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THE WORLD BANK
Washington, D.C.

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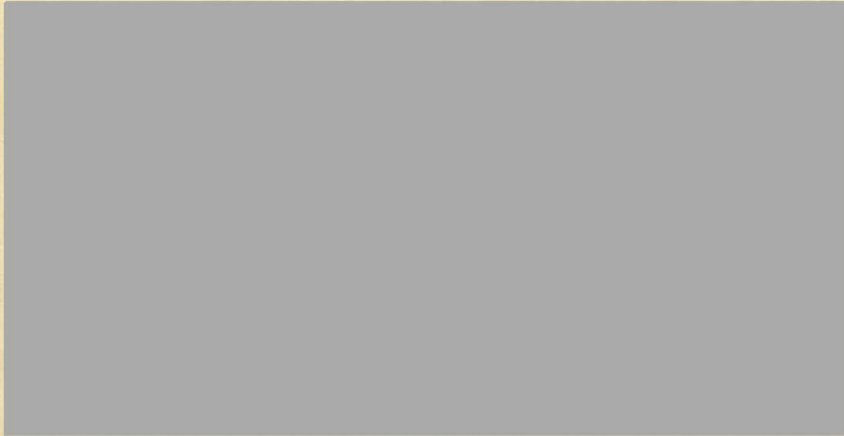
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OED SPECIAL STUDIES


85035--003

Power-Compar. Review - Development Sciences, Inc.

1961-1971



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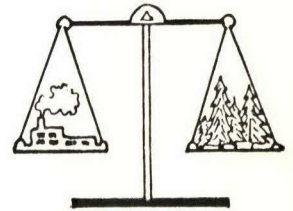
Power - Comparative Review - Development Sciences, Incorporated - 1971

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DEVELOPMENT SCIENCES INC.

BOX 77
ROUTE 6A
EAST SANDWICH, MASS.
02537

(617) 888-0101



Mr. Christopher R. Willoughby
Programming and Budgeting Department
International Bank for Reconstruction
and Development
1818 H Street N.W.
Washington, D.C. 20433

Dear Chris:

I am very sorry that our oral proposal was wide of the mark at this time. For whatever reasons that was so, let me express our interest in pursuing it at some more appropriate time. Your mandate from the Bank is most fascinating and we would only be too glad to be a participant.

During the course of hammering out the proposal with Francois, we rejected a much narrower approach which probably was more telling. It consisted of interviews in the field with Bank recipients to discover what they felt they had learned from the Bank and then a cross check against this attitudinal material with management records. A further check with Bank participants would add perspective to the native views.

For this task, I would not have suggested Russ Lovell, but another very bright and personable man with training at Harvard Business School and top records both in IBM management training and as an IBM representative. He has been a national leader at IBM and will join us shortly. Since the company soon will send him abroad anyway, we can absorb much of the travel costs. His insight into the technical area of management analysis would bring the kind of controlled response I believe you are after.

We rejected this approach as too narrow, for it would not relate to the broader economic impact, except in the management area. After reading your speech, and sifting through the comments in your phone call, it appeared that this would have been the best approach at this time. It would have taken less than a week in each country and one week at the Bank. I would not participate in this program, except to help design the interviews and keep the work in some conceptual perspective so that later expansion of methodologies might be done.

If, after you have gotten into the project and Francois feels he would like some help, please feel free to ask us to respond. We remain deeply interested.

Sincerely yours,

Morton Gordon
Dr. Morton Gordon
President
February 16, 1971
cc: Mr. Etori

DEVELOPMENT SCIENCES INC.

P. O. BOX 77 - ROUTE 6A
EAST SANDWICH, MASS. 02537



Mr. Francois Etori
c/o Mr. Christopher R. Willoughby
Programming and Budgeting Department
International Bank for Reconstruction
and Development
1818 H. Street N.W.
Washington, D.C. 20433



2

Check with Upper if sectors sections have been checked with Projects?
of CPP.

Table 1: - All items can be found for a few years in appraisal reports and supervision reports.

Table 2a - load actual and forecasts in some countries (not Brazil apparently).

Dick Anderson
X 4220.

- Sales Forecasts: yes for total, but seldom for breakdown between consumers (except starting year).
A few things in the supervision reports -

Table 2b: - Maybe for all years, add for all items in supervision and appraisal reports -

Table 2c: - In Appraisal report.

Meeting:
with Gordon
and Lovell.
Chris

- Lovell's part of job: macroeconomic aspects (input-output and projections) and management aspects (criteria, quantify these aspects of management).

Management aspects: [Losses
Billing (receivables, delays)
Outages]

Question (Gordon): What are the final model questions to be answered?

Answer: General targets; evaluation of the activities of the Bank.

Gordon: Look at distribution performance.

Lovell: avant était chez Esso et travaillait en Asie. Retenu à N.Y. : consolidating long-range forecasts for Far-East countries: partant d'une analyse socio-économique générale → forecasts for GNP and for Energy in the countries. Energy → | local
| Oil
| Energy électrique
Par différence, il concentrait sur le Pétrole.

Pam rami

∃ un rôle important des projections gouvernementales sur les productions futures des compagnies d'électricité.

XX These entire awareness GNP et Energie en général.

Garden:

Chris: What should be stressed: relation between GNP and Electricity consumption by its consumers the most important.

Meeting afternoon: Major question pending: national or regional level

- Developing countries: good regional data, share of project in total electric supply in the country, level of development,
- Time - Schedule:

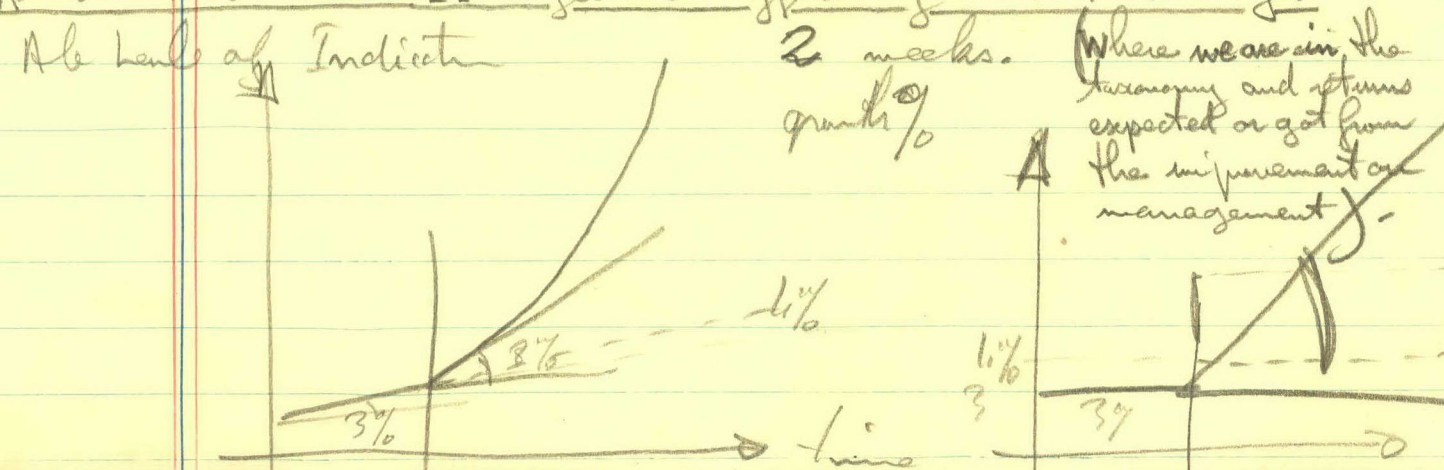
Power - GNP
1

1 week per public utilities for 3 sets of temporal data: - utility itself sales by consumers.
- national level electric consumption by consumer
- industry development records.

Vase Générale
? } 2 weeks for energy / GNP relations and ratios + conclusions
? } 1 week for energy consumption pattern
? } 8 weeks visits to utilities. (Maxi: 8, mini: 2).
2 weeks taxonomy for indicators.
1 week writing.

14 weeks (Maximum 14, minimum 9 weeks). change.
2 Management } efficiency } 5 weeks of which: 4 weeks performance.
Institution } } (3 days / country on each set of documents). 1 week procedure and institutional change.

3 Relations between Management Efficiency and Taxonomy:



Demand

Total: between 15 weeks and 21 weeks.

Supply = 4 + 8
F.E.

Letter of committal:

Breakdown: 16 weeks

<p>4 x B = 13 weeks</p>	Input 1:	{ 6 Russ 2 Gordon. }	10 w. Russell
	Management 2:	{ 3 Russ 2 Gordon }	
	Relative 3:	{ 1 Russ. 1 Gordon. }	

Total cost (including Report): 13,561 \$ + Trips to Washington.

+ 6 weeks research assistant = 3600 \$

Problems = - Regional or National level.
- General economic data base from Area Department.

- To which extent should we tackle the question of whether or not to invest in power rather than in other fields.
- Rates structure problems.

VIP to keep in mind for me: ^{dig out} Performance if the projects had been financed anyway, not by the Bank, but by somebody else.

December 8, 1970

Letter No. 1

Mr. Christopher Willoughby
c/o Hotel Tequendama
P.O. Box 6812
Bogota, Colombia

Dear Chris:

Here are a few things which came up since we talked on the phone yesterday.

1. I received a letter from my "ecological" friend, Mort Gorden, which I enclose. The points he makes are interesting but, for the most part, not of urgent concern; the reason I send it to you now is that you may wish to think about the postscript on page 3 in which he proposes a variation on the power sector analysis. I am intrigued by the idea as a supplement to what you proposed, but I am not sure where it finally comes out. I enclose a copy of my reply.

2. Also enclosed is a copy of the cable we sent yesterday to Martinez. Arturo is drafting a letter today outlining in general terms the arrangements we propose to make.

3. I enclose the resume of a possible transport man who was recommended to me by a friend at the OAS. He is obviously a special geographer rather than a transport economist as such, but might nevertheless be very useful in providing a slightly different perspective on the transportation network in Colombia. I shall talk about him some more with Arturo and, if he agrees, we shall invite him over for a preliminary interview.

4. I tried to call Slighon in California after I spoke to you. He was reported to be in Washington and I have been attempting to track him down ever since, so far without success.

5. John talked to Jim Dyck yesterday afternoon to reemphasize the urgency and importance of our requirements. Jim agreed that as soon as Siegal gets back he will talk to him and also bring him to see John and myself. I think Jim is still a bit reluctant about the whole idea, perhaps because he does not want to cloud his relations with the South Asia Department; but John assured him that we would take the blame for any rearrangements that became necessary.

Let us know if there is anything you need doing at this end.

Sincerely,

John Blaxall

Enclosures

cc: Mr. Adler

JBlaxall.vvv

December 8, 1970

Dr. Morton Gordon
President
Development Sciences Inc.
P.O. Box 77
Route 6A
East Sandwich,
Massachusetts 02537

Dear Mort:

Many thanks for your long commentary on our scope of work for the Colombia exercise. I have skimmed through it and will take the time to discuss it at much greater length with people here in the next few days:

Regarding your postscript on page 3, I am intrigued by the proposal you make, and there is certainly a possibility at least that we could combine your approach with the rather more traditional exercise we had envisaged. I enclose for your information a paper Chris Willoughby wrote to describe what we had in mind for this job. Maybe you could sketch the proposal a little more fully, although please don't make it a full fledged Final Proposal at this stage. Perhaps you would also let me have the c.v. of the chap you have in mind and we can talk about it some more.

Chris Willoughby is now in Colombia and will not be back until about December 16. I will get in touch with you immediately thereafter to discuss the matter further.

Sincerely,

John Blaxall
Deputy Director
Programming and Budgeting
Department

Enclosure

Mr. Adler
cc: Mr. Willoughby

JBlaxall:vw

December 8, 1970

Dr. Morton Gorden
President
Development Sciences Inc.
P.O. Box 77
Route 6A
East Sandwich,
Massachusetts 02537

Dear Mort:

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John Blaxall
Deputy Director
Programming and Budgeting
Department

Enclosure

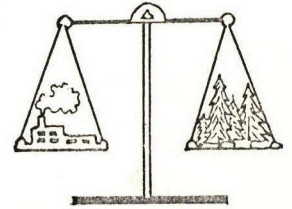
Mr. Adler
cc: Mr. Willoughby

JBlaxall:vw

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Mr. John Blaxall
Deputy Director
Programming and Budgeting Department
International Bank for Reconstruction and Development
1818 H Street N.W.
Washington, D.C. 20433

Dear John:

Thank you for sending the Colombia materials. The project looks terribly ambitious and I wish the analyst/magician Godspeed in accomplishing his many objectives. Certainly the questions are well chosen and posed in a researchable way. It appears to need a lot of man/years of effort to answer them well.

Since I have only had time to briefly respond, comments are limited to some larger issues. It would appear that the study would be more telling and more honestly representative of impact if it stressed the change in vector rather than the absolute numbers. As I mentioned in your office, evaluating GNP growth impact at the margin is useful and a similar utility would be found in different sectors if the analysis were applicable to altering direction rather than to changes in absolute numbers. This applies as well in evaluating the non-quantifiable elements or places where data were in short supply.

In keeping with this vectorial notion and responding to environmental considerations, it would be useful to evaluate the sites that were chosen for the projects in terms of their present environmental impact and the change in direction of development which they will place on the land. We need to indicate whether the ecological carrying capacity of the land can meet the future demands which the new projects engender. Since most of your projects are specifically designed to have spillover effects, it would be useful to evaluate the size of the natural container into which they were spilling. Such an evaluation would also be useful to include in the management training program so that managers could be sensitive to these effects when they were calculating anticipated long term gains.

Another overall consideration which might be added to the study is a resource/population analysis which will indicate some of the "natural" limits of growth and allow for an intelligent management of natural

resources. Whether and when one mines for non-renewable resources increasingly will have to be evaluated in terms of a country's own projected demands. The rising interest in self-exploitation rather than raw material export will require that the Bank consider the sequence of domestic demand to determine the best time to fund the extraction industries. Some of the comments in your overview interpret this phenomenon as "mismanagement", but in fact it is a growing aspiration to do it all at home.

In the case of non-renewable resources, the resource/population analysis would have an economic component first and an ecological component second, but one cannot avoid thinking about reforestation, erosion controls and vegetation damaging air pollution for the extractive industries. In the case of renewable resources, ecology makes even more demands than economics, for the maximum sustained yield management policy which pays attention to stock depletion rates may be essential to long term satisfying of social demands.

The resource/population look also stresses the need to examine that damned and damning denominator: population growth. It greatly influences the impact of the Bank's impact. Rural electrification, for example, has been shown to be a very successful population control measure and using resources for rural electrification has a payoff in reducing the population denominator. This analytic cut allows you to evaluate both variables at their cutting edge.

[I am sorry that this is all rather dense, but without more application of your resources to my employee population, I don't have time to get very detailed.]

There are two presentational formats which have important analytical consequences and you should consider them in this report. The first is a visual presentation, perhaps a flow diagram, showing the evaluative network which is being overlaid in Colombia. The serial presentation of complicated and interactive phenomena loses the sense of complexity which is necessary to evaluate the evaluation. A network analysis, in at least two dimensions, would make the links clearer to the reader and introduce systems reasoning to your sub-optimizing clientele.

A second form of presentation which has critical analytic meaning is an input-output table of the power industry and other industries and their clients. This would serve to evaluate spinoff. Power, as a basic utility, would show up in an input-output table to very great advantage. While this technique also is useful for evaluating environmental implications, it is certainly worthy of your consideration if you want to add up all the Brownie points which investments in infrastructure create.

3.

You're into an interesting area and I wish you and your colleagues well. I will look you up next time I'm in the area and hope for a positive progress report. If you ever decide to leave your citadel of power, bring your wife and enjoy the sand dunes with us.

Sincerely yours,



Dr. Morton Gorden
President

December 2, 1970

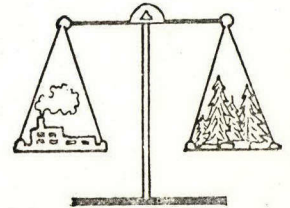
P.S. I noticed a request in Willoughby's memo for a man with experience in power to do a single component sector analysis. We have a good and highly experienced economist who has spent most of thirty years of professional life doing energy projections in New York and Asia for a consortium of oil companies. His experience, while not just on the mark, is closely applicable and it would give us a chance to develop the vectoral change analysis methodology which is of long run importance as well. I would be glad to pursue a short term consultant relationship on an attractive basis to demonstrate the viability of evaluating performance in this way. We would have no trouble assigning him immediately and meeting the deadline indicated.

*but the change in
the rate of change are
related to far more temp than
suggested. q. mgt*

12/11
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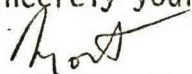
Mr. John Blaxall
Deputy Director
Programming and Budgeting Department
International Bank for Reconstruction
and Development
1818 H Street NW
Washington, D.C. 20433

Dear John:

This is to verify our Tuesday afternoon December 22 meeting at 2:30 and a sumptuous feast at the World Buttery.

Enclosed you will find resumes of the chaps who can be helpful to your evaluative group. Looking forward...

Sincerely yours,


Dr. Morton Gorden
President

December 14, 1970



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