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Dates: 12/01/1969 - 07/01/1970

Sub-Fonds: Records of President Robert S. McNamara

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ISAD Reference Code: WB IBRD/IDA EXC-10-4548S

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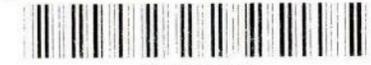
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Boards Actions - Pearson Commission Recommendations - Board papers 07

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OFFICE OF THE PRESIDENT

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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

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MAY 22 2013

December 11, 1969

WBG ARCHIVES

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 31 Concerning
Need for Organizational Changes in IDA

Recommendation

" . . . we recommend that the President of the World Bank undertake a review of the need for organizational change of the International Development Association as its functions increase." 1/

Background

Although the recommendation is addressed to IDA's organization, the report makes clear that in fact the Commission was concerned with IDA's policies, which are described as "almost indistinguishable" from those of the Bank.2/ The Commission comments that the Bank's policies reflect constraints imposed by the Bank's reliance on the private capital markets. It reasons that, since IDA does not go to the market, these constraints do not apply to IDA and accordingly IDA's policies need not be the same as the Bank's. In the Commission's view, however, the integration of IDA into the Bank's organizational structure has effectively precluded IDA from developing its own policies -- in such areas, for example, as non-project lending, local cost financing and debt relief. The Commission suggests that the recommended expansion of IDA's resources 3/ and the enlarged scope of activity which could be expected to follow would provide a suitable occasion for considering the need for a change in IDA's organizational structure.

The report itself does not indicate what kinds of organizational change the Commission thought might facilitate an independent approach by IDA. It appears from papers prepared by the Commission's staff that some or all of the following were suggested to the Commission as possibilities:

- (a) a separate IDA president, or an IDA executive vice-president responsible for developing lending policy;

1/ Report, page 226.

2/ Ibid., page 223.

3/ Ibid., page 224.

- (b) a separate IDA policy-making staff, to function independent of, although in consultation with, Bank staff;
- (c) separate IDA Executive Directors (at the option of governments); and
- (d) a Bank/IDA coordinating committee composed of the presidents of the Bank and IDA and a number of Directors nominated by the Boards of Governors.

Analysis

The recommendation by its terms does not call for any immediate action, since it relates possible organizational change to a substantial increase in IDA's resources and to an expanded scope of operations. However, since we are undertaking a general review of all of the Commission's recommendations relating to the Bank Group, it seems desirable to analyze the issues which this particular recommendation poses, assuming for purposes of the analysis that the recommended expansion of IDA's resources will take place.

The issues raised by the Commission's recommendation are (a) whether it is desirable that IDA follow policies different from those of the Bank, and (b) if so, whether and what kind of organizational changes are required to put IDA in a position to do so. If the answer to the first is in the negative, it is not necessary to consider the second.

The Commission is correct in stating that in most major respects the Bank and IDA follow identical policies. Both finance only projects or programs of high economic priority, which are economically and technically sound and which appear likely to be successfully carried out and operated. They apply the same standards in determining which projects or programs satisfy these criteria.

Compatibility, if not identity, of policies was a specific objective of the design of IDA's organization. The resolution of the Bank's Board of Governors requesting the Bank's Executive Directors to prepare Articles of Agreement for an IDA directed that the institution should be affiliated with the Bank but left open the manner of affiliation.^{1/} The Bank staff, preparing to work on a first draft of Articles, proposed following the pattern set by the IFC Articles to the extent of providing that Bank Governors and Directors should serve IDA ex officio. However, the staff also proposed a departure from the IFC pattern of a separate chief executive and staff by providing that the President of the Bank should serve as IDA's President and that Bank staff should serve IDA as well. The latter proposal was justified on the ground that, since IDA operations would be close to those of the Bank, the absence of unified direction at the level of the top management, as well as the Board, might be confusing and that it would be desirable to avoid conflicting lines of policy. The existence of a separate executive would be likely to lead to creation of a separate staff; although it might be necessary to recruit additional Bank staff to

^{1/} Resolution No. 136, Annual Meeting 1959, adopted October 1, 1959.

handle IDA work, it was desirable not to label staff as either "Bank" or "IDA".1/

Among the alternatives or modifications suggested by Directors during the Board discussions were that IDA's Articles should permit, rather than require, the President of the Bank to serve as president of IDA,2/ and that provision be made for the possibility of a separate management 3/ and a separate staff.4/ However, the consensus favored the original approach, modified only to provide that Bank officers and staff should serve IDA "to the extent practicable".5/

IDA and the Bank are complementary institutions, both intended to promote economic development. They differ only in the terms on which they lend, the spectrum of developing countries to which they provide finance and the source of their funds. The Commission felt that the latter difference, the fact that the Bank borrows in capital markets and that IDA does not, justifies a difference in approach. The report does not specify how IDA's policies might differ from the Bank's but it appears that the Commission had in mind at least that IDA should be prepared to do more program lending and more local currency financing than the Bank will do.

Although in its early days the Bank was concerned to establish itself in the market and its policies necessarily reflected that concern, I believe it fair to say that our policies are now determined, not by considerations of market appeal, but primarily by what the Bank regards as the best use of its funds from the standpoint of the developing countries, subject only to creditworthiness considerations. The market, for its part, is primarily concerned with the guarantees behind the Bank's bonds and with the Bank's creditworthiness criteria; as long as the Bank's lending procedures continue to provide satisfactory assurance that Bank funds are used sensibly, the market pays scant attention to the specific sectors for which the Bank lends or to the Bank's position on such

1/ IDA/R59-1, dated October 9, 1959, para. 6; IDA/R59-2, dated October 22, 1959, page 5.

2/ IDA/R59-2, dated October 22, 1959, page 5.

3/ IDA/R59-2, dated October 22, 1959, page 5.

4/ Ibid., page 4.

5/ IDA Articles of Agreement, Article VI, Section 5(b). In consequence, it may be noted, it would require an amendment to the Articles to permit the optional designation of separate IDA Directors or to give IDA its own president. The other changes mentioned in the Commission staff papers -- an IDA vice president for policy, a policy-making staff and a Bank/IDA coordinating committee -- could be brought about without amending the Articles.

issues as program lending or local currency financing. Moreover, it is clear that the source of the funds to be lent is irrelevant to the economic case either for or against program lending or local currency financing.

If the Bank were indeed subordinating the development interests of its borrowers to market considerations -- which would mean, because IDA follows the same policies as the Bank, that IDA borrowers would also be prejudiced -- the proper solution, in my opinion, would be to change the Bank's policies, not to set IDA free to follow an independent course. What is best for the borrowing country should be the determining factor in both Bank and IDA operations. Any policy, except those having to do with creditworthiness, which can be justified for IDA as consistent with its development function can, I believe, equally be justified for the Bank, and the Bank should adopt it.

This is not to say that the circumstance of a substantial increase in IDA resources might not be the occasion for some modification of IDA policies, the allocation criteria in particular. But any changes of this type can readily be considered within the existing IDA organizational framework, as demonstrated by the full-scale reviews of IDA lending policy which have taken place periodically in the past.^{1/}

Conclusion

No change in IDA's organization is now, or is likely to become, necessary to achieve the objectives sought by the Commission and I do not believe any such change would be desirable.



^{1/} "IDA Lending Policy", IDA/FPC 64-8, July 30, 1964; IDA/FPC 64-9, August 10, 1964; IDA/FPC 64-10, August 12, 1964. "IDA Policies", June 24, 1968 and July 16, 1968; IDA/SecM68-81, August 8, 1968 and IDA/SecM68-81/1, August 15, 1968.



INTERNATIONAL BANK FOR
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June 17, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 32 Concerning Criteria for the Allocation of IDA Credits

Recommendation

"IDA should formulate explicit principles and criteria for the allocation of concessional development finance and seek in its policies to offset the larger inequities in aid distribution."^{1/}

Background

This recommendation of the Commission is made in the final chapter of the report, which deals with the broad international framework for development. The two parts of the recommendation are to be taken together: the main criterion for allocation which IDA is urged to adopt explicitly is that of taking into account, and so far as possible redressing, what the Commission regards as the inequities which arise as a result of the way in which official bilateral development assistance is distributed among countries.

The nature of these inequities is outlined in an earlier section of the report, in Chapter 6. It is there argued that additional aid to developing countries should be related primarily to economic performance; that for political and historical reasons the distribution of official bilateral aid has been extremely uneven, and bears little relation to economic factors; and that there is a tendency for large countries to receive less assistance per head than smaller ones.

Analysis

A. Inequities in Aid Distribution

The Commission has rightly drawn attention to a very important issue. The present distribution among developing countries of official development assistance appears to bear little relationship to need, performance, poverty or any other generally recognized criteria. The table below presents some salient features of this distribution in the most recent period for which figures are available, namely calendar year 1968. The figures relate to the grant equivalent of commitments of official development assistance by countries which are members of OECD's Development Assistance Committee and by

^{1/} Report, page 230.

multilateral agencies. It can be seen from the table that more than half of official aid thus defined was committed to a group of countries with less than 16 per cent of the total population of the developing world,^{1/} while more than 13 per cent of the aid total went to countries with just 1.6 per cent of this total population. From the last column of the table it is clear that the very wide existing discrepancies in aid receipts per head cannot be accounted for by differences in the degree of poverty.

It is not easy to regard such a distribution of aid as satisfactory, or even as fully reflecting the considered preferences and intentions of the bilateral donors taken as a group. If a workable and broadly acceptable method could be found of using IDA funds to "offset the larger inequities in aid distribution," as suggested by the Commission, there would be a strong case, in principle, for doing so. Although, for the reasons given in the following section of this memorandum, it may not be feasible to adopt this suggested criterion as the principal consideration to be weighed in allocating IDA funds, I believe we can and should go in the direction pointed by the Commission - we should add this criterion, as a general, unweighted factor, to the existing accepted criteria in reaching judgments about the allocation of IDA funds.

B. Use of IDA Funds to Offset Inequities

The question of how far IDA should have regard to the amount of aid that may be available to particular countries from other sources is not a new one: it has been raised and debated on a number of occasions. Most recently within the Bank, it was brought up at a meeting of the Executive Directors on July 23, 1968, which considered my memorandum on Criteria for the Distribution of IDA Funds. On that occasion a number of Executive Directors made explicit reference to the question, and widely differing views were expressed.

The issue, as I see it, need not be one of a choice between two extreme positions. As I noted in the paper just referred to, IDA "can hardly escape giving consideration to the amount of assistance that prospective IDA borrowers may be receiving from other sources of finance." It

^{1/} Defined as comprising the 87 countries which are now Part II members of IDA, less Iceland and Ireland, which are not classed as aid recipients, and Libya and Saudi Arabia, which because of their oil revenues are not significant recipients, but with the addition of six further countries. These latter consist of five developing countries which though members of the Bank are not members of IDA, namely Jamaica, Singapore, Trinidad and Tobago, Uruguay and Venezuela, together with Cambodia, whose application for membership in the Bank and IDA has been approved by the Boards of Governors.

The Distribution of Official Aid Commitments
Among Developing Countries, 1968

| Aid Per Capita | No. of Countries | Total Amount of Official Aid (grant-equivalent terms) (\$M) | Total Population Mid 1967 ('000s) | Average Per Capita Aid (\$) | Share of Total Aid (%) | Share of Total Population (%) | Total GNP at Factor Cost (\$M) | Average GNP Per Head 1967 (\$) |
|-------------------|------------------|---|-----------------------------------|-----------------------------|------------------------|-------------------------------|--------------------------------|--------------------------------|
| Above \$20.00 | 7 | 664.7 | 25,744 | 25.82 | 13.1 | 1.6 | 4,551 | 177 |
| \$10.00 - \$19.99 | 17 | 777.5 | 54,080 | 14.38 | 15.4 | 3.3 | 15,514 | 287 |
| \$ 5.00 - \$ 9.99 | 24 | 1,179.0 | 173,225 | 6.81 | 23.3 | 10.6 | 40,658 | 235 |
| \$ 2.00 - \$ 4.99 | 20 | 1,236.2 | 467,628 | 2.64 | 24.4 | 28.6 | 80,105 | 171 |
| Less than \$2.00 | <u>21</u> | <u>1,199.1</u> | <u>913,815</u> | <u>1.31</u> | <u>23.7</u> | <u>55.9</u> | <u>152,712</u> | <u>167</u> |
| Total | 89 | 5,056.5 | 1,634,492 | 3.09 | 99.9 | 100.0 | 293,540 | 180 |

Sources: The figures for official aid commitments are derived from material which has been supplied by the Development Division of the O.E.C.D., and which is contained in the 1968 terms of aid matrix. Figures for population and national income are taken from the 1969 edition of the World Bank Atlas, and relate to 1967.

Notes: The aid figures refer to commitments by the D.A.C. countries and by multilateral sources. Thus no account is taken in the table of official aid from other bilateral sources, such as the Eastern European countries, nor of private loans. The figures are expressed here in terms of the grant equivalent of all official commitments from these sources, defined to include both grants and official development assistance loans. Other official loans, a relatively small amount, are not included.

is neither desirable nor practicable to try to devise a system of allocation for IDA in complete isolation from other aspects of the world situation, and without reference to the policies that are pursued by other donors. At the opposite extreme, it may be impracticable for IDA to adopt as the principal criterion for all its lending that of trying to ensure that countries judged to be in the same situation should receive equal amounts of per capita aid. There are several considerations which would appear to rule out such a course of action.

First, it would imply a direct and abrupt reversal of past decisions concerning the criteria that should be used. If the primary criterion for IDA allocations were to become that of redressing inequalities, IDA would have to concentrate its assistance on those countries which according to some agreed test were judged to be receiving too little. This would lead to a very high degree of concentration on a limited group of countries -- a concentration which the members of IDA have made clear they consider unacceptable.

Second, it is easy to state the broad principle that IDA should redress unwarranted inequalities in the distribution of aid, but very difficult to give it concrete expression in a form which would command general assent. The conceptual and technical problems of implementing the principle through any quantitative formula are formidable. Whatever precise method might be adopted would inevitably be open to question and indeed a matter of controversy, more particularly since large sums of money would be at stake.

A third factor is that the main sources of official bilateral development assistance are also the sources of IDA funds. It is open to question how far these countries would be willing to maintain, let alone increase substantially, the amounts that they were prepared to make available to IDA, if they knew that the principal criterion for allocating IDA credits would be offsetting or compensating for the collective results of their own development assistance policies.

It follows from these considerations that it may not be practical for us to do more at this time in implementing the Pearson Commission recommendation than to accept as an additional criterion for the allocation of IDA credits that of securing greater equity in the over-all distribution of aid. Thus the fact that a country was judged to be receiving unduly low amounts of assistance from other sources would be one, but only one, factor to be weighed in determining its share of IDA financing.

Conclusion

The broad principle embodied in the recommendation, that IDA funds should be specifically directed towards countries which are receiving

unduly low amounts of aid from other donors, has merit. However, at least at this time, it should be regarded, not as displacing or superseding existing criteria for the distribution of IDA credits, but rather as one, but only one, factor to be considered in reaching judgments about the allocation of IDA funds.

Robert S. McNamara



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July 8, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 33 Concerning Creation
of Evaluation Machinery

Recommendation

"The President of the World Bank should invite heads of appropriate organs of the U.N., pertinent multilateral agencies, and the regional development banks and coordinating bodies, to a conference to be held in 1970 to discuss the creation of improved machinery for coordination capable of relating aid and development policies to other relevant areas of foreign economic policy, moving toward standardized assessments of development performance, making clear, regular and reasonably authoritative estimates of aid requirements, and providing balanced and impartial reviews of donor aid policies and programs. Representatives of at least the major bilateral donors and appropriate representatives of developing countries should also participate in the conference."^{1/}

Background

The Commission refers to the many agencies, worldwide, regional and national, which have been created to discharge development assistance responsibilities, and says that their existence constitutes "an undisputed achievement of the last decades and one of the strongest assets in the reach for the future".^{2/} However, the report adds, the existing structure of development assistance has four basic shortcomings: (a) it lacks a process for joint and authoritative monitoring and review of what is being done, including in particular a virtual absence of facilities for monitoring by recipients of aid commitments; (b) the multiplicity of agencies and their lack of coordination leads to much unnecessary duplication of effort; (c) there is, for the most part, a failure to relate development assistance

^{1/} Report, page 230.

^{2/} Report, page 227.

policies to policies concerned with trade and monetary problems; and (d) the system does not project sufficient unity of purpose to make it a rallying point for public support in the industrialized countries. The Commission concludes, accordingly, that improved coordination machinery is urgently needed. It did not itself put forward any suggestions as to the kind of machinery which might be created for this purpose.

Comment

I agree fully with the Commission that there is need for improved aid coordination, review and appraisal machinery. However, within the U.N. system, of which the Bank, as a specialized agency, is a part, these functions are the responsibility of the Economic and Social Council (ECOSOC). On several occasions since the publication of the Pearson Commission report, I have taken the position, which I believe to be correct, that I could appropriately take the action under this particular recommendation only after consultation with, and preferably in cooperation with, the Secretary General of the United Nations.

A second consideration is that any new machinery of the kind to which the recommendation is addressed should be designed to serve the purposes of reviewing and evaluating progress toward whatever goals may be agreed upon for the Second Development Decade (DD II). The General Assembly of the United Nations, taking account of ECOSOC's coordinating function, enlarged the Economic Committee of ECOSOC to become the Preparatory Committee for DD II, and instructed it (a) to prepare a draft of an international development strategy for the 1970s, together with policy measures at the national, regional and international levels which would achieve the desired objectives; and (b) to make suggestions on an evaluation and implementation mechanism for DD II. The Preparatory Committee, which had before it the views of governments, specialized agencies and various U.N. and UNCTAD bodies, recently submitted its report to the General Assembly, through ECOSOC. It makes proposals with respect to review and appraisal, at the national, regional and international levels, of progress toward the objectives of DD II. At the national level, the report proposes that each developing country should establish or strengthen existing evaluation machinery. For appraisals at the regional level, the report contemplates that principal responsibility will be assumed by the regional economic missions of the U.N. and the U.N. Economic and Social Office in Beirut, in cooperation with regional development banks and subregional groupings, assisted by other organizations of the U.N. system. UNCTAD, UNIDO and the specialized agencies would continue to review progress in their respective areas of concern. An over-all appraisal would be made biennially by the General Assembly, through ECOSOC, on the basis of the foregoing reviews and of comments and recommendations by the Committee for Development Planning (the so-called "Tinbergen Committee"). The Secretary General of the United Nations would prepare and submit appropriate documentation and reports, to assist in the over-all review. The Bank's new system of regular, comprehensive, economic reports should assist each of the review authorities.

Machinery for review and appraisal has also been considered outside the United Nations, at two important ad hoc meetings, both of which I attended. One was organized by the Government of Canada, which met in Montebello in February 1970 under the chairmanship of the Foreign Minister of Canada; the second, for which the Chairman of the Development Assistance Committee of the OECD served as chairman, was organized by the Federal Republic of Germany and was held in Heidelberg in June 1970. Participants in both meetings included heads of national aid agencies and of international development assistance organizations. It was the consensus of the participants that review and appraisal should be implemented with a minimum of new machinery, and that it was neither desirable nor feasible to reopen the decision of the Preparatory Committee that review and appraisal at the global level should take place within the U.N. framework. It was also the consensus that the international agencies should support the U.N.-centered global review and appraisal machinery by putting at its disposal not only information available to them but also their judgment and expertise.

The report of the Preparatory Committee is to be considered by ECOSOC and then by the General Assembly. In the circumstances, it would be inappropriate, at this time, for the Bank to sponsor still another conference on the subject. I intend, however, to follow closely the discussion of review and appraisal machinery being carried on within the U.N. and elsewhere, and I shall advise the Executive Directors of any important developments.

Robert S. McNamara



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June 17, 1970

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The nature of these inequities is outlined in an earlier section of the report, in Chapter 6. It is there argued that additional aid to developing countries should be related primarily to economic performance; that for political and historical reasons the distribution of official bilateral aid has been extremely uneven, and bears little relation to economic factors; and that there is a tendency for large countries to receive less assistance per head than smaller ones.

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It is not easy to regard such a distribution of aid as satisfactory, or even as fully reflecting the considered preferences and intentions of the bilateral donors taken as a group. If a workable and broadly acceptable method could be found of using IDA funds to "offset the larger inequities in aid distribution," as suggested by the Commission, there would be a strong case, in principle, for doing so. Although, for the reasons given in the following section of this memorandum, it may not be feasible to adopt this suggested criterion as the principal consideration to be weighed in allocating IDA funds, I believe we can and should go in the direction pointed by the Commission - we should add this criterion, as a general, unweighted factor, to the existing accepted criteria in reaching judgments about the allocation of IDA funds.

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First, it would imply a direct and abrupt reversal of past decisions concerning the criteria that should be used. If the primary criterion for IDA allocations were to become that of redressing inequalities, IDA would have to concentrate its assistance on those countries which according to some agreed test were judged to be receiving too little. This would lead to a very high degree of concentration on a limited group of countries -- a concentration which the members of IDA have made clear they consider unacceptable.

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It follows from these considerations that it may not be practical for us to do more at this time in implementing the Pearson Commission recommendation than to accept as an additional criterion for the allocation of IDA credits that of securing greater equity in the over-all distribution of aid. Thus the fact that a country was judged to be receiving unduly low amounts of assistance from other sources would be one, but only one, factor to be weighed in determining its share of IDA financing.

Conclusion

The broad principle embodied in the recommendation, that IDA funds should be specifically directed towards countries which are receiving

unduly low amounts of aid from other donors, has merit. However, at least at this time, it should be regarded, not as displacing or superseding existing criteria for the distribution of IDA credits, but rather as one, but only one, factor to be considered in reaching judgments about the allocation of IDA funds.

Robert S. McNamara



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MAY 22 2013

WBG ARCHIVES

CONFIDENTIAL

July 8, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 33 Concerning Creation of Evaluation Machinery

Recommendation

"The President of the World Bank should invite heads of appropriate organs of the U.N., pertinent multilateral agencies, and the regional development banks and coordinating bodies, to a conference to be held in 1970 to discuss the creation of improved machinery for coordination capable of relating aid and development policies to other relevant areas of foreign economic policy, moving toward standardized assessments of development performance, making clear, regular and reasonably authoritative estimates of aid requirements, and providing balanced and impartial reviews of donor aid policies and programs. Representatives of at least the major bilateral donors and appropriate representatives of developing countries should also participate in the conference."^{1/}

Background

The Commission refers to the many agencies, worldwide, regional and national, which have been created to discharge development assistance responsibilities, and says that their existence constitutes "an undisputed achievement of the last decades and one of the strongest assets in the reach for the future".^{2/} However, the report adds, the existing structure of development assistance has four basic shortcomings: (a) it lacks a process for joint and authoritative monitoring and review of what is being done, including in particular a virtual absence of facilities for monitoring by recipients of aid commitments; (b) the multiplicity of agencies and their lack of coordination leads to much unnecessary duplication of effort; (c) there is, for the most part, a failure to relate development assistance

^{1/} Report, page 230.

^{2/} Report, page 227.

policies to policies concerned with trade and monetary problems; and (d) the system does not project sufficient unity of purpose to make it a rallying point for public support in the industrialized countries. The Commission concludes, accordingly, that improved coordination machinery is urgently needed. It did not itself put forward any suggestions as to the kind of machinery which might be created for this purpose.

Comment

I agree fully with the Commission that there is need for improved aid coordination, review and appraisal machinery. However, within the U.N. system, of which the Bank, as a specialized agency, is a part, these functions are the responsibility of the Economic and Social Council (ECOSOC). On several occasions since the publication of the Pearson Commission report, I have taken the position, which I believe to be correct, that I could appropriately take the action under this particular recommendation only after consultation with, and preferably in cooperation with, the Secretary General of the United Nations.

A second consideration is that any new machinery of the kind to which the recommendation is addressed should be designed to serve the purposes of reviewing and evaluating progress toward whatever goals may be agreed upon for the Second Development Decade (DD II). The General Assembly of the United Nations, taking account of ECOSOC's coordinating function, enlarged the Economic Committee of ECOSOC to become the Preparatory Committee for DD II, and instructed it (a) to prepare a draft of an international development strategy for the 1970s, together with policy measures at the national, regional and international levels which would achieve the desired objectives; and (b) to make suggestions on an evaluation and implementation mechanism for DD II. The Preparatory Committee, which had before it the views of governments, specialized agencies and various U.N. and UNCTAD bodies, recently submitted its report to the General Assembly, through ECOSOC. It makes proposals with respect to review and appraisal, at the national, regional and international levels, of progress toward the objectives of DD II. At the national level, the report proposes that each developing country should establish or strengthen existing evaluation machinery. For appraisals at the regional level, the report contemplates that principal responsibility will be assumed by the regional economic missions of the U.N. and the U.N. Economic and Social Office in Beirut, in cooperation with regional development banks and subregional groupings, assisted by other organizations of the U.N. system. UNCTAD, UNIDO and the specialized agencies would continue to review progress in their respective areas of concern. An over-all appraisal would be made biennially by the General Assembly, through ECOSOC, on the basis of the foregoing reviews and of comments and recommendations by the Committee for Development Planning (the so-called "Tinbergen Committee"). The Secretary General of the United Nations would prepare and submit appropriate documentation and reports, to assist in the over-all review. The Bank's new system of regular, comprehensive, economic reports should assist each of the review authorities.

Machinery for review and appraisal has also been considered outside the United Nations, at two important ad hoc meetings, both of which I attended. One was organized by the Government of Canada, which met in Montebello in February 1970 under the chairmanship of the Foreign Minister of Canada; the second, for which the Chairman of the Development Assistance Committee of the OECD served as chairman, was organized by the Federal Republic of Germany and was held in Heidelberg in June 1970. Participants in both meetings included heads of national aid agencies and of international development assistance organizations. It was the consensus of the participants that review and appraisal should be implemented with a minimum of new machinery, and that it was neither desirable nor feasible to reopen the decision of the Preparatory Committee that review and appraisal at the global level should take place within the U.N. framework. It was also the consensus that the international agencies should support the U.N.-centered global review and appraisal machinery by putting at its disposal not only information available to them but also their judgment and expertise.

The report of the Preparatory Committee is to be considered by ECOSOC and then by the General Assembly. In the circumstances, it would be inappropriate, at this time, for the Bank to sponsor still another conference on the subject. I intend, however, to follow closely the discussion of review and appraisal machinery being carried on within the U.N. and elsewhere, and I shall advise the Executive Directors of any important developments.

Robert S. McNamara