1	2.2	2.0	2.0
Pakistan	74.9	2.8	3.1	3.0	3.0	2.8
Sri Lanka	14.1	2.4	1.7	2.1	2.0	1.9
<u>Middle Income Africa South of Sahara</u>						
Ghana	10.6	2.4	3.1	3.1	3.4	3.0
Ivory Coast	7.5	3.8	5.9	5.0	3.1	2.8
Senegal	5.2	2.5	2.6	2.7	2.8	2.5
Sudan	16.9	2.3	2.6	2.6	2.9	2.8
Zambia	5.1	2.8	3.1	3.4	3.4	3.1
<u>Middle Income North Africa and Middle East</u>						
Morocco	18.3	2.7	2.8	3.3	3.1	2.8
<u>Middle Income Asia and Pacific</u>						
Korea	36.0	2.4	2.0	1.0	1.5	1.6
Philippines	44.5	3.0	2.7	2.6	2.5	2.4
Thailand	43.3	3.1	2.8	2.4	2.3	2.0
<u>High Income Asia and Pacific</u>						
Hong Kong	4.5	2.5	2.0	1.0	1.5	1.4
Singapore	2.3	2.4	1.6	1.2	1.5	1.4
<u>Middle Income Latin America</u>						
Chile	10.6	2.1	1.7	1.3	1.5	1.5
Colombia	24.6	3.0	2.1	2.2	2.2	2.1
Guatemala	6.4	2.8	2.9	3.0	2.8	2.7
Peru	16.4	2.9	2.8	2.7	2.7	2.6
<u>High Income Latin America</u>						
Argentina	26.0	1.4	1.3	1.4	1.2	1.1
Brazil	116.1	2.9	2.9	2.7	2.7	2.5
<u>Southern Europe</u>						
Spain	36.3	1.1	1.0	0.8	0.8	0.8
Turkey	41.9	2.5	2.5	1.9	2.0	1.9
Yugoslavia	21.7	1.0	0.9	0.8	0.8	0.7
<u>Sample Total</u>	1,365.4	2.5	2.3	2.3	2.3	2.2

Table 2: GNP AND GROWTH RATES OF GNP FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES, 1960-90

	1977 GNP (US\$ mill.)	Average Annual Growth Rates (Percent)				
		1960-70	1970-77	1977-80	1980-85	1985-90
<u>Low Income Africa South of Sahara</u>						
Ethiopia	3,295.0	4.7	2.7	2.7	3.5	4.1
Kenya	4,258.0	5.9	4.7	4.3	5.3	5.5
Madagascar	1,772.0	2.9	-0.3	3.2	2.1	2.3
Tanzania	3,400.0	6.1	5.2	3.4	4.5	4.6
<u>Low Income Asia and Pacific</u>						
Bangladesh	6,188.0	3.8	2.2	6.5	6.0	6.0
India	101,471.0	3.6	3.2	3.4	5.0	5.1
Pakistan	15,209.0	7.2	3.9	5.4	4.8	4.8
Sri Lanka	2,341.0	4.8	2.9	7.4	5.7	5.7
<u>Middle Income Africa South of Sahara</u>						
Ghana	3,639.0	1.9	0.8	1.6	2.9	3.0
Ivory Coast	5,974.0	8.0	6.1	6.5	5.4	6.0
Senegal	1,895.0	2.4	3.0	-1.9	3.6	4.0
Sudan	5,892.0	1.3	5.2	-0.9	4.6	5.3
Zambia	2,338.0	6.0	2.8	1.2	3.2	3.4
<u>Middle Income North Africa and Middle East</u>						
Morocco	10,776.0	3.9	7.0	2.3	3.9	5.4
<u>Middle Income Asia and Pacific</u>						
Korea	34,406.0	8.7	9.7	10.7	8.0	8.5
Philippines	20,615.0	5.1	6.5	6.1	6.2	6.5
Thailand	18,681.0	8.3	7.0	7.8	6.2	6.3
<u>High Income Asia and Pacific</u>						
Hong Kong	12,062.0	10.2	8.0	7.6	7.1	7.0
Singapore	6,447.0	8.7	8.3	7.4	7.3	7.2
<u>Middle Income Latin America</u>						
Chile	14,560.0	4.3	0.0	6.3	6.0	6.1
Colombia	19,087.0	4.9	5.9	6.9	5.5	5.5
Guatemala	5,516.0	5.4	6.3	4.9	5.0	5.0
Peru	12,292.0	5.4	4.0	1.5	4.5	5.0
<u>High Income Latin America</u>						
Argentina	50,872.0	4.1	3.2	1.6	5.3	5.0
Brazil	163,501.0	5.4	9.8	5.9	5.9	6.2
<u>Southern Europe</u>						
Spain	115,088.0	7.2	4.7	2.3	4.7	4.1
Turkey	48,339.0	6.2	7.1	3.8	5.5	5.9
Yugoslavia	45,296.0	6.1	6.1	5.4	5.8	6.0
<u>Sample Total</u>	735,210.0	5.7	5.9	4.9	5.4	5.7

Note: Growth rates for the periods 1960-70 and 1970-77 were calculated by using the least square method; 1977-80, 1980-85 and 1985-90 are end-point growth rates.

**Table 3: VALUE OF PETROLEUM IMPORTS FOR SELECTED OIL IMPORTING
DEVELOPING COUNTRIES, 1972-1990**

(million US\$)

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	15	41	32	72	149	297
Kenya	25	155	76	269	644	1,393
Madagascar	11	47	39	89	78	106
Tanzania	4	59	63	137	144	236
<u>Low Income Asia and Pacific</u>						
Bangladesh		74	113	284	724	1,807
India	253	1,397	1,621	1,489	3,705	8,511
Pakistan	38	370	298	375	563	225
Sri Lanka	5	124	166	224	526	1,145
<u>Middle Income Africa South of Sahara</u>						
Ghana	31	110	78	91	97	123
Ivory Coast	18	90	118	208	206	345
Senegal	7	37	50	121	249	481
Sudan	21	20	169	393	860	1,795
Zambia	26	124	74	127	118	251
<u>Middle Income North Africa and Middle East</u>						
Morocco		224	304	558	1,247	2,749
<u>Middle Income Asia and Pacific</u>						
Korea	202	1,244	1,964	4,701	12,005	26,441
Philippines	166	758	1,004	1,653	2,655	4,720
Thailand	138	691	1,019	2,292	5,128	11,613
<u>High Income Asia and Pacific</u>						
Hong Kong	107	395	590	1,165	2,686	5,778
Singapore	121	520	587	879	2,046	4,360
<u>Middle Income Latin America</u>						
Chile	77	263	330	438	1,120	724
Colombia	-59	-87	51	-25	140	101
Guatemala	24	98	140	75	20	-454
Peru	40	223	154	-1,297	-2,011	-3,767
<u>High Income Latin America</u>						
Argentina	33	290	404	85		
Brazil	527	3,131	3,998	6,454	10,873	18,933
<u>Southern Europe</u>						
Spain	738	3,462	4,254	6,696	12,152	19,949
Turkey	133	753	1,405	2,461	5,478	12,174
Yugoslavia	116	731	947	1,683	2,521	4,760
SAMPLE TOTAL	2,817	15,350	20,048	31,697	64,123	124,796

Source: World Energy Supplies, UN Department of International Economic and Social Affairs, Statistical Office (historical); EPDCE (projected).

Table 4: PETROLEUM IMPORTS AS A PERCENT OF EXPORTS FOR SELECTED OIL IMPORTING DEVELOPING COUNTRIES

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	6.1	12.2	8.3	18.8	23.7	27.5
Kenya	4.6	16.3	4.9	17.6	24.1	29.2
Madagascar	4.9	12.8	9.4	23.6	12.9	9.4
Tanzania	1.0	12.2	9.0	19.2	12.0	11.4
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	19.5	20.9	36.1	55.3	70.7
India	9.4	25.3	23.5	14.5	20.4	27.8
Pakistan	5.2	28.1	20.2	13.6	11.1	2.6
Sri Lanka	1.4	19.7	19.8	20.9	29.0	36.3
<u>Middle Income Africa South of Sahara</u>						
Ghana	7.1	12.7	7.7	8.1	6.0	5.0
Ivory Coast	2.6	6.1	4.3	5.9	3.4	3.1
Senegal	2.1	5.4	7.2	13.4	11.8	11.2
Sudan	5.7	4.0	21.5	39.5	42.7	49.3
Zambia	3.1	14.2	7.6	8.3	4.1	6.3
<u>Middle Income N.Africa & Middle East</u>						
Morocco	n.a.	11.2	16.5	19.7	20.1	25.0
<u>Middle Income Asia and Pacific</u>						
Korea	9.2	21.3	15.3	21.0	23.4	25.1
Philippines	11.4	25.3	26.4	27.9	20.5	19.4
Thailand	9.0	24.7	25.3	38.6	43.2	51.8
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	5.6	4.9	n.a.	n.a.	n.a.
Singapore	4.0	6.6	5.6	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	7.9	15.1	12.6	10.2	12.1	4.3
Colombia	4.9	4.1	1.5	0.0	1.5	.6
Guatemala	6.1	12.5	10.2	4.9	.8	0.0
Peru	3.5	13.2	7.2	0.0	0.0	0.0
<u>High Income Latin America</u>						
Argentina	1.4	8.2	6.1	1.0	0.0	0.0
Brazil	12.1	32.8	30.5	35.2	26.9	22.0
<u>Southern Europe</u>						
Spain	9.9	26.1	25.3	n.a.	n.a.	n.a.
Turkey	10.5	37.9	60.0	48.5	55.1	64.5
Yugoslavia	3.6	12.0	13.5	15.1	13.0	10.9

Table 5: CURRENT ACCOUNT BALANCE FOR SELECTED OIL IMPORTING COUNTRIES
(Millions of US\$)

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	-6.6	-71.8	-124.5	-139.0	-156.0	-102.0
Kenya	-97.3	-282.8	-4.7	-746.0	-945.0	-859.0
Madagascar	-41.3	-123.8	-63.0	-358.0	-560.0	-443.0
Tanzania	-76.1	-320.8	-103.6	-463.0	-649.0	-809.0
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	-957.5	-623.8	-1,547.0	-2,749.0	-5,891.0
India	-226.9	-202.8	975.0	823.0	-4,268.0	-10,502.0
Pakistan	-285.5	-1,176.5	-842.9	-535.0	-1,196.0	-1,665.0
Sri Lanka	-44.7	-183.2	80.9	-316.0	-725.0	-1,696.0
<u>Middle Income Africa South of Sahara</u>						
Ghana	92.1	-22.1	-144.3	-199.0	-310.0	-447.0
Ivory Coast	-151.2	-420.1	-218.0	-573.0	-559.0	252.0
Senegal	-65.7	-166.5	-168.0	-555.0	-465.0	-294.0
Sudan	-58.2	-472.3	-92.2	-1,239.0	-1,793.0	-2,933.0
Zambia	-210.6	-722.4	-232.3	0.0	641.0	603.0
<u>Middle Income North Africa and Middle East</u>						
Morocco	47.8	-528.2	-1,842.3	-506.0	212.0	4,924.0
<u>Middle Income Asia and Pacific</u>						
Korea	-418.0	-1,924.4	-46.7	-5,250.0	-7,530.0	-3,370.0
Philippines	-29.3	-989.5	-848.8	-2,378.0	-2,781.0	-5,587.0
Thailand	-80.3	-630.1	-1,112.6	-2,733.0	-5,621.0	-6,980.0
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	88.5	317.0	n.a.	n.a.	n.a.
Singapore	-514.6	-604.6	-467.0	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	-473.4	-577.9	-513.7	-409.0	-372.0	337.0
Colombia	-213.9	-126.3	434.3	681.0	913.0	2,858.0
Guatemala	-10.3	-65.2	-59.8	72.0	-398.0	-278.0
Peru	-64.1	-1,573.5	-971.4	578.0	1,939.0	3,557.0
<u>High Income Latin America</u>						
Argentina	-223.9	-1,294.9	1,319.2	1,078.0	54.0	-78.0
Brazil	-1,694.8	-7,016.6	-5,113.7	-8,554.0	-9,220.0	-11,158.0
<u>Southern Europe</u>						
Spain	590.6	-3,506.5	-2,457.6	n.a.	n.a.	n.a.
Turkey	108.6	-1,857.6	-3,438.3	-2,197.0	-4,929.0	-10,344.0
Yugoslavia	415.8	-1,034.5	-1,802.0	-2,130.0	-2,415.0	-7,744.0

Table 6: CURRENT ACCOUNT AS A PERCENT OF GNP AT CURRENT PRICES

	1972	1975	1977	1980	1985	1990
<u>Low Income Africa South of Sahara</u>						
Ethiopia	-.3	-2.7	-3.8	-3.2	-1.8	-.7
Kenya	-5.0	-9.3	-.1	-10.9	-7.5	-3.9
Madagascar	-3.8	-7.7	-3.6	-13.0	-12.8	-6.8
Tanzania	-4.9	-12.6	-3.1	-8.7	-6.9	-5.1
<u>Low Income Asia and Pacific</u>						
Bangladesh	n.a.	-8.6	-10.1	-14.6	-13.5	-16.2
India	-.4	-.2	1.0	.5	-1.5	-2.1
Pakistan	-3.1	-10.4	-5.5	-2.1	-2.6	-2.1
Sri Lanka	-2.4	-6.9	3.5	-7.7	-9.3	-12.3
<u>Middle Income Africa South of Sahara</u>						
Ghana	3.3	-.4	-1.6	-3.7	-3.5	-3.2
Ivory Coast	-8.8	-11.7	-4.0	-5.6	-2.9	0.7
Senegal	-6.2	-9.0	-3.6	-21.9	-10.7	-4.2
Sudan	-1.9	-11.0	-8.9	-15.3	-12.3	-11.6
Zambia	-11.9	-34.4	-17.3	0.0	11.2	6.7
<u>Middle Income N.Africa & Middle East</u>						
Morocco	1.6	-5.6	-17.1	-3.1	.7	10.0
<u>Middle Income Asia and Pacific</u>						
Korea	-4.1	-9.7	-.1	-8.0	-5.4	-1.2
Philippines	-.35	-6.3	-4.1	-6.8	-4.1	-4.5
Thailand	-1.0	4.3	-6.0	-8.3	-8.8	-6.0
<u>High Income Asia and Pacific</u>						
Hong Kong	n.a.	-1.14	26.3	n.a.	n.a.	n.a.
Singapore	-17.9	-10.8	-7.2	n.a.	n.a.	n.a.
<u>Middle Income Latin America</u>						
Chile	-4.2	-7.3	-3.5	-1.7	-.8	.4
Colombia	-2.6	-1.0	2.3	2.1	1.5	2.6
Guatemala	-.5	-2.1	-1.1	.8	-2.4	-1.0
Peru	-.8	-11.6	-7.9	3.2	6.0	6.4
<u>High Income Latin America</u>						
Argentina	-.8	-3.6	2.6	1.4	0.0	0.0
Brazil	-2.8	-5.7	-3.1	-3.1	-1.8	-1.2
<u>Southern Europe</u>						
Spain	1.1	-3.4	-2.1	n.a.	n.a.	n.a.
Turkey	.6	-5.0	-7.1	-2.9	-3.5	-4.1
Yugoslavia	2.5	-3.2	-4.0	-2.8	-1.7	-3.0

OFFICE MEMORANDUM

*1/3 To Dr. Chenery
and they
available
Shed*

TO: Mr. Robert S. McNamara, President
FROM: Hollis B. Chenery, VPD *HBC*
SUBJECT: Per Capita Income Data

DATE: October 26, 1979

1. I enclose the per capita income figures for developing countries by WDR regions for 1960, 1970 and 1978 in 1980 prices.
2. We have included 1978 rather than 1980 figures because the CPP process, which is the source of 1980 data, is not designed to provide up-to-date and comparable projections of economic variables for a large number of countries at any one point in time. However, as part of the preparation for WDR III we are compiling comparable estimates of the 1980s income per capita for some 30 important countries. These estimates will be available mid-November. *←*
3. Once the global analysis for WDR III is completed in January we will be preparing "base case" projections through 1990 for the following countries. Depending on WDR pressures, these should be available by April.

Bangladesh
Brazil
Egypt
India
Indonesia
Korea
Malaysia
Mexico
Pakistan
Turkey

Attachment

cc - Mrs. Hughes, EPDDR
Messrs. Cheetham, Carter, Lee, EPD

HBC/HH:jm