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Brandt Commission

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FROM: The Deputy Secretary

October 10, 1980

BRANDT COMMISSION'S RECOMMENDATION NO. 6 CONCERNING AN ACTION PROGRAM TO ASSIST THE POOREST COUNTRIES

As referred to in the President's memorandum of February 22, 1980 (SecM80-128), attached hereto is a memorandum dealing with the Brandt Commission's Recommendation No. 6 concerning an action program to assist the poorest countries.

Questions on this document may be referred to Mr. Burki (X60133).

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

Office of the President

October 10, 1980

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Brandt Commission's Recommendation No. 6 Concerning an Action Program to Assist the Poorest Countries 1/

Recommendation: "An Action Program must be launched comprising emergency and long term measures, to assist the poverty belts of Africa and Asia and particularly the least developed countries." 2/

I. INTRODUCTION

The Brandt Commission has called for a major initiative in favor of the poorest countries and regions. Recognizing that "the removal of poverty requires both substantial resource transfers from the developed countries and an increased determination of the developing countries to improve economic management", the Commission has proposed a collective international response. The Proposed Action program has a number of elements. It includes large regional projects of water and soil management; the provision of health care and eradication of such diseases as riverblindness, malaria, sleeping sickness and bilharzia; afforestation projects; solar energy development; mineral and petroleum exploration; and support for industrialization, transport and other infrastructural investment. The Commission estimates that its program would require additional foreign assistance of at least $4 billion per year for the next two decades, "at grant or special concessional terms, assured over long periods and available in flexibly usable forms". New institutional arrangements are proposed "on a regional basis to coordinate funding and to prepare plans in cooperation with lending and borrowing countries." Finally, the Commission emphasizes the need of the poorest countries for greater technical assistance to help them with the preparation of programs and projects.

The Commission notes that the 'least developed countries' (as defined by the UN) are mostly located contiguously in two areas--the so-called 'poverty belts'--one extending across the middle of Africa and the other from the Yemens, through Afghanistan, across South Asia and into East Asia.

1/ The reference is to the order of recommendations listed in SecM80-128, dated February 22, 1980.

2/ Willy Brandt, North-South: A Program for Survival, p. 282.

Clearly the Commission's main intention is not to redefine the group of poorest countries, but rather to call for significant additional concessional aid and technical assistance to be mobilized to assist the absolute poor living in countries lacking domestic resources to support poverty alleviation programs.

An initiative is already being taken in this direction by UNCTAD in organizing the forthcoming UN Conference on the Least Developed Countries, scheduled to be held in 1981. The objective of this conference is to review the development plans of the Least Developed Countries and their related financing and technical assistance needs with a view to mobilizing increased official development assistance.

A limitation of the proposed conference is that it will not address the needs of all 37 countries in the poverty belts since the LLDCs cover 20 countries in Asia and Africa and account for only 24 percent of the 680 million absolute poor in the poverty belts. Thus the special effort being mounted to address the pressing needs of the LLDCs should be supplemented by parallel initiatives for the other poorest countries. For a number of the larger countries, where World Bank Consultative Groups and Consortia are functioning, the issues raised by the Brandt Commission can be addressed in the context of external assistance programs.

For the purpose of this response to the Brandt Commission proposals it is assumed that the poverty belts comprise all those African and Asian countries defined as 'low income' in The World Development Report, 1980 (see Annex 1). These encompass close to 90 percent of the world's absolute poor which, in the Bank's view, should be the principal focus of attention. This paper summarizes the characteristics and prospects of the countries in the poverty belts, discusses the need for and possible content of an Action Program to assist the poorest countries and, finally, defines the Bank's role in the elaboration and implementation of the proposed Action Program.

II. CHARACTERISTICS AND PROSPECTS OF COUNTRIES IN THE POVERTY BELT

More than half the population of the low income countries of Asia and Africa live in absolute poverty (Table 1 below). Although the porportion of the poor in the total population has declined over the last twenty years, there was an increase of around 80 million in their absolute number.

Table 1: Distribution of Absolute Poverty, 1980
(millions)

Poverty Belts	Total Population	Number of Absolute Poor	% of Population Who Are Poor	Number of Rural Poor	% of Poor in Rural Areas
Africa	175	110	63	100	91
Asia	1,135	570	50	480	84
TOTAL	1,310	680	52	580	85

SOURCE: World Development Report, 1980.

Although the poor in Asia and Africa share a number of common characteristics, the situation in Africa is much more serious. For instance:

- There is generally a high concentration of absolute poverty in the rural areas but Africa has a much larger proportion of poor in the countryside.

- High rates of population growth have contributed significantly to persistence of poverty. But many Asian countries appear to have turned the demographic corner with population growth rate slowing down from 2.4 percent per annum in the 1960s to 2.2 percent in 1970-77. Exceptions to this development are Bangladesh, Nepal and Pakistan, but their prospects for a decline in population growth are good. Fertility rates are still high and possibly on the increase in some countries in Africa. The African rate of population growth has increased from 2.5 percent in the 1960s to 2.7 percent in 1970-77.

- Levels of social development, when compared to the middle-income and developed countries, are extremely low in both Asia and Africa. In terms of several indicators of social development, African levels are considerably lower than those of Asia. (See Table 2 below.)

- The social status of women remains low in both Africa and Asia. Of the 680 million undernourished people in the two belts, over 450 million are females. The rate of female mortality, particularly in the age group 19-39, is some 30-50 percent higher than male death rates. Consequently, life expectancy for females is less than that for males. While nearly 90 percent of the boys now attend primary

school in these countries, the proportion for girls is less than 60 percent.

Table 2: Levels of Social Development in the Poverty Belts

	Life Expectancy at Birth	Infant Mortality (per '000 live births)	Child Mortality (per '000 live births)	Adult Literacy (% of Pop.)
Poverty Belts				
Africa	46	160	36	19
Asia	51	120	16	41
Middle-Income Countries	61	40	10	71
Developed Countries	74	13	1	99

SOURCE: World Development Report, 1980.

One reason for the grave African situation is the much lower level of economic performance there in recent years. In the 1960s, average incomes increased at almost the same rate in the two poverty regions. In the 1970s, however, there was a slight increase in the rate of per capita income growth in Asia, but a sharp deceleration in Africa (see Table 3 below). In Africa, average per capita incomes are estimated to have increased by only four dollars (in 1977 dollars) over the ten-year period 1970-80. It is likely that the incomes of the poorest segments of society actually declined.

Table 3: Output Growth in the Poverty Belts
(at constant 1977 US $)

	Per Capita GNP in 1980	GNP		GNP Per Capita	
		1960-70	1970-80	1960-70	1970-80
Poverty Belts					
Africa	186	4.2	3.0	1.7	0.2
Asia	192	4.2	4.2	1.8	2.0
All Developing Countries	615	5.6	5.3	3.1	2.9

SOURCE: World Development Report, 1980.

The World Development Report, 1980 provides two scenarios for the countries of the poverty belts during the 1980s. Given strong economic management, sufficient finance to support higher payments deficits, and continuing agricultural growth, the low-income Asian countries could carry their recent progress into the first half of the 1980s and accelerate it in the second half. But poor countries in Africa face a desperately hard adjustment period - coming on top of economic stagnation in the 1970s. Even under comparatively optimistic assumptions, there will be negligible growth in the 1980s.

If the poverty belt countries are not able to adjust to the difficult economic environment they now face and fail to improve their economic management, they could register a deceleration in the rate of growth in per capita incomes. In fact, low income Africa could witness a decline in real incomes in the first half of the 1980s.

These growth scenarios have very serious implications for poverty. Under the less-hopeful scenario - the low case in World Development Report, 1980 - the number of people living in absolute poverty could actually increase. For the high case, there is an overall decline but, even here, low-income Africa will have more absolute poor in 1990 than it did in 1980.

Table 4: Future Growth Prospects and Impact on Poverty 1980-90

	Number of Absolute Poor 1980	"Low" Case (1990)		"High" Case (1990)	
		Growth Rate GNP Per Capita	Number of Absolute Poor	Growth Rate GNP Per Capita	Number of Absolute Poor
Poverty Belts					
Africa	110	-0.1	150	0.6	120
Asia	570	1.7	550	2.6	520
TOTAL	680	1.5	700	2.3	640

SOURCE: Estimates based on World Development Report, 1980 projections.

III. ACTION PROGRAM TO ASSIST THE POOREST COUNTRIES

As noted above, the Brandt Commission highlighted a number of measures which it considered merited priority inclusion in an Action Program to assist the poorest countries. Agriculture, forestry, minerals, transport, and health were identified as priority sectors for investment. In particular,

the Report stresses the need to finance regional river basin schemes as a means of improving the security of food supplies. Although it may be readily agreed that most of the measures referred to in the report in the context of the Action Program are of critical importance in many countries, nonetheless the actual priority that a particular country should attach to any specific measure or investment must be determined by the special needs and circumstances of that country. Thus, the Action Program must be based on and support the individual country development programs.

Over the past two decades, a considerable amount of project experience and analytical studies concerning poverty alleviation has been amassed which it is possible to draw upon in formulating a long-term plan to assist the low-income countries. What needs to be done is to translate this experience into more effective operational programs. To an extent, bilateral donors and multilateral agencies are already assisting countries in improving the formulation of their development strategies and in strengthening project implementation. But, as suggested by the Brandt Commission, there is an urgent need to increase and better coordinate this activity.

The Commission noted the need for both emergency and long-term measures to assist the poorest countries. It identified three problems in particular as deserving emergency action. The most obvious and also the most important of these is the sharp increase in the current account deficits of the poor countries, caused by the increase in the price of oil and a slowdown in OECD growth. It is essential to help these countries to protect their economies from the adverse effect of this sharp change in their external environment.

Two other areas--measures to protect the absolute poor from the disastrous consequences of possible shortfalls in food output and measures to reduce the incidence of diseases--qualify for urgent action even though the problems the poor countries face here are more long-term in nature. A number of other measures, some of which were not specifically referred to in the Commission's report, are also briefly discussed. The Commission's proposals do not include any significant measures for human resource development, other than those related to health. The importance of human resource development was highlighted in the World Development Report, 1980; at the end of this section, therefore, measures related to education and nutrition in an Action Program are discussed.

Because of deep-seated causal factors, the problem of absolute poverty in the low-income countries needs to be tackled through long-term programs. The emergency measures discussed below would serve only to prevent a further worsening. To make significant improvements in the living standards of the mass of the poor will take several decades of concerted action. Moreover, it should be recognized that many of the actions will have to be undertaken by the poor countries themselves. External assistance can be effective only if there is a strong joint commitment to economic and social development, the goal is given high priority and is supported by an appropriate policy framework.

Current Account Deficits

The increase in the price of oil, which occurred after the work of the Brandt Commission was substantially completed, is a major aggravation of the difficult financial situation now confronting most of the low-income countries. The more optimistic scenario for the 1980-85 period given in World Development Report, 1980 projects a rate of growth of only 1.7 percent per annum in the GDP per capita of the low-income oil importers--a rate nearly one percentage point lower than that in the 1970s. To achieve even this rate of growth, the average 'real' volume of foreign capital inflow into these countries will have to be about $11 billion per year, compared to about $9 billion in 1980, while in current prices the 1985 inflow will have to be more than double the 1980 level. Therefore, without a substantial increase in concessional aid and without structural adjustment in their domestic economies, the poorest countries will be condemned to very low levels of growth rates--rates at which there will be a further increase in the large number of absolute poor.

Despite the evident needs of the poorest countries for external assistance, the proportion of bilateral ODA allocated to the low-income countries fell from 47 percent in 1970 to 38 percent in 1978 (see Table 5). Moreover, recent actions--such as the substantial aid cuts announced by the British Government, the continuing difficulties encountering aid bills in the United States Congress, and the fact that most donors have not committed themselves to increase the share of GNP allocated to aid--are cause for concern.

Table 5. Distribution of DAC's Bilateral ODA
(shares in percent)

	1970	1975	1978
Poverty Belts	47	44	38
Middle-Income Countries	44	46	52
Unallocated	9	10	10
TOTAL	100	100	100

[Note: Similar breakdown of aid flows from OPEC countries are not available.]

SOURCE: World Development Report, 1980.

There is a need, therefore, for new international initiatives to ensure a larger flow of concessional assistance to the poorest countries simply to meet the higher cost of oil and to facilitate adjustment to the changed external economic situation. There are a number of approaches to this issue which merit urgent consideration by the international community:

- a sustained increase in the share of DAC countries' bilateral ODA going to low-income countries in the 1980s;

- an increased share of OPEC aid to finance the external capital needs of the low-income countries;

- an increase in the volume of flexible types of concessional assistance (e.g., program and structural adjustment types of credit); and finally

- an increase in total ODA to provide increased funding for IDA and other international soft loan funds which predominantly finance low-income countries.

Food Strategy

The priority attached by the Brandt Commission to improving food supplies in the poverty belts merits strong endorsement. Although there were only insignificant amounts of commercial food imports into the countries in 1979--the production-consumption gap of some 10 million tons was provided for mostly by food aid--the situation is likely to deteriorate sharply over the decade, unless major new efforts are made to significantly increase domestic foodgrains output.

Many of the poorest countries--in particular those in Africa--are subject to wide fluctuations in the output of food. These fluctuations are the source of much hardship; they also can cause serious ecological damage. The Sahelian drought of 1972-74 is a vivid case in point. Some of the drought-prone areas in South Asia are similarly affected; analysis undertaken by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) shows that for the rain-fed agricultural areas in South India, year-to-year yield fluctuations can be of the order of 25 percent. In West Africa, severe droughts have followed cycles of twenty years; with creeping desertification, their overall impact is likely to increase in the future.

The Brandt Commission argues for investment in irrigation systems to alleviate serious food shortages due to recurrent droughts. The human suffering and ecological damage that are caused by drought certainly warrant investment in water control systems, but the Bank's experience suggests that large investments in major water development schemes take a long time to design and implement and are not available for all poor countries. Rather, urgent immediate action should involve: improving the ability of existing smallholders to cope with fluctuations in rainfall; improving storage and distribution facilities; and expanding food aid. 1/

Improving Health

Health is the third area for urgent action in view of the evidence that the countries in the poverty belts of Africa and Asia are not maintaining their earlier efforts in fighting disease. The number of cases of malaria

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1/ Some of these measures are elaborated in a separate Bank paper responding to the Brandt Commission's recommendation No. 11 on agriculture and food. That paper also discusses the possibilities for--and priority to be attached to--the development of the major international river basins referred to in the Commission's Report.

rose very substantially since 1972; the incidence of other major parasitic diseases has also increased. These reversals have happened partly because some countries became overconfident and allowed their control programs to decline and partly because of immunities build-up. In addition, disease control has become relatively more expensive and, consequently, needs greater assistance from the donor community than in the past. The Brandt Commission rightly considers the health sector to be a high priority for international assistance.

Control of certain vectors and their associated diseases requires international programs covering a number of countries. Multinational efforts --in research, training and control--are needed for controlling such tropical diseases as malaria, measles and whooping cough. Specific measures to restore momentum to disease-control efforts in the poorest countries are spelled out in World Development Report, 1980 and in the Health Sector Paper (February 1980). It is estimated that additional external assistance amounting to approximately $2-3 billion over the next five years would be needed to implement these measures. Even more important than finance is technical assistance to strengthen public health institutions, and a political commitment in the developing countries to accord adequate priority to programs to combat disease.

But these major disease control measures, while internationally actionable and possible to organize relatively quickly are by no means the totality of the health problem. Considerable additional effort is needed in the area of preventative health care, particularly in the rural areas, to further reduce the incidence of mortality and morbidity in the poor countries. The life expectancy in these countries is nearly a dozen years less than in the middle-income nations.

Other Priority Measures

The crucial importance of maintaining and expanding the forested areas in the poverty belt countries is correctly highlighted in the Commission's Report. For most poor families firewood is the chief source of energy, but at the same time the forests protect the watersheds and prevent soil erosion. There is general agreement that a greatly increased investment in aforestation must constitute a key element in any Action Program. This need is fully elaborated in the Bank's Forestry Sector Policy Paper (February 1978). The energy aspects are addressed in the Bank's paper Energy for the Developing Countries (July 1980), which in a companion study of Renewable Energy Sources, discusses the potential for solar energy mentioned in the Commission's Report.

It was noted above that the Commission's Report made little mention of the priority to be attached to education. However, there is a compelling body of evidence in support of accelerated investment for human resource development compiled in the Basic Needs Overview Paper 1/ and in The World Development

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1/ This has been published as part of a series of booklets on the subject of basic needs. See, Meeting Basic Needs: An Overview, September 1980, World Bank.

Report, 1980. In most of the poverty belt countries, expansion of basic education remains a high priority. In addition, female education merits greater emphasis because of its impact on family nutrition, health, and birth control.

Nutrition is another aspect of human resource development of particular importance in the poverty belt countries. Like better health, better nutrition can be viewed as an objective of economic growth, but there is also a causal link from better nutrition to increased productivity. Boosting food production (especially of food that poor people consume) and raising the incomes of the poor may be regarded as two complementary requirements, that can be reinforced by other efforts, such as targeted food subsidies, fortification of food, and nutritional education.

IV. THE BANK'S ROLE

In recent years, the Bank has been developing approaches to poverty alleviation, the broad lines of which are similar to those discussed in the report of the Brandt Commision. For the future, mindful of the important role which the Commission suggests for the World Bank and other multinational organizations in the attack on absolute poverty, the Bank will continue working to widen and deepen these activities. Essentially four approaches can be distinguished:

- First, a high proportion of IDA resources has been allocated to the poverty belt countries.

- Second, IDA lending to the poverty belt countries has been reoriented to support the sectors which are critical to poverty alleviation.

- Third, a number of special multinational programs have been developed, notably in the health sector, with the Bank in a leading role.

- Fourth, increased technical assistance has been provided in the poverty belt countries.

Resource Transfers

The broad magnitude of external resources needed for the countries in the poverty belts have been indicated above. The role the Bank Group can play in this respect is constrained by the volume of resources available to IDA. Over the last decade the proportion of IDA resources committed to the low-income countries has steadily increased, and now stands at 86 percent of the total. There is not much room left for a further increase in this proportion. Only by increases in IDA's real resources can the level of overall resource transfers to the poverty belt countries be increased.

Table 6: IDA Lending to the Poverty Belts
(US$ billion p.a.)

	Poverty Belts	Total	Share of the Countries in the Poverty Belt (%)
FY70-74	0.75	0.93	81
FY75-79	1.70	2.00	86
FY80	3.10	3.61	86 1/

1/ Much of the remaining 14 percent of IDA was lent to countries outside the poverty belts, but which nonetheless have major poverty problems for a proportion of their population.

Reorientation in Lending Priorities

In recent years IDA resources have been increasingly allocated to projects aimed at the absolute poor: smallholder agriculture and rural development; meeting basic needs in education, health, water supply, sanitation and shelter. The patterns of IDA lending therefore reflect a growing emphasis on the very priority sectors identified by the Brandt Commission. More can be done in sharpening the poverty focus of IDA lending and this is reflected in the IDA lending program planned for FY80-84.

Table 7: Areas of IDA Lending
(percent)

	FY70-74	FY75-79	FY80-84
Agriculture and Rural Development	21	31	33
Education	5	4	4
Population and Health	1	1	1
Shelter, Water Supply and Sanitation	6	8	10
Other	67	56	52
TOTAL	100	100	100

As a result of this restructuring of IDA lending, much has been achieved. The Bank Group is now by far the largest single source of funding for agriculture in the developng world, over 75 percent of which has been for raising food production. In line with the Commission's emphasis on irrigation, it is expected that the Bank's lending in this area will increase from $1.4 billion per annum in FY77-79 (1980 prices) to possibly $2 billion in FY81-85. Of this, approximately 75% would go

to the countries in the poverty belt. In the area of education, lending for primary and non-formal education has increased sharply from 10 percent of total lending for the sector during FY70-74 to 31 percent for FY75-78 and is projected to reach 48 percent during the FY79-83 period. Furthermore, greater emphasis is being placed on institutional development and technical assistance projects. Lending for health began over four years ago with experimental components in projects in other sectors, and it has now been agreed that the Bank Group should begin a full program of operations in the health sector itself. Over half the water supply loans in the past four years now include funds for the water and sanitation requirements of the absolute poor. Population projects have been financed in a number of the poverty belt countries, and operations in this are expected to increase significantly in the next five years.

There have also been qualitative changes in the design of projects and the items financed to strengthen their relevance to poverty alleviation. Financing for operating costs of projects is now more readily available, and this has enabled many poor countries to undertake projects, for example in rural development or education, which previously would have been beyond their reach because of the high operating costs relative to initial investment.

Multinational Initiatives

Control of certain disease vectors requiring international programs for a number of countries has been supported by the Bank in the past, but some slackening in this effort was noted in Section III above. The Bank continues its association as fiscal agent and cosponsor, with the UNDP and WHO, in the Special Program for Research and Training in Tropical Diseases, and also continues to cosponsor with the FAO, WHO, and the UNDP, the Onchocerciasis Control Program to combat riverblindness in Western Africa. A study of design criteria for schistosomiasis control activites is under way.

The Brandt Commission identified the development of several large river basins as critical to the welfare of many of the absolute poor. The 10 major international river systems in Africa and Asia with significant potential for expansion of irrigated agriculture, flow through 38 developing countries of which 28 are in the poverty belt. They account for a quarter of the average discharge from the world's rivers, approximately 70 percent of the current irrigated area in the poverty belts and perhaps as much as 80 percent of the remaining irrigation potential in their countries. The planning and design of these systems do not present major problems. However, the practical difficulties of obtaining the political consensus and institutional capability to implement such programs are profound. But these obstacles should not be allowed to impede progress in this area. The UN Conference on International River Basin Commissions to be held in Dakar in January 1981 should provide an opportunity for a realistic assessment of viable approaches.

Technical Assistance

The Brandt Commission report calls for expanded technical assistance to overcome the absorptive capacity of the least developed countries. It noted the difficulties of making efficient use of foreign technicians in a weak administrative and managerial environment. Furthermore the high cost of technical assistance is a deterrent to its use for the poorest countries where it may be most needed. Greater recognition of these difficulties by international agencies is needed as a first step.

The Bank's technical assistance activities are expanding rapidly.

(i) Technical assistance components included in loans and credits (all sectors, all countries) rose to $534 million for 197 operations in FY80 compared with $359 million for 181 operations the previous year. If supervision, implementation and engineering services were included in the definition of technical assistance component, the total would have been $807 million for FY80.

(ii) Specific technical assistance loans or credits form part of the Bank's lending activities. Nine such loans, totalling about $43 million, were approved in the last two fiscal years. The trend in the number of such loans or credits in recent years has been upwards.

(iii) The Bank's Project Preparation Facility was established in 1975 to assist borrowers with project preparation and support project implementation agencies prior to loan approval. Advances from the PPF amounted to $20.4 million in FY80, compared with $12.6 million in the previous year.

(iv) The Bank frequently acts as Executing Agent for UNDP technical assistance projects. The number of such new UNDP projects in FY80 was 44 involving a commitment of $20 million, compared with 37 projects and $42.9 million the previous year. 1/

(v) The Bank continued to sponsor the Consultative Group on International Agriculture Research jointly with the FAO and the UNDP.

(vi) Less specific than the project-related technical assistance activities, the EDI has made a major contribution to improving the capacity of the developing countries in national economic,

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1/ A typical UNDP project costs about half a million dollars. The much larger amount in 1979 resulted from the inclusion of several very large projects (e.g., $10.9 million Yemen Arab Republic Agricultural Research and Institutional Support, $3.9 million Onchocerciasis Program and $3.1 million credit to Afghanistan Agricultural Development Bank) in the portfolio.

sectoral or project management. In FY80 340 individuals participated in 13 Washington-based courses or seminars, while 39 other courses or seminars, with about 1,000 participants were offered overseas. The general guidelines of EDI also are to offer more support for training institutions overseas, particularly in francophone Africa.

Apart from its own operations, the Bank has also worked towards the elaboration of a more general Action Program. The Bank is assisting in the preparation of the UN Conference on the Least Developed Countries. For other major poor countries outside the group of Least Developed Countries, the World Bank Consultative Groups and Consortia have provided a forum for initiating recommendations along the lines of those of the Brandt Commission. In addition, as far as Africa is concerned, at the request of the African Governors, the Bank has initiated a special study of African problems. A task force which has been appointed will draft an Action Program for Africa; it is hoped the report will be completed in time for presentation to the Development Committee at its meeting scheduled to be held in Gabon in May 1981.

V. CONCLUSION

The main intention of the Brandt Commission Report in highlighting the development problems of the poverty belt countries was to focus the attention of the international community on this issue and to mobilize political support for additional assistance to poor countries. There is a definite danger that, in their immediate preoccupation with adjustment problems, both the developing countries and the donor nations may give lower priority to the persistent problem of absolute poverty. This would be short-sighted. At the same time, it should be recognized that the need for external resources by the poor countries, both to adjust to a more unfavorable international environment and to reduce the extent of absolute poverty in their societies, has increased considerably. Unless substantial additional concessional resources are made available to complement their domestic efforts, the poor countries face extremely difficult choices in the years ahead.

A number of proposals are presently being considered by the international community to increase the flow of resources to the developing countries. Many of the concrete proposals, however, are concerned with mechanisms for recycling non-concessional resources - including intermediation by international financial institutions. So far as concessional resources are concerned, various proposals for improving the volume and distribution of this type of assistance are well documented by now. What is required at this stage is a decisive political commitment for action, rather than additional studies. The major unanswered question is how such a political commitment is to be secured.

Robert S. McNamara

Annex

POVERTY BELT COUNTRIES

Africa	Africa	Asia
Angola	Mauritania	Afghanistan*
Benin*	Mozambique	Bangladesh*
Burundi*	Niger*	Bhutan*
Central Africa Republic*	Rwanda*	Burma
Chad*	Senegal	Cambodia
Ethiopia*	Sierra Leone	India
Guinea*	Somalia*	Indonesia
Kenya	Sudan*	Lao PDR*
Lesotho*	Tanzania*	Nepal*
Madagascar	Togo	Pakistan
Malawi*	Uganda*	Sri Lanka
Mali*	Upper Volta*	Vietnam
	Zaire	

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* Countries marked with an asterisk are included in the current UN List of the Least Developed Countries.

NOTE: This list comprises the low income countries as defined in the World Development Report, 1980 except for Haiti which is outside the Regions concerned; it also excludes countries with less than one million population.

WORLD BANK RESPONSE TO THE BRANDT COMMISSION RECOMMENDATION ON AGRICULTURE AND FOOD

Economics and Policy Division
Agriculture and Rural Development Department

September 1980

Contents

I. INTRODUCTION

1. The Brandt Commission Report calls for a concerted action program to put an end to mass hunger through a series of measures to assist "low-income food-deficit" countries. It recommends the large-scale transfer of financial and technical resources as an essential part of an effort to abolish hunger from the world. It proposes that such a program should focus particularly on the low income countries of the "poverty belts" whose population numbers around 1.4 billion. The intermediate goals suggested are increased self-sufficiency in food production, removal of onerous food import burdens and provision of reliable supplies through freer trade and the creation of buffer stocks.

2. The program proposed by the Commission comprises short-run measures to meet the immediate food needs of the "low-income food-deficit" countries, as well as longer-term measures in resource development, support services for agriculture and rural structural change. The primary thrust is seen as the abolition of hunger through:

(i) major improvements and expansion in soil and water management, particularly irrigation;

(ii) increases in the flow and quality of inputs to agriculture;

(iii) additional infrastructure and more efficient institutional arrangements to facilitate storage and distribution of food;

(iv) freer international trade in food together with the creation of buffer stocks; and

(v) better income distribution to increase purchasing power of the nutritionally vulnerable groups in each country.

3. In response to these proposals this paper: (i) examines the current outlook for world food supplies and reassesses priorities in this context; (ii) reviews the measures proposed by the Commission for this sector

and outlines what is being and can be done in response to them; and (iii) on the basis of the foregoing, proposes a major Bank initiative in the area of water resource development.

II. OUTLOOK FOR WORLD FOOD SUPPLY

Consumption and Trade

4. There have been significant recent developments in the world food situation which, when viewed collectively, somewhat modify the scenario presented in the Brandt Commission Report. In the early 1960s many analysts suggested that population growth would be the critical determinant of increased demand for food exports. In fact, rising incomes in the more affluent countries of Europe, East Asia and Latin America, not population growth, proved most important. As incomes rose so did consumption of higher value foods including tropical products, vegetables and, most important of all, livestock products from grain fed animals. The resulting increase in livestock production had a profound effect on international trade. In the early 1950s only about 5% of total grain production entered world trade and very little of this was used for feed. Since then international trade in grain has grown by about 6% a year, twice the rate of increase in global output. The proportion of total grain consumption going to livestock has grown from less than 20% in the 1950s to more than 40%. Today more grain is fed to animals than is consumed by the 1.4 billion people living in low income countries (Annex Table 1).

5. Concurrently, international grain prices have shown increased instability in recent years. This is caused in part by the agricultural support policies in various OECD countries and the Soviet Union. The EEC and Japan have kept their farm sectors isolated from world price variations through the use of import quotas and substantial subsidies, exporting surplus production (with export subsidies) or relaxing quotas to ensure supplies. Similarly, the USSR has used imports on a large scale in recent years as

its source of residual supply. Both sets of policies have tended to transmit internal production instabilities to the world market (Annex Table 3).

6. Middle income countries. The major expansion of grain imports has come from middle income developing countries. Growth in demand has been steady, reflecting in large part the increase in consumption of livestock products and the growth of urban populations. In particular, oil countries have achieved a dominant position taking approximately 60% of total incremental wheat imports in 1976-79. For the middle income countries as a whole, approximately 250 million more people are living in cities today than in 1960. About half of total cereal consumption in these cities is now imported. Given the likely continued shift of diets to wheat and animal products, and because current Soviet imports may be approaching the maximum possible with present port capacity, middle income importers should account for half to three-quarters of total incremental food imports through 1985.

7. Middle income countries have shifted away from concessional imports and are now buying on commercial terms. As Table 4 shows, most grain exports to developing countries in the early 1960s were on concessional terms; today the middle income countries buy more than 95% of their grain at full commercial rates. At the same time, total export earnings of these countries have risen faster than the cost of food imports. The proportion of total foreign exchange earnings devoted to cereal imports by the middle income countries has, despite the shift to commercial purchasers, dropped by about one-fifth since the early 1960s.

8. The low income countries.[1/] The food situation in the low income countries is a striking contrast to the trend in middle income countries toward

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1/ Defined as those with average GDP per capita at no more than $360 (1978), as in WDR III.

greater dependence on trade and increased feed grain consumption. Usually less than half of total food produced in these countries enters commercial market channels and over a billion individuals depend largely on the output of their own small farms for their food supply. Production statistics for such countries are frequently questionable and it is difficult to judge progress since the 1960s. Perhaps 500 million people living in these areas depend on non-cereal, traditional crops for a significant proportion of their consumption in normal years. When cereal harvests fail, an even larger proportion of the diet comes from these crops for which there are few reliable production statistics. It is in these relatively autarkic food systems that the great bulk of the absolute poor live and where the Commission wants additional aid efforts to be focused.

9. Some studies tend to over-emphasize the financing problems associated with low income country imports of food. Self-sufficiency levels of the low income countries as a whole have not declined, although the position of particular regions has worsened in terms of the net cereal trade balance (Annex Tables 5 and 6). The perception is widespread that the low income countries are becoming seriously burdened by foodgrain imports. In fact, these countries are not only marginal actors in the international grain economy but foodgrain import bills have remained a modest burden in foreign exchange terms. Most of their foodgrain imports are obtained on concessional terms so that the proportion of total export earnings devoted to purchases of commercial cereal imports has remained constant or declined over the last twenty years. Taken together, foodgrain import costs for these countries are less than 20% of their export earnings from agriculture and about 5% of total foreign exchange earnings.1/ More important are the specific situations at a country or sub-regional level.

1/ The food import bill contrasts with the real burden imposed by petroleum imports. In 1960 the cost of energy and food imports were roughly equal. Today petroleum imports of these countries cost five times commercial foodgrain imports.

- India. Per capita food production has improved significantly as has the stability of production. The determinants of this change are numerous and complex, but the expanded use of irrigation and fertilizers has played a major role. On the other hand, the pattern of growth within India has been extremely uneven with per capita production remaining stagnant in many of the poorer subsistence farming states. Grain surpluses, generated in the northwestern states in particular, have replaced imports, placing considerable strains on internal distribution systems.

- Other South Asia. The foodgrain situation in Bangladesh has not improved significantly since the early 1970s and average per capita production remains below levels achieved prior to Independence. However the natural resource base is adequate to provide the potential for self-sufficiency in foodgrains. Elsewhere in South Asia per capita production has remained relatively stable in recent years. Pakistan continues to earn more from its rice exports than it pays for wheat imports.

- Indonesia. Food production per capita has shown little increase in recent years, although it is up slightly from the early 1960s. Steadily increasing imports reflect income growth, particularly in urban areas. Indonesia has become the world's largest importer of high quality rice and has used its market strength to obtain favorable prices.

- Other Southeast Asia. Several other countries of Southeast Asia have shifted from being important rice exporters to large importers. The performance of their food sectors has been highly unsatisfactory. Serious food shortages and deprivation are widespread. Political disturbances have prevented effective utilization of a generally favorable natural resource base. Kampuchea's per capita output appears to be roughly one-tenth that of 15 years ago.

- Sahelian Zone, Ethiopia and Somalia. These countries have suffered a serious decline in food grain self-sufficiency and an equally disastrous fall in output of livestock products from pasture lands. Some studies suggest that the problem relates to long-term climatic shifts. Others suggest more mutable causes. Average import levels equal urban consumption with little external food reaching the countryside.

- High Growth Subsaharan Africa. These countries, comprising Burundi, Kenya, Madagascar, Rwanda, Sudan and Tanzania, have, at least until recently, increased per capita food production at rates above those in India. The most productive subregions of these countries can be compared favorably to the surplus states of India and Pakistan.

- Low Growth Subsaharan Africa. While possessing comparable resource endowments to countries with more satisfactory rates of growth, these countries, including Angola, Benin, Mozambique, Togo, Uganda and Zaire, have not been able to increase per capita food or agricultural production. Roughly three quarters of all urban food consumption is imported as compared to almost complete self-sufficiency 20 years ago. Agriculture's unsatisfactory performance, in large part, must be attributed to political instabilities.

Food Distribution and Nutrition

10. Increased food supplies are a necessary, but not always sufficient, condition to ensure adequate nutrition. Experience with low income countries suggests that even if per capita food supplies are increased the incidence of malnutrition can rise in the short run. The major problem is limited access to food, frequently reflecting inadequate purchasing power. Education and social factors also play a role. Recent surveys indicate that the majority of those malnourished are children. Evidence suggests that: (i) the absolute number of those seriously malnourished at some time during the year has increased over the last twenty years; (ii) given prevailing social structures, likely patterns of asset or income distribution, and realistic growth scenarios for low income countries, the absolute number of malnourished cannot be expected to decrease significantly through the current process of economic development; and (iii) it is extremely difficult to ensure adequate nutrition in isolation from effective action on the general problem of poverty.

11. Governments of most low income countries have attempted to increase the food security [1/] of vulnerable groups through extra market interventions in pricing and distribution. The most common instrument is subsidized retail prices to benefit urban consumers. Studies of such programs indicate that

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1/ The assured provision of minimum nutrition throughout the year at acceptable prices.

operating costs are relatively high (in the order of $70-100 per ton distributed) but that it is possible to benefit the poor. However, such programs usually benefit only urban consumers and are often financed by implicit taxes on rural areas and farmers. Evidence about targeted feeding schemes is less encouraging. It appears that intra-household leakages are frequently sufficiently large to make such programs uneconomical.

12. In many areas of Asia and Africa malnutrition is largely a rural phenomenon. The effect of the Green Revolution technologies on income distribution in rural areas is controversial, although there is no doubt that they have significantly increased the overall volume of food production. Ex-post analysis of irrigation projects in South and East Asia has documented the substantial indirect employment benefits from intensifying output. Recent studies by the International Rice Research Institute (IRRI), the Center for Research in Maize and Wheat (CIMMYT) and the International Food Policy Research Institute (IFPRI) show that the principal beneficiaries from increased farm productivity generated through the adoption of new technologies are low income consumers who typically spend a disproportionate amount of total income on staple foodstuffs and thereby gain from lower prices. In many instances small farmers have been able to increase their own output and real incomes. But for producers in areas not well adapted to high yielding varieties of cereals, the Green Revolution has produced few benefits.

13. Existing efforts to reduce poverty by raising rural productivity have generally focused on helping those who have access to land. There are millions of people in the rural areas who either do not have access to land or whose holdings are too small to sustain themselves and their families. Today

perhaps a third of all rural inhabitants are primarily engaged in non-farm activities. The plight of the landless has proved most difficult to alleviate directly. Without improved access to land or other assets, the prospects for many of the landless remain bleak. Moreover, employment and poverty problems in the rural sector cannot be resolved on their land alone. Productive opportunities to absorb migrants arriving in central and regional urban areas as well as off-farm rural employment are also essential.

14. Rural malnutrition is inexorably linked to more general problems of poverty and agricultural development. No simple methods exist to eliminate inequitable patterns of asset ownership, changing adverse ecological circumstances or inadequate marketing infrastructure necessary to move food into deficit areas. The scope for direct action programs to effectively address consumption problems in rural areas is limited. Experience indicates that increased food production and greatly enhanced food distribution infrastructure are prerequisites to reducing malnutrition in these areas. Effective measures to reduce rural malnutrition require consideration of:

- Seasonal malnutrition. Intra-seasonal variation in nutritional well being is a central problem in rainfed farming systems in many areas. The "hungry season" phenomenon has been correlated with higher child mortality and other indirect measures of malnutrition. Intra-seasonal price variations often exceed the real costs of storage and can result in pricing low income consumers out of the market during certain times of the year.

- Micro famines and shortages. Understanding is limited of price formation in small-scale, modernizing farming systems. Field work in various countries supports the view that interseasonal variations in the output of a particular production/ marketing unit (generally an isolated village) can cause serious hardship to small producers and increase malnutrition. ICRISAT has documented the disincentive effect of variable weather conditions and the inability of many local marketing systems to move surpluses to deficit areas.

- National security reserves. Emergency stockpiles have had important benefits in times of tight supply. India's recent experience confirms this. However the relatively high cost of maintaining such reserves ($45-80 per ton per year) has prompted a serious re-examination of their economic efficiency. Even more important, low income countries have found that inadequate internal distribution systems frequently prevented the timely use of existing stockpiles outside of urban centers. Increasing imports has proven equally effective and far less costly a mechanism for maintaining per capita food consumption than using emergency stockpiles. A poor crop will provide adequate food for rural population for some months immediately after the harvest, and most importing countries have adequate stocks to cover urban demand for the two months it takes to arrange imports. With certain exceptions, present buffer capacity in developing countries is adequate. Incremental managerial and financial resources could better be used to improve the efficiency of the food distribution pipeline.

- Global food security and market stabilization reserves. In assessing the level of total global interseasonal stocks needed to guard against production shortfalls or price swings, a number of critical conditions must be considered: (i) overall production remains relatively stable in the developing countries as a whole; (ii) substantial global production variations and associated export price fluctuations primarily result from exceptional variations in yields in the USSR or North America; (iii) support policies in the USSR, EEC and Japan which keep domestic feedgrain consumption steady have the effect of transferring domestic production instabilities into the world market; and (iv) a cataclysmic fall in world output that could only result from an unprecedented level of uniformly poor weather could be compensated for by diverting part of the 500 million tons of grain used to feed livestock. The indications are that buffers for stabilizing commercial export prices or mitigating the effects of world production shortfalls will have only a marginal impact on food security in individual developing countries, particularly where those most prejudiced by shortage are found largely in rural areas.

Agricultural Production

15. Sources of growth. In the middle 1960s the advent of the Green Revolution technologies, and the synergism between water and fertilizer, fundamentally altered the structure of agricultural production in developing countries (Annex Table 9). Area expansion became relatively less important as a source of growth. In South Asia about 75% of total incremental output was the result of higher yields or double cropping. In the high growth regions of Subsaharan Africa more than half of incremental production was the result of higher yields; elsewhere (including the Sahel) the figure was about a third. The rate of area expansion continued to slow in the 1960s and the 1970s. Most of the expansion of cultivated area occurred in Subsaharan Africa.

16. FAO has estimated that almost 80% of total cereal yield increase since the middle 1960s in developing areas is due to incremental fertilizer use and better water management. Nutrient consumption of chemical fertilizers has increased by about 15% each year. High growth developing countries use twice as much fertilizer per hectare as lower growth countries and use water more effectively at the farm level. India today uses seven times as much fertilizer per hectare of farmland as it did 15 years ago and the area irrigated has increased by over a third. The low income developing countries as a group consume three times as much fertilizer as they did in the mid-1960s and probably twice as much water from irrigation systems. Depite these growth rates, fertilizer application and water usage remains much below optimum levels.

17. Constraints to growth. It is difficult to generalize about the constraints to increasing production by large numbers of small producers in ecologically different circumstances. However, several general points have emerged from Bank experience:

... There is no substitute for suitable price policies. Farmers require a credible assurance of adequate returns before undertaking the effort required to increase productivity.

... Domestic resource mobilization is important. In most countries the scale of public investment in agriculture has not kept pace with requirements and in some areas has not even matched physical depreciation rates. Typically, the investment rate in agriculture, in proportion to GDP,is about half that for the economy as a whole despite evidence that the returns to agricultural investments are no less, and frequently higher, than those in other sectors.

... The weak administrative capacity of authorities in implementing agriculture projects has proven to be a critical bottleneck. Government priorities in the allocation of scarce managerial resources are frequently as important to project success as the availability of financial resources.

... Low cost investments can have a large impact on agricultural productivity. The two most important examples are extension and research. Well-designed, low-cost extension programs can raise small farmer yields by a third. Returns to adaptive agricultural research are similarly large.

... Private sector investments in agriculture are important and depend critically on a favorable economic environment in the sector. Experience with irrigation projects has shown that on-farm private investments which account for a small proportion of total expenditure, are crucial. Private investments in marketing and distribution systems for production inputs have proven equally important.

... All high growth regions within the low income countries have had the advantage of better developed distribution infrastructure and markets. Experience has shown that these are prerequisites for subsistence farmers to begin producing and selling surpluses.

III. COMMISSION RECOMMENDATIONS ON FOOD AND AGRICULTURE

18. In contrast with the foregoing, the Commission sees little progress in improving the world food situation in either consumption or production terms. The "low-income food-deficit" countries are seen to be characterized by chronic, and frequently acute, malnourishment, and to be heavily burdened by the necessity for food imports. Food is regarded as the first priority, with the ultimate goal as self-sufficiency in food for all regions, with commensurate action to ensure food security for all country and population groups. To this end they propose a substantial investment program of $7 billion per year between 1980 and 2000.

19. More specifically, on the consumption side the Commission recommends:

(i) programs at the national level to improve food storage and distribution and support agrarian reform to increase incomes and food consumption by the rural poor;

(ii) efforts at the international level relating to grain agreements, increased food aid, buffer stocks, and more flexible arrangements for financing reserves and trade in food. It is considered that international food security can be best improved by establishing buffer stocks in low income countries as part of a new international agreement to stabilize world grain markets.

20. On the supply side, the recommendations include:

(i) programs at the national level to enhance domestic production and move toward the goal of self-sufficiency, including technical assistance to increase absorptive capacity, institutional reform, increased attention to farming systems, improved input supplies, expansion of forestry and fisheries and measures to expand and increase the efficiency of irrigation;

(ii) programs at the international level to mobilize massive capital assistance from the North for development of food production. Within the context of international assistance for water resource development, attention is to be directed to the institutional, technical and financial measures needed for "large regional projects of water and soil management" and in particular, the integrated development of those large international river basins which support the majority of the world's poor - Mekong, Bramaputra, Ganges, Indus, Nile, Zambesi, Congo, Senegal, Niger and Volta.

21. Notwithstanding the different intrepretation of recent experience, as noted above, the Bank is in general agreement with the perceptions of the Commission regarding agriculture and food problems. The Bank shares their view on the important role of agriculture in development - both as a source of food and as a generator of employment and incomes. We also agree that "agriculture is frequently neglected" (p. 92) by governments, often in those countries where it may be the most important sector in terms of short-run development. Similarly, it is accepted that agriculture cannot do it all in terms of generating employment, and that industry - with potential growth rates of 10-15%, compared with 3-5% for agriculture - has a vital long-run role to play in this regard.

22. The Bank also strongly supports the strategy of building up institutions and of institutional reforms (p. 82), including agrarian reform, with a view to "helping people to help themselves" (p. 88), this being a basic premise of the Bank's rural development approach. In this respect, again, the joint role of agriculture in relation to "hunger and incomes" (pp. 97-98) - as a source of food supply and of the wherewithal to purchase food - is of fundamental importance. However, we would have some reservations regarding the Commission's emphasis on self-sufficiency, although this is expressed somewhat ambivalently (see p. 91 last para. and p. 93 first para.). While there is a need to ensure that the development of commercial agriculture does not adversely affect the nutrition of people in any sub-region, substantial economic benefits may be derived from exploiting the comparative advantage associated with different resource endowments in particular countries or sub-regions and relying on trade to obtain food.

23. The Bank also shares the concerns, expressed strongly in the Commission Report, regarding the consumption side of the food problem.

In particular, we welcome the attention to problems of food distribution (pp. 96, 97) and the need for investment in physical infrastructure for the collection, transportation, processing and storage of food, especially foodgrains. With regard to ensuring food security, however, the Bank would advise countries to rely less on expensive national reserve stocks and more on effective infrastructure and logistical arrangements to facilitate timely movement of stocks combined with standing import arrangements. Improvements in national distribution systems are considered by the Bank to be an essential element in efforts to increase food security, without which national and international emergency stocks may be of little use and with which they may be unnecessary.

24. The potential role of food subsidy and intervention programs in ensuring access to food in rural and urban areas is recognized, but we would emphasize more strongly the interim role of subsidized food intervention programs, given the costly nature of such programs and their budgetary implications. In the long-run food production programs and steps to increase incomes of the poor are the essential requirements to meet nutritional needs. Generally investment in well conceived projects will yield a higher return than expenditure on food subsidy programs. In addition much of the money spent in development projects may itself lead to a substantial direct increase in food consumption.

25. The role of food aid in ensuring supplies and logistical support, while minimizing the need to expand scarce foreign exchange, is also recognized. However, while acknowledging that additional consideration should be given to ensuring that the low-income importing countries have adequate supplies at all times, and especially in times of global scarcity, the Bank is not convinced that an international buffer stock would be an adequate or cost-effective

mechanism to achieve this. Rather the Bank favors an efficient system of international trading and food aid as the best means of ensuring adequate supplies of food at minimum cost.

26. In respect of investment, the Bank supports the need for more international and domestic resources for agriculture and food production. However, we would stress more than the Commission Report, the importance of greater efficiency in using existing as well as additional resources. In the Bank's view, there is considerable scope for more effective policies and better management in the agricultural sector of many developing countries. We note also, however, that since FY74 external resource transfers for agriculture have increased more rapidly than internal allocations (see Annex Table 7). The proportion of total public investment for agriculture disbursed from external sources has doubled in this period. The Bank would also urge caution in estimating the flows of external financial resources required to achieve particular development objectives pertaining to agriculture and food. There are great difficulties involved in defining and estimating such requirements in widely diverse situations, with different resource endowments, both physical and human, variable seasons, differing degrees of government commitment and often uncertain technology. Apart from this, it is becoming increasingly clear that the efficiency with which available financial measures are used is no less important to the total development effort than the quantity of resources available. Major improvements in this area are considered essential.

Specific Proposals for Action

27. Within its recommendations the Commission Report specifies eight areas for particular attention and support by international transfers of resources. These are measures to improve absorptive capacity, agarian

reform, farming systems and agricultural research, supplies of agricultural inputs, fisheries development, forestry and rural energy, storage and marketing infrastructure, and water resource development. The Bank agrees that these are areas of major concern and has already initiated programs that address them. It is accepted that more could be done in all of these areas providing additional resources were available. It is also recognized that more could be done within existing programs to meet the special needs of the "low-income food-deficit" countries and, where opportunities permit, this possibility will be pursued in the context of Bank lending.

28. Institution Building. The Commission Report emphasizes the need to create local institutional arrangements for planning and financing agricultural and food programs. It proposes this as the best means of encouraging aid flows and of enabling countries to use available funds more effectively (p. 87). It also draws attention to the need for greater technical assistance (especially if it is planned jointly with recipients) to support the identification, preparation and implementation of projects, in order to improve the absorptive capacity of the poorest countries.

29. The Bank stands ready to further its efforts in helping countries increase their indigenous capacity to plan agricultural development and manage projects. Through its project lending, the Bank encourages and finances the creation and expansion of local institutions including ministries, parastatal bodies, and private sector firms. This includes the development and staffing of management units, monitoring and evaluation programs, national statistical systems, regulatory bodies, research institutions and the institutional arrangements for the support of an increasingly commercialized, science-based agriculture. Many projects make provision for management training. Through "sector lending"

the Bank endeavors to utilize and further strengthen the capacity of local institutions responsible for identifying, preparing and implementing projects. These and related activities are also supported by direct technical assistance through the Bank's country economic and sector work in agriculture.In addition, the courses of the Bank's Economic Development Institute provide training in agricultural sector management and the preparation and implementation of projects. Nevertheless, it is recognized that much remains to be done in this area, especially in respect of resource management.

30. Agrarian reform. The Commission Report notes that an end to hunger among many countries requires efforts to improve income distribution and thereby provide the means to purchase additional food. Agrarian reform, including improved security of tenure, land consolidation in areas of fragmented holdings, or redistribution to encourage more intensive use, is identified as an urgent need in many countries (p. 96).

31. The Bank fully supports this view. The importance of appropriate tenurial arrangements has been stressed in dialogues with member countries. Bank studies have confirmed that small farmers frequently use their lands more efficiently than do large farmers. For reasons of both equity and efficiency, the relations which govern land use are important. These matters have been addressed in the Land Reform Sector Policy Paper (1975). While the Bank cannot force social change, it can and does support appropriate adjustments in rural tenurial arrangements. It stands ready to finance activities that support tenurial reform aimed at the betterment of the poorest groups. These activities could include credit, technical services and infrastructure projects for land reform beneficiaries. Where land is held in some form of tenancy, the Bank's projects are designed to encourage tenancy

conditions which are equitable and conducive to efficient resource use. More broadly, the Bank will not support projects where existing land rights result in major benefits accruing solely to high-income groups, unless increases in food outputs or balance of payments considerations are overriding factors.

32. Farming systems and agricultural research. The Commission Report notes some evidence of declining international support for agricultural research and states that a much greater research effort is warranted at national, regional and international centers (p. 94). The report points out the difficulties and possible dangers of transferring the "western agricultural model" to developing countries and advocates the development of farming systems appropriate to local circumstances.

33. Bank support for agricultural research at the national level has increased steadily in recent years and is today among the fastest growing components in agricultural and rural development lending. Increasingly, this has been linked to efforts to strengthen national extension services. At present, about half of all Bank-supported projects in agriculture and rural development include research components. In FY77-79, lending for agricultural research and extension constituted about 9% of total Bank lending for this sector and averaged more than $250 million per year. About one-third of this has been for research alone. Looking forward, it is proposed in the Agricultural Research Systems - Sector Policy Paper (1980) that Bank lending for research and extension should increase from more than US$330 million in FY79 to at least US$550 million in FY84 (1979 dollars), or, on present projections of lending for the sector, to about 12% of total Bank lending for agriculture and rural development.

34. The Bank has been a strong supporter of the international research system as well. It serves as cosponsor of the CGIAR and provides a Secretariat and Chairman for this Group. In FY72-79 the Bank, as the residual donor to the CGIAR, provided $42.9 million from profits, making it the second largest contributor to the Group. It is expected that the Bank will continue to expand its contribution in order to meet residual needs of the international system as it expands, up to a maximum of 10% of total requirements.

35. Supplies of agricultural inputs. The Commission Report points out that the expansion of HYV agriculture increases the demand for fertilizer, particularly nitrogenous materials, and other agricultural support services. The Report notes that, while fertilizer supplies are likely to be adequate in the near future, their price link to steadily increasing petroleum costs may cause difficulties for some developing countries. Because the marginal yield response to increased fertilizer use tends to be greater in the South than the North, efficient global use of this input would imply larger applications in the developing countries. The Report stresses the importance of providing the farmers of these countries with fertilizers at reasonable prices (pp. 100-101).

36. The Bank clearly recognizes the importance of providing adequate supplies of production inputs, particularly fertilizer, to permit optimum returns from high-yielding crop varieties. No less important are effective programs to provide production credit to farmers to facilitate purchase of these inputs. It is estimated that perhaps 40% of recent increases in cereal yields in developing countries derives from increased fertilizer use. The World Bank group has been the most important single source of technical and financial support for fertilizer manufacturing in the developing world.

It has loaned over $1 billion in FY74-77 for this purpose and expects that Bank-financed plants will provide almost a third of all incremental fertilizer production in developing countries in 1978-85. More recently, it has begun to finance fertilizer imports in situations where local supply shortages or balance of payments considerations made these operations necessary (e.g., a $25 million credit to Bangladesh in FY80). In addition the Bank provides agricultural credit, particularly short- and medium-term funds, which is frequently used to finance the distribution and purchase of fertilizer.

37. Fisheries development. The Commission Report stresses the important role that increased fish consumption could have in reducing hunger and malnutrition as well as increasing employment (p. 96). The Report notes that most developing countries consume relatively little fish despite a favorable resource base. It identifies technical and managerial difficulties, particularly for smaller countries and requests international support for finance of training and technical assistance to organize cooperative fishing efforts among these countries (p. 97).

38. The Bank supports these objectives and is currently reviewing its approach to fisheries development. Lending for this activity has been small, accounting for only about 1% of the Bank's total agricultural and rural development lending in FY74-79, but is expanding rapidly. During FY78 and FY79, lending for fisheries, either in fisheries projects or for fisheries components in other projects, totaled nearly $200 million (to be contrasted with total fisheries lending of about $360 million over the FY64-79 period). No less important is the sharp change in Bank strategy and emphasis: the early Bank-supported projects were largely oriented toward commercial fisheries development, frequently based on capital-intensive marine fisheries technology. Today most

Bank-supported projects focus on lower-income groups whose livelihood depends on capture fisheries and aquaculture. Looking forward, the Bank might lend some $200 M annually over the next 5 years for fisheries development. Projects already under preparation account for approximately one-third of that amount. Most of it is expected to be channeled into rural areas in support of small-scale fisheries while the balance would support large-scale industrial fisheries projects.

39. Forestry and rural energy. Considerable attention is given in the Commission Report to the role of forestry development in meeting key energy needs of low-income groups (p.83), and to the ecological dimensions of rapid deforestation (p. 114). The Bank views the emerging fuelwood shortage as second only to food and nutrition problems, in terms of potential adverse impact on the welfare of low-income rural people. A major expansion and reorientation of Bank support of forestry development is underway in recognition of the human welfare and ecological consequences of this depletion. The Bank's Forestry Sector Policy Paper (1978) proposed to lend a total of about $100 million per year in FY79-83 for forestry development, of which about 60% was to be channeled into rural development-oriented forestry (particularly for fuelwood production), while 40% would go to help finance larger industrial forestry projects. Actual lending has substantially exceeded these targets. In FY80, total forestry lending (excluding that for pulp and paper) amounted to $218 million. This represents a tenfold increase over average annual forestry lending achieved in FY73-77. Bank lending for fuelwood increased from about $12 million in FY78 to over $100 million in FY80 and now includes operation in some 25 countries. The Bank Policy Paper on Energy (1980) proposes that the Bank lend about $1 billion for wood-based energy projects over the next 5 years, but no special provisions are made for the low-income countries.

40. Storage and marketing infrastructure. The need for secure supplies of food staples is stressed by the Report which notes that expanded grain storage, improved transport and communication are essential to distribute food supplies efficiently (p. 96). As part of efforts to enhance "international food security", the Report suggests that developing countries need to hold 5-7 million tons of a 20-30 million tons international reserve. Acquisition and storage construction costs are put at about $1.75 billion (p. 99).

41. The Bank believes that the problem of international food security is best addressed through a combination of measures: some increase in grain storage capacity (but with recognition of the high opportunity costs for the resources involved) and much greater emphasis than in the Report on measures to facilitate smooth and efficient working of international and national grain marketing and handling systems. The availability of adequate supplies of foodgrains is of little use unless it can be moved in response to information on changing requirements in various locations. Further, the growing commercialization of food production and urbanization in developing countries will anyway require much larger capacity for these marketing systems. By 1985 another 100 million tons of domestically grown grain may be traded in commercial markets of developing countries while total grain distribution in these countries may rise from about 250 million tons in 1978 to 400 million tons by 1990. These volumes suggest that capacity of grain marketing systems, including transportation, storage and processing will have to nearly double in the next 10-15 years.

42. The Bank recognizes the need for additional investment in several components of these systems: on-farm and commercial storage, trading stocks,

processing infrastructure (including drying and milling) and grain handling infrastructure (including road, rail and port facilities and equipment). Effective information systems to link production zones and consumers are also of great importance in the efficient functioning of grain markets. It is expected that the Bank will expand substantially its operations in this area during the next five years, depending on the availability of resources. But since total investment requirements to strengthen food distribution and marketing systems are large, this will require increased efforts by other multilateral and bilateral donors as well; the Bank intends to work closely with other donors in this general area.

43. Rainfed agriculture. Surprisingly little is said in the Commission Report about rainfed agricultural production, despite the fact that 60% of developing country food output in the period 1970-75 came from this source. Over the last decade about 40% of all increases in agricultural production in developing countries came from rainfed lands. Almost half of the rural people in those regions identified by the Commission as "poverty belts" are dependent for a livelihood on dryland farming and livestock production.

44. Expansion of rainfed agriculture is feasible only in the humid and semi-humid tropics, and Bank experience shows this to be a slow process. However, there is evidence that relatively low incremental capital-output ratios (ICORs) are encountered in intensification of production on already settled rainfed lands. The principal constraint is the lack of new technology suited to prevailing ecological and institutional conditions. Nevertheless, the possibility of reaching some of the lowest income rural groups and of improving their food security at relatively low cost, makes this an important area for further Bank efforts. Both in its own projects and in its

relationships with other instituions the Bank will continue to explore all avenues for increasing rainfed agriculture and livestock production.

45. Water resource development. The development of irrigation is singled out by the Commission as the principal source of increased food output in the "poverty belt" countries of Africa and Asia over the next two decades. This accords with FAO estimates that as much as 70% of increased food output between 1980-2000 may be obtained from irrigated lands. Greater control of water removes much of the random effects of weather from the farmer's calculus and paves the way for synergistic production effects between water and other inputs such as HYVs and fertilizer. By intensifying production activities it also has important employment effects. Recognizing this, the Commission suggests that "the largest single amount of investment required is for irrigation and water management". It goes on to stress the need for a relevant framework within which international resource transfers for this purpose can be made, especially to the "poverty belts" of Africa and Asia.

46. The Bank strongly shares these concerns. Since food security requires reliable supplies of food, irrigation is the preferred source of increased domestic output. Since the new land brought into production in the "low-income food-deficit" countries is largely marginal land, in the sense that soils are less fertile and seasons less reliable, irrigation has a special role to play in reducing an otherwise growing uncertainty in production. However, to provide reliable supplies of food, irrigation systems themselves have to be reliable and the use of water efficient. Although Bank lending for irrigation represents roughly one-third of its commitments in the rural sector, there seems scope for substantial further investment in this area. In this the Bank seems well qualified to take a positive new initiative.

47. An appropriate response to the Commission's concerns on water development would require formulation of an approach toward investment and technical assistance for irrigation development, built up from a typology of countries with respect to the natural resource base, institutional capabilities, investment possibilities and management issues. What can or should be done in this field depends on the state of existing systems and command areas and on the potential for additional irrigation development, on a region by region basis.

48. In assessing this potential it is necessary to distinguish between three broad climatic regions: (i) the humid tropics and sub-tropics, exemplified by much of South and SouthEast Asia and Western Africa south of the Sahel; (ii) the semi-arid and sub-humid sub-tropics of which the Sahel, southern India and eastern Africa are typical; and (iii) the arid tropics and sub-tropics which include much of the Middle East, North-East Africa and southern Pakistan. Each of these requires a separate water use technology and involves different physical and ecological problems in water storage and distribution.

49. Within each country different types of investment may be desirable in the short, medium- and long-term. In the short-run (1-3 years), and where some irrigation is already practised, there is likely to be scope for three kinds of intervention: (i) measures to improve the on-farm use of water, including new technology and volumetric water pricing where feasible; (ii) modifications to upgrade the management of delivery systems, including changes in institutions and activation of user associations; and (iii) investments to increase the use of groundwater to supplement canal water and ensure supplies. In the medium-run (4-10 years) a further three kinds of activities are feasible:

(i) projects to rehabilitate existing infrastructure, including minor reconstruction and canal lining; (ii) measures to expand the command area so that available water is fully utilized, including the construction of additional tertiary and quaternary canals to carry water to farmers' fields; and (iii) the development of services, including research and extension, credit, storage and transport, to support a science-based irrigated agriculture. Finally, in the long-run (10-25 years) there is a need for: (i) major rehabilitation schemes, including the replacement of head-works, especially where dams have silted up or become unsound; and (ii) new river basin development programs, to exploit in an integrated way the resources of underdeveloped river valleys.

50. As the largest lender in the irrigation field, the Bank is in a position to provide a focal point for a major effort to develop water resources over the next two decades. In line with the Commission's expressed concern with water resources and irrigated agriculture, the Bank could move on two fronts: first, to increase lending for expansion, rehabilitation, and on-farm intensification of irrigation systems; and second, to give greater attention to the institutional and human resource aspects in the planning and management of water resource systems. A paper outlining the scope and nature of an action program to address these twin goals will be prepared in the coming year.

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EXCLUSIVAMENTE PARA USO OFICIAL

26 de septiembre de 1980

MEMORANDO A LOS DIRECTORES EJECUTIVOS

Tema: Recomendación No. 11 de la Comisión Brandt, relacionada con la elaboración de un programa para incrementar la producción de alimentos durante el decenio de 1980 en los países en desarrollo de ingresos bajos e importadores de alimentos 1/.

Recomendación: Se debe emprender un amplio programa para incrementar la producción de alimentos y desarrollar la agricultura, con intensificación de los esfuerzos en el Sur y un mayor volumen de ayuda que ascienda a unos US$8.000 millones anuales. Estos esfuerzos son fundamentales para superar los déficit de alimentos en los países pobres y mitigar las presiones inflacionarias en el mercado mundial de alimentos. Como punto de partida del programa de seguridad alimentaria internacional, instamos a que se suscriba prontamente el Acuerdo Internacional sobre Cereales y a que se incrementen las existencias de alimentos para emergencias 2/.

I. INTRODUCCION

El informe de la Comisión Brandt insta a realizar un programa concertado para poner fin al hambre masiva mediante la adopción de varias medidas destinadas a ayudar a los países "de ingresos bajos y con déficit de alimentos". Recomienda la transferencia en gran escala de recursos financieros y técnicos

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1/ La referencia es al orden de las recomendaciones enumeradas en el documento Sec-M80-128, de fecha 22 de febrero de 1980.

2/ Norte Sur: Programa de Supervivencia, por Willy Brandt, página 239.

como parte fundamental de un esfuerzo para abolir el hambre en el mundo. Propone que dicho programa se centre particularmente en los países de ingresos bajos de los "cinturones de pobreza", cuya población alcanza a alrededor de 1.400 millones de habitantes. Los objetivos intermedios que sugiere son el aumento de la autosuficiencia en la producción de alimentos, la eliminación de las pesadas cargas que supone la importación de productos alimentarios y el logro de suministros seguros mediante un comercio más libre y la creación de existencias reguladoras.

El programa propuesto por la Comisión comprende medidas a corto plazo para hacer frente a las necesidades alimentarias inmediatas de los países "de bajos ingresos y deficitarios en alimentos", así como medidas a plazo más largo en cuanto a aprovechamiento de los recursos, servicios de apoyo para la agricultura y cambios estructurales en el sector rural. Se considera que la principal arremetida ha de dirigirse hacia la abolición del hambre, a través de las siguientes medidas:

i) perfeccionamiento e intensificación de las actividades de ordenación de suelos y aguas, especialmente en lo referente a los regadíos;

ii) un mayor flujo de insumos de mejor calidad hacia la agricultura;

iii) más infraestructura y disposiciones institucionales más eficaces para facilitar el almacenamiento de la distribución de alimentos;

iv) mayor libertad en el comercio internacional de alimentos, junto con la creación de existencias reguladoras, y

v) mejor distribución del ingreso, para incrementar el poder adquisitivo en cada país de los grupos vulnerables desde el punto de vista de la nutrición.

Como respuesta a estas propuestas, en este documento: i) se examinan las perspectivas actuales del abastecimiento de alimentos en el mundo y se reevalúan las prioridades en este sentido; ii) se examinan las medidas propuestas por la Comisión para este sector y se esboza lo que se hace actualmente y se puede hacer en respuesta a las mismas, y iii) sobre la base de lo antedicho, se plantea una importante iniciativa del Banco en el campo de aprovechamiento de los recursos hidráulicos.

II. PERSPECTIVAS DEL ABASTECIMIENTO DE ALIMENTOS EN EL MUNDO

Consumo y comercio

Han ocurrido acontecimientos recientes importantes en la situación alimentaria del mundo que, si se analizan en forma colectiva, modifican en cierta medida el esquema presentado en el Informe de la Comisión Brandt. A comienzos del decenio de 1960 muchos analistas opinaban que el crecimiento demográfico

sería el factor determinanate decisivo en una mayor demanda de exportaciones de alimentos. De hecho, más importantes que el crecimiento demográfico han resultado ser los mayores ingresos en los países más prósperos de Europa, Asia Oriental y América Latina. A medida que aumentaron los ingresos también lo hizo el consumo de alimentos de mayor valor, entre ellos los productos tropicales, las hortalizas y, lo que es más importante, los productos ganaderos provenientes de animales alimentados con cereales. El aumento resultante de la producción pecuaria tuvo un marcado efecto en el comercio internacional. A comienzos del decenio de 1950 se transó en el comercio mundial solamente un 5% de la producción total de cereales y sólo una parte muy pequeña de ese volumen se utilizó como forraje. Desde entonces, el comercio internacional de cereales ha crecido en aproximadamente 6% al año, lo que representa el doble de la tasa de aumento de la producción mundial. La proporción del consumo total de granos destinada al ganado ha aumentado de menos de 20% en el decenio de 1950 a más del 40%. En la actualidad, la cantidad de cereales que se utiliza como alimento de los animales es mayor que la consumida por los 1.400 millones de personas que viven en los países de ingresos bajos (Cuadro 1 del Anexo).

Al mismo tiempo, los precios internacionales de los cereales han mostrado una creciente inestabilidad en los últimos años. Esto se debe en parte a las políticas de apoyo a la agricultura en diversos países de la Organización de Cooperación y Desarrollo Económicos (OCDE) y en la Unión Soviética. La Comunidad Económica Europea (CEE) y el Japón han mantenido a sus sectores agrícolas aislados de las variaciones mundiales de precios mediante la utilización de cuotas de importación y considerables subvenciones, exportando excedentes de producción (con subvenciones a las exportaciones) o suavizando las cuotas para asegurar los suministros. Asimismo, la Unión Soviética ha utilizado en los últimos años las importaciones en gran escala como fuente de abastecimiento complementario. Ambos conjuntos de políticas han tenido el efecto de transmitir las inestabilidades internas de producción al mercado mundial (Cuadro 3 del Anexo).

Países de ingresos medianos. El incremento principal de las importaciones de cereales ha provenido de los países en desarrollo de ingresos medianos. El crecimiento de la demanda ha sido constante, reflejando en gran parte el aumento del consumo de productos pecuarios y el crecimiento de las poblaciones urbanas. En especial, los países petroleros han alcanzado una posición dominante al absorber aproximadamente el 60% del total de las importaciones adicionales de trigo en 1976-79. En cuanto a los países de ingresos medianos en conjunto, hay en la actualidad aproximadamente 250 millones más de personas viviendo en ciudades que las que había en 1960. Esas ciudades importan en estos momentos casi la mitad del consumo total de cereales. Dada la probabilidad de que los hábitos alimenticios sigan cambiando, hacia el consumo de trigo y productos animales, y debido a que las importaciones actuales de la Unión Soviética pueden estar aproximándose al máximo posible con su capacidad portuaria actual, los países importadores de ingresos medianos probablemente representarán de 50% a 75% del total de las importaciones adicionales de alimentos hasta 1985.

Los países de ingresos medianos han dejado de efectuar importaciones en condiciones concesionarias y ahora compran en condiciones comerciales. Como se indica en el Cuadro 4, la mayor parte de las exportaciones de cereales a los países en desarrollo a comienzos del decenio de 1960 se realizaron en condiciones concesionarias; actualmente, los países de ingresos medianos compran más del 95% de sus cereales a precios comerciales. Al mismo tiempo, los ingresos totales de exportación de estos países han aumentado más rápidamente que el costo de sus importaciones de alimentos. A pesar del desplazamiento hacia las compras comerciales, la proporción de ingresos totales en divisas destinados a importaciones de cereales por los países de ingresos medianos ha disminuido en aproximadamente una quinta parte desde comienzos del decenio de 1960.

Países de ingresos bajos 1/. La situación alimentaria de los países de ingresos bajos constituye un notable contraste con la tendencia registrada en los países de ingresos medianos hacia una mayor dependencia del comercio y un aumento del consumo de cereales forrajeros. Normalmente, menos de la mitad del total de los alimentos producidos en estos países pasa a los cauces de comercialización y más de 1.000 millones de personas dependen en gran medida de la producción de sus propias explotaciones agrícolas pequeñas para su abastecimiento de alimentos. Las estadísticas de producción en dichos países son a menudo de dudosa fiabilidad y es difícil juzgar los progresos logrados desde el decenio de 1960. Quizás hasta 500 millones de habitantes de esas zonas dependen de cultivos tradicionales que no son cereales para satisfacer una parte importante de su consumo en años normales. Cuando hay malas cosechas de cereales, una proporción aún mayor de la dieta proviene de esos cultivos, respecto de los cuales existen muy pocas estadísticas de producción fidedignas. La mayoría de las personas que viven en la pobreza absoluta forman parte de estos sistemas alimentarios relativamente autárquicos y es en ellos donde la Comisión quiere que se concentren los esfuerzos de ayuda adicionales.

En algunos estudios se hace excesivo hincapié en los problemas de financiamiento asociados con las importaciones de alimentos de los países de ingresos bajos. Los niveles de autosuficiencia de estos países no han disminuido en conjunto, aunque la situación de algunas regiones ha empeorado desde el punto de vista de la balanza neta del comercio de cereales (Cuadros 5 y 6 del Anexo). Existe la impresión generalizada de que los países de ingresos bajos soportan una carga cada vez mayor de importaciones de cereales alimentarios. De hecho, no solamente son estos países actores marginales en la economía internacional de cereales, sino que además sus cuentas de importaciones por este concepto han seguido siendo una carga moderada en términos de gasto de divisas. La mayor parte de sus importaciones de cereales alimentarios las obtienen en condiciones concesionarias, de modo que la proporción del total de ingresos de exportación destinada a la adquisición de cereales en condiciones comerciales se ha mantenido constante o ha disminuido durante los últimos 20 años. En

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1/ Aquellos que tienen un PIB per cápita medio de no más de US$360 (1978), según definición del Informe sobre el Desarrollo Mundial, 1980

conjunto, los costos de las importaciones de cereales alimentarios correspondientes a estos países son inferiores al 20% de sus ingresos de exportación de productos agrícolas y alrededor de 5% de los ingresos totales de divisas 1/. Más importante es analizar la situación en países o subregiones específicos.

- India. La producción de alimentos per cápita y su estabilidad han mejorado considerablemente. Los factores determinantes de este cambio son numerosos y complejos, pero la mayor utilización del riego y de fertilizantes ha cumplido una función importante. Por otro lado, el modelo de crecimiento en la India ha sido sumamente disparejo y la producción per cápita se mantiene estancada en muchos de los estados más pobres con agricultura de subsistencia. Los excedentes de cereales, generados sobre todo en los estados noroccidentales, han reemplazado a las importaciones, forzando en un grado considerable los sistemas de distribución.

- Otros países de Asia Meridional. La situación de Bangladesh en materia de cereales alimentarios no ha mejorado significativamente desde comienzos del decenio de 1970 y la producción media per cápita se mantiene por debajo de los niveles alcanzados antes de la independencia. Sin embargo, la base de recursos naturales es adecuada y ofrece posibilidades de autosuficiencia en la producción de cereales. En otras partes de Asia Meridional la producción per cápita se ha mantenido relativamente estable en los últimos años. Pakistán sigue obteniendo más ingresos de sus exportaciones de arroz que lo que gasta en las importaciones de trigo.

- Indonesia. La producción de alimentos per cápita ha aumentado poco en los últimos años, aunque es levemente superior a la de los primeros años del decenio de 1960. El constante aumento de las importaciones refleja el crecimiento de los ingresos, especialmente en las zonas urbanas. Indonesia se ha convertido en el principal importador del mundo de arroz de alta calidad y ha aprovechado el vigor de su mercado para obtener precios favorables.

- Otros países de Asia Sudoriental. Otros varios países de esta región han pasado a ser grandes importadores de arroz después de haber sido importantes exportadores de este producto. El rendimiento de sus sectores alimentarios ha sido altamente insatisfactorio. Existe una situación generalizada de escasez de alimentos y privaciones. Los disturbios políticos han impedido la utilización eficaz de una base de recursos naturales generalmente favorable. La producción per cápita de Kampuchea Democrática parece ser aproximadamente una décima parte de la de 15 años atrás.

1/ La cuenta de importaciones de alimentos contrasta con la carga real impuesta por las importaciones de petróleo. En 1960, los costos de las importaciones de productos energéticos y de alimentos eran aproximadamente iguales. En la actualidad, las importaciones de petróleo de estos países alcanzan un costo cinco veces superior al de las importaciones de cereales alimentarios en condiciones comerciales.

- Zona del Sahel, Etiopía y Somalia. Estos países han sufrido un grave deterioro en su autosuficiencia de cereales alimentarios y una disminución igualmente calamitosa de la producción pecuaria de las tierras de pastoreo. Algunos estudios sugieren que el problema se relaciona con cambios climáticos a largo plazo. Otros señalan causas más mutables. Los niveles medios de importación se igualan a los del consumo urbano y muy pocos alimentos del exterior llegan a los sectores rurales.

- Países de fuerte crecimiento de Africa al Sur del Sahara. Estos países - Burundi, Kenya, Madagascar, Rwanda, Sudán y Tanzanía - han aumentado su producción de alimentos per cápita a un ritmo superior al de la India, por lo menos hasta hace poco tiempo. Las subregiones más productivas de estos países pueden compararse favorablemente con los estados de la India y Pakistán que tienen excedentes de alimentos.

- Países de escaso crecimiento de Africa al Sur del Sahara. Aunque poseen una dotación de recursos comparable a la de otros cuyas tasas de crecimiento son más satisfactorias, estos países - Angola, Benín, Mozambique, Togo, Uganda y Zaire - no han podido incrementar su producción agrícola o de alimentos per cápita. Aproximadamente tres cuartas partes del consumo de alimentos en las zonas urbanas se importa, en comparación con una autosuficiencia casi total 20 años atrás. El insatisfactorio rendimiento de la agricultura se debe atribuir en gran medida a la inestabilidad política.

Distribución de alimentos y nutrición

Un mayor suministro de alimentos es una condición necesaria, pero no siempre suficiente, para asegurar una nutrición adecuada. La experiencia en los países de ingresos bajos indica que aun cuando se incrementa el abastecimiento de alimentos per cápita, la frecuencia de la malnutrición puede aumentar a corto plazo. El problema principal es el acceso limitado a los alimentos, que a menudo refleja insuficiente poder adquisitivo. También tienen que ver la educación y los factores sociales. Estudios recientes indican que la mayoría de las personas malnutridas son niños. Los hechos señalan lo siguiente: 1) la cantidad absoluta de personas gravemente malnutridas en un momento dado durante el año ha aumentado durante los últimos 20 años; ii) a la luz de las estructuras sociales prevalecientes, de las pautas probables de distribución de bienes o ingresos y de unos supuestos de crecimiento ajustados a la realidad para los países de ingresos bajos, no se puede esperar que disminuya en forma considerable el número absoluto de personas malnutridas con el proceso actual de desarrollo económico, y iii) es estremadamente difícil asegurar una nutrición adecuada separadamente de la adopción de medidas eficaces para enfrentar el problema general de la pobreza.

Los gobiernos de la mayoría de los países de ingresos bajos han intentado aumentar la seguridad alimentaria 1/ de los grupos vulnerables mediante intervenciones extramercantiles en la fijación de precios y la distribución. El

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1/ El suministro asegurado de una nutrición mínima durante todo el año a precios aceptables.

instrumento más común son los precios al por menor subvencionados para beneficiar a los consumidores urbanos. Los estudios hechos sobre dichos programas indican que los costos de operación son relativamente elevados (del orden de los US$70-100 por tonelada distribuida), pero que es posible beneficiar a los sectores pobres. Sin embargo, dichos programas normalmente benefician sólo a los consumidores urbanos y a menudo están financiados por medio de impuestos implícitos a las zonas rurales y a los agricultores. Los datos que existen acerca de planes de alimentación destinados a grupos determinados son menos alentadores. Parece ser que las fallas de distribución que ocurren dentro de las familias son lo suficientemente serias como para hacer que dichos programas no sean económicos.

En muchas zonas de Asia y Africa la malnutrición es más que nada un fenómeno rural. El efecto de la tecnología de la Revolución Verde en la distribución del ingreso en las zonas rurales es materia de controversia, aunque no hay duda de que ha aumentado considerablemente el volumen total de la producción de alimentos. Un análisis a posteriori de proyectos de riego en Asia Meridional y Oriental ha proporcionado pruebas de los considerables beneficios indirectos en materia de empleo de una producción intensificada. Estudios recientes realizados por el Instituto Internacional de Investigaciones sobre el Arroz (IRRI), el Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT) y el Instituto Internacional de Investigaciones sobre Políticas en Materia de Alimentos (IFPRI) indican que los principales beneficiarios del aumento de la productividad agrícola generado por la adopción de nuevas técnicas son los consumidores de ingresos bajos, quienes normalmente gastan un monto desproporcionado de sus ingresos totales en alimentos básicos y, por lo tanto, ganan con los precios más bajos. En muchos casos, los pequeños agricultores han podido aumentar su propia producción y sus ingresos reales, pero para los productores de las zonas que no se adaptan bien a las variedades de cereales de alto rendimiento, la Revolución Verde ha producido pocos beneficios.

Los esfuerzos que se realizan actualmente para reducir la pobreza mediante el incremento de la productividad rural se han centrado generalmente en la ayuda a quienes tienen acceso a la tierra, pero hay millones de personas en las zonas rurales que no disfrutan de tal acceso o cuyas tenencias son demasiado pequeñas para servir de sostén a ellos y sus familias. En la actualidad, quizás una tercera parte de todos los habitantes de las zonas rurales se ocupan principalmente de actividades no agrícolas. La condición de los campesinos sin tierras ha resultado ser la más difícil de mitigar directamente. Sin un mayor acceso a la tierra u otros bienes, para muchas de estas personas las perspectivas siguen siendo sombrías. Además, los problemas del empleo y la pobreza en el sector rural no pueden resolverse sólo en ese sector. También son fundamentales las oportunidades productivas en las zonas urbanas centrales y regionales para absorber a los emigrantes del campo que llegan a ellas, así como el empleo rural fuera de las explocationes agrícolas.

La malnutrición rural está inexorablemente vinculada a problemas más generales de pobreza y desarrollo agrícola. No existe un método simple para eliminar formas injustas de propiedad de bienes, modificar circunstancias ecológicas adversas o corregir las deficiencias de una infraestructura de comercialización para hacer llegar los alimentos a las zonas deficitarias. El márgen que tienen los programas directos para enfrentar eficazmente los problemas

de consumo en las zonas rurales es limitado. La experiencia indica que el aumento de la producción de alimentos y un marcado mejoramiento de la infraestructura de distribución de los mismos son requisitos indispensables para reducir la malnutrición en esas zonas. La aplicación de medidas eficaces para reducir la malnutrición en los sectores rurales exige tener en cuenta lo siguiente:

- Malnutrición estacional. Las variaciones intraestacionales en el bienestar alimentario son un problema central en los sistemas agrícolas de secano de muchas zonas. Se ha observado correlación entre el fenómeno de la "estación del hambre" y una mayor mortalidad infantil y otras medidas indirectas de la malnutrición. Las variaciones de precios intraestacionales a menudo exceden a los costos reales de almacenamiento y pueden dar como resultado unos precios que dejen fuera del mercado a los consumidores de ingresos bajos en ciertos períodos del año.

- Microhambrunas y escaseces. Hay una limitada comprensión de la formación de los precios en los sistemas agrícolas de pequeña escala y en proceso de modernización. Los trabajos en el terreno realizados en diversos países respaldan la opinión de que las variaciones interestacionales en el rendimiento de una unidad específica de producción y comercialización (generalmente una aldea aislada) pueden causar graves penurias a los pequeños productores y aumentar la malnutrición. El Instituto Internacional de Investigaciones sobre Cultivos de los Trópicos Semiáridos (ICRISAT) ha documentado el efecto de desincentivo de las condiciones climáticas variables y la incapacidad de muchos sistemas locales de comercialización para hacer llegar los excedentes a las zonas deficitarias.

- Reservas de la seguridad nacional. Las reservas de emergencia han sido de gran beneficio en épocas de abastecimiento limitado, como lo confirma la experiencia reciente de la India. Sin embargo, el costo relativamente alto de mantener dichas reservas (US$45-US$80 por tonelada al año) ha impulsado a un nuevo y cuidadoso examen de su eficiencia económica. Lo que es aún más importante, los países de ingresos bajos han hallado que los inadecuados sistemas de distribución interna a menudo han impedido la utilización oportuna de las reservas existentes fuera de los centros urbanos. El aumento de las importaciones ha demostrado ser un mecanismo igualmente eficaz - y mucho menos costoso que la utilización de reservas de emergencia - para el mantenimiento de la cifra de consumo per cápita de alimentos. Una cosecha deficiente proporciona alimentos suficientes a la población rural durante algunos meses inmediatamente después de dicha cosecha y la mayoría de los países importadores tienen existencias suficientes

para satisfacer la demanda urbana durante los dos meses que toma realizar las importaciones. Salvo algunas excepciones, la capacidad actual de existencias reguladoras en los países en desarrollo es adecuada. Los recursos administrativos y financieros adicionales podrían utilizarse en mejor forma para perfeccionar la eficacia de la red de distribución de alimentos.

- Seguridad alimentaria mundial y reservas para la estabilización de los mercados. Al evaluar el nivel total de existencias interestacionales mundiales necesario para protegerse de los déficit de producción o de las osciliaciones de precios, se deben tomar en cuenta varias circunstancias decisivas: i) la producción total sigue siendo relativamente estable en los países en desarrollo en conjunto; ii) las considerables variaciones en la producción mundial y las fluctuaciones concomitantes de los precios de las exportaciones son principalmente el resultado de variaciones excepcionales en los rendimientos de las cosechas en la Unión Soviética o América del Norte; iii) las políticas de apoyo en la Unión Soviética, la CEE y el Japón, que mantienen estable el consumo interno de cereales, tienen el efecto de transferir al mercado mundial las inestabilidades internas de producción, y iv) una caída catastrófica de la producción mundial, que sólo podría ocurrir como resultado de un nivel sin precedentes de condiciones climáticas uniformemente malas, podría compensarse desviando parte de los 500 millones de toneladas de cereales utilizados para alimentar el ganado. Hay razones para pensar que las existencias reguladoras para estabilizar los precios de las exportaciones comerciales o mitigar los efectos de los déficit de producción mundiales tendrán apenas un efecto marginal en la seguridad alimentaria de los países en desarrollo, especialmente aquellos en los que las personas más perjudicadas por las escaseces se encuentran principalmente en las zonas rurales.

Producción agrícola

Razones del crecimiento. A mediados del decenio de 1960, el advenimiento de la tecnología de la Revolución Verde y la sinergia entre el agua y los fertilizantes modificaron fundamentalmente la estructura de la producción agrícola en los países en desarrollo (Cuadro 9 del Anexo). La ampliación de las superficies de cultivo se tornó relativamente menos importante como fuente de crecimiento. En Asia Meridional, aproximadamente el 75% de la producción adicional total fue el resultado de rendimientos más elevados o de cultivos dobles. En las regiones de elevado crecimiento de Africa al Sur del Sahara, más de la mitad de la producción adicional se obtuvo como resultado de mayores rendimientos; en otras partes (incluido el Sahel) la cifra fue de alrededor de 30%. El ritmo de aumento de las superficies de cultivo siguió disminuyendo en los decenios de 1960 y 1970; la mayor parte de la ampliación de las mismas ocurrió en Africa al Sur del Sahara.

La Organización de las Naciones Unidas para la Agricultura y la Alimentación (FAO) ha estimado que casi el 80% del aumento total del rendimiento de los cereales desde mediados del decenio de 1960 en las regiones en desarrollo se debe a la mayor utilización de fertilizantes y a un mejor régimen de aguas. El consumo de fertilizantes químicos en términos de elementos nutrientes ha aumentado en alrededor de 15% cada año. Los países en desarrollo de elevado crecimiento utilizan una cantidad dos veces mayor de fertilizantes por hectárea que los países de menor crecimiento y aprovechan el agua en forma más eficiente en las explotaciones agrícolas. En la actualidad, la India utiliza siete veces más fertilizantes por hectárea de tierra agrícola que 15 años atrás y la superficie bajo riego ha aumentado en más de 30%. Los países en desarrollo de ingresos bajos como grupo consumen tres veces más fertilizantes que a mediados del decenio de 1960 y probablemente el doble de agua proveniente de los sistemas de riego. A pesar de estas tasas de crecimiento, la aplicación de fertilizantes y la utilización de agua se mantienen muy por debajo de los niveles óptimos.

Obstáculos al crecimiento. Es difícil generalizar acerca de los factores que obstaculizan el incremento de la producción de un gran número de pequeños agricultores en circunstancias ecológicas diferentes. Sin embargo, la experiencia del Banco permite hacer siete observaciones generales:

... Nada puede sustituir a las políticas adecuadas de precios. Los agricultores necesitan que se les garantice una rentabilidad suficiente antes de emprender el esfuerzo que demanda el aumento de la productividad.

... La movilización de recursos internos es importante. En la mayoría de los países, la inversión pública en la agricultura no se ha mantenido al nivel de las necesidades y en algunas zonas ni siquiera se ha equiparado a las tasas de depreciación física. Normalmente, la tasa de inversión en la agricultura, en proporción al PIB, es casi la mitad de la correspondiente a la economía en general, a pesar del hecho de que los rendimientos de las inversiones agrícolas no son inferiores a los de otros sectores y con frecuencia son más elevados.

... La insuficiente capacidad administrativa de las autoridades para ejecutar los proyectos agrícolas ha demostrado ser un impedimento decisivo. Las prioridades que los gobiernos determinan para la asignación de los escasos recursos administrativos son frecuentemente tan importantes para el éxito de un proyecto como la disponibilidad de recursos financieros.

... Las inversiones de bajo costo pueden tener una gran repercusión en la productividad agrícola. Los dos ejemplos más importantes son la extensión y la investigación. Los programas de extensión bien concebidos y de bajo costo pueden incrementar los rendimientos de los pequeños agricultores en alrededor de 30%. La rentabilidad de las investigaciones agrícolas con fines de adaptación es igualmente considerable.

... Las inversiones del sector privado en la agricultura son importantes y dependen en alto grado de un ambiente económico favorable en el sector. La experiencia con proyectos de riego ha demostrado cuán decisivas son las inversiones privadas en las explotaciones agrícolas, que representan una pequeña proporción de los gastos totales. Las inversiones privadas en sistemas de comercialización y distribución de los insumos de producción han resultado ser igualmente importantes.

... Todas las regiones de crecimiento elevado dentro de los países de ingresos bajos han tenido la ventaja de contar con una infraestructura de distribución y mercados mejor desarrollados. La experiencia ha indicado que éstos son requisitos previos indispensables para que los agricultores de subsistencia puedan empezar a producir y vender excedentes.

III. RECOMENDACIONES DE LA COMISION RELATIVAS A ALIMENTOS Y AGRICULTURA

En contraste con lo antedicho, la Comisión ve pocas posibilidades de progreso hacia el mejoramiento de la situación alimentaria mundial desde el punto de vista ya sea del consumo o de la producción. Considera la malnutrición crónica - y frecuentemente aguda - como característica de los países "de ingresos bajos y deficitarios en alimentos", los cuales deben además sobrellevar la pesada carga de importar los alimentos necesarios. Concede la mayor prioridad a los alimentos y ve como objetivo final la autosuficiencia de todas las regiones en esa materia, con la adopción de las medidas correspondientes para garantizar la seguridad alimentaria en todos los países y grupos de población. Con este fin, la Comisión propone un cuantioso programa de inversiones por valor de US$7.000 millones al año entre 1980 y 2000.

En forma más específica, desde el punto de vista del consumo la Comisión recomienda lo siguiente:

i) Programas en el plano nacional para mejorar el almacenamiento y la distribución de los alimentos y apoyar la reforma agraria, a fin de incrementar los ingresos y el consumo de alimentos de los sectores rurales pobres, y

ii) Actividades en el plano internacional en cuanto a convenios sobre los cereales, aumento de la ayuda en alimentos, existencias reguladoras y disposiciones más flexibles para financiar las reservas y el comercio en alimentos. Se considera que la seguridad alimentaria internacional puede mejorarse óptimamente estableciendo existencias reguladoras en los países de ingresos bajos como parte de un nuevo convenio internacional para estabilizar los mercados mundiales de cereales.

En lo referente al abastecimiento, las recomendaciones comprenden lo siguiente:

i) Programas en el plano nacional para intensificar la producción interna y avanzar hacia la meta de la autosuficiencia, que incluyan asistencia técnica para incrementar la capacidad de absorción, reforma institucional, mayor atención a los sistemas agrícolas, perfeccionamiento del abastecimiento de insumos, fomento de la silvicultura y la pesca y medidas para ampliar e incrementar la eficacia del riego, y

ii) Programas en el plano internacional para movilizar una cuantiosa ayuda de capital del Norte para el fomento de la producción de alimentos. En cuanto a la asistencia internacional para el aprovechamiento de los recursos hidraúlicos, se debe dirigir la atención a las medidas institucionales, técnicas y financieras necesarias para "grandes proyectos regionales de ordenación de suelos y aguas," y en especial para el desarrollo integrado de las grandes cuencas fluviales internacionales de las que depende la mayoría de las personas pobres del mundo, a saber, las del Mekong, el Bramaputra, el Ganges, el Indo, el Nilo, el Zambeze, el Congo, el Senegal, el Níger y el Volta.

A pesar de las diferentes formas en que se ha interpretado la experiencia reciente, como se indica más arriba, el Banco en general concuerda con las observaciones de la Comisión relativas a los problemas de la agricultura y los alimentos. El Banco comparte su punto de vista acerca del importante papel de la agricultura en el desarrollo, como fuente de alimentos y como generadora de empleo e ingresos. Estamos también de acuerdo en que los gobiernos "con frecuencia descuidan la agricultura" (página 92), a menudo en aquellos países donde puede ser el sector más importante en lo que se refiere al desarrollo a corto plazo. De igual forma, se acepta que la agricultura no puede hacerlo todo en cuanto a la generación de empleos y que la industria - con tasas potenciales de crecimiento de 10-15%, en comparación con 3-5% en el caso de la agricultura - tiene una función vital a largo plazo que cumplir en este sentido.

El Banco apoya también firmemente la estrategia del fortalecimiento y la reforma institucional (página 82), incluida la reforma agraria, con vistas a "ayudar a las personas a ayudarse a sí mismas" (página 88), que es una premisa básica del enfoque del desarrollo rural que sigue el Banco. También en este sentido es de fundamental importancia el doble papel de la agricultura en relación con "el hambre y los ingresos" (páginas 97-98), como fuente de abastecimiento de alimentos y de los medios para adquirir alimentos. Ahora bien, sentimos algunas reservas respecto del hincapié que la Comisión hace en la autosuficiencia, aunque está expresado en forma algo ambivalente (véanse la página 91, último párrafo, y la página 93, primer párrafo). Si bien es necesario asegurar que el fomento de la agricultura comercial no afecte adversamente a la nutrición de los habitantes de ninguna subregión, pueden derivarse

considerables beneficios económicos del aprovechamiento de la ventaja comparativa asociada con diferentes dotaciones de recursos en países o subregiones específicos, así como de la dependencia del comercio para obtener alimentos.

El Banco comparte también la preocupación, expresada enfáticamente en el Informe de la Comisión, concerniente al aspecto del problema alimentario que se relaciona con el consumo. En especial, nos complace la atención prestada a los problemas de la distribución de alimentos (páginas 96 y 97) y la necesidad de realizar inversiones en infraestructuca física para la recolección, el transporte, la elaboración y el almacenamiento de alimentos, especialmente los cereales. Con respecto a la garantía de la seguridad alimentaria, sin embargo, el Banco recomendaría a los países que dependieran menos de costosas reservas nacionales y más de una infraestructura eficaz y de medidas logísticas para facilitar el movimiento oportuno de las existencias, en combinación con planes permanentes de importación. El Banco considera el mejoramiento de los sistemas nacionales de distribución un elemento fundamental en los esfuerzos para incrementar la seguridad alimentaria. Sin tal mejoramiento, las reservas de emergencia nacionales e internacionales pueden ser de muy poca utilidad; con él, pueden resultar innecesarias.

Se reconoce la posible función de los programas de subvenciones y de intervención para asegurar el acceso a los alimentos en las zonas urbanas y rurales, pero quisieramos hacer hincapié más vigorosamente en el carácter provisional de tales programas, dado lo costosos que son y sus repercusiones presupuestarias. A largo plazo, los programas de producción de alimentos y las medidas para aumentar los ingresos de los pobres son los requisitos fundamentales para satisfacer las necesidades de nutrición. Generalmente, las inversiones en proyectos bien concebidos tendrán un rendimiento más elevado que los gastos en programas de subvención de alimentos. Además, gran parte del dinero gastado en proyectos de desarrollo puede de por sí llevar a un considerable incremento directo del consumo de alimentos.

También se reconoce la función de la ayuda en alimentos para asegurar el abastecimiento y el apoyo logístico, minimizando al mismo tiempo la necesidad de gastar divisas escasas. Sin embargo, aunque se reconoce que se debería prestar mayor consideración a garantizar que los países importadores de bajos ingresos tengan un abastecimiento adecuado en todo momento, especialmente en épocas de escasez mundial, el Banco no está convencido de que las existencias reguladoras internacionales sean un mecanismo adecuado o eficaz en función de los costos para lograr esto. Más bien, el Banco prefiere un sistema eficaz de comercio internacional y ayuda en alimentos como la mejor forma de garantizar un abastecimiento suficiente de alimentos al costo mínimo.

Respecto de las inversiones, el Banco concuerda en la necesidad de destinar mayores recursos internacionales y nacionales a la agricultura y la producción de alimentos. Sin embargo, quisiéramos ser más insistentes que la Comisión en la importancia de una mayor eficiencia en la utilización de los recursos, tanto aquellos con los que se cuenta como los adicionales. En opinión del Banco, en

el sector agropecuario de muchos países en desarrollo hay considerable margen para aplicar políticas más eficaces y realizar una mejor administración. Además, hemos de señalar que desde el ejercicio de 1974 las transferencias de recursos externos para la agricultura han aumentado más rápidamente que las asignaciones internas (véase el Cuadro 7 del Anexo). La proporción del total de inversiones públicas para la agricultura desembolsadas de fuentes externas se ha duplicado en este período. El Banco instaría asimismo a que se actuara con cautela al estimar los flujos de recursos financieros externos necesarios para alcanzar objetivos de desarrollo específicos pertinentes a la agricultura y los alimentos. Hay grandes dificultades implícitas en la definición y estimación de dichas necesidades en situaciones sumamente diversas, con diferentes dotaciones de recursos, tanto físicos como humanos, estaciones variables, grados diferentes de compromiso gubernamental y a menudo una tecnología incierta. Aparte de esto, es cada vez más evidente que la eficiencia con que se apliquen los medios financieros disponibles es tan importante para el esfuerzo total en pro del desarrollo como la cantidad de tales recursos. Se considera fundamental realizar mejoras de consideración en este campo.

Propuestas específicas de actuación

En sus recomendaciones, el Informe de la Comisión especifica ocho esferas que merecen especial atención y apoyo en forma de transferencias internacionales de recursos, a saber: medidas para mejorar la capacidad de absorción, reforma agraria, investigaciones agronómicas y sobre sistemas de explotación, abastecimiento de insumos agrícolas, desarrollo pesquero, silvicultura y energía rural, infraestructura de almacenamiento y comercialización, y explotación de los recursos hidraúlicos. El Banco está de acuerdo en que estas esferas son de gran importancia y ya ha iniciado programas en ellas. Admite que se podría hacer más en todos estos aspectos siempre que hubiese mayores recursos disponibles. El Banco reconoce además que, con los programas actuales, cabría hacer más para enfrentar las necesidades especiales de los países"de bajos ingresos deficitarios en alimentos" y, en los casos en que las oportunidades así lo permitan, se procurará aprovechar esta posibilidad en el contexto de las políticas crediticias del Banco.

Fortalecimiento institucional. El Informe de la Comisión hace hincapié en la necesidad de crear la capacidad institucional nacional necesaria para la planificación y el financiamiento de programas agropecuarios y de alimentos. Considera que esta es la mejor forma de estimular los flujos de ayuda y permitir a los países utilizar los fondos disponibles más eficazmente (página 87). Llama la atención también a la necesidad de proporcionar más asistencia técnica (en especial si se planea conjuntamente con los receptores de la ayuda) para apoyar la identificación, preparación y ejecución de proyectos, con el fin de mejorar la capacidad de absorción de los países más pobres.

El Banco está dispuesto a aumentar sus esfuerzos para ayudar a los países a incrementar su capacidad interna de planificación del desarrollo agropecuario y de administración de proyectos. Mediante sus préstamos para proyectos, el Banco estimula y financia la creación y ampliación de las instituciones

locales, entre ellas los ministerios, los organismos paraestatales y las empresas del sector privado. Esto comprende la creación y dotación de unidades administrativas, programas de supervisión y evaluación, sistemas nacionales de estadística, organismos reguladores, instituciones de investigación y la adopción de medidas institucionales para apoyar una agricultura cada vez más comercializada y de base científica. Muchos proyectos incluyen elementos de capacitación administrativa. Mediante "préstamos sectoriales" el Banco se esfuerzo por utilizar y fortalecer aún más la capacidad de las instituciones locales responsables de la identificación, preparación y ejecución de los proyectos. Estas y otras actividades afines reciben también el apoyo de la asistencia técnica directa que el Banco presta a través de sus tareas económicas y sectoriales en los distintos países. Además, los cursos del Instituto de Desarrollo Económico del Banco proporcionan capacitación en administración del sector agrícola y en la preparación y ejecución de proyectos. Sin embargo, se reconoce que aún queda mucho por hacer en este campo, especialmente en lo referente a la administración de los recursos.

Reforma agraria. El Informe de la Comisión indica que para poner fin al hambre en muchos países se precisan esfuerzos para mejorar la distribución del ingreso y así proporcionar los medios para adquirir más alimentos. Se reconoce que una reforma agraria que comprenda el otorgamiento de mayor seguridad de tenencia de la tierra, concentración parcelaria en zonas de fincas muy fragmentadas o redistribución para estimular un uso más intensivo es una urgente necesidad en muchos países (página 96).

El Banco apoya plenamente este punto de vista. La importancia de sistemas adecuados de tenencia de la tierra ha sido puesta de manifiesto en diálogos con los países miembros. Los estudios del Banco han confirmado que los pequeños agricultores frecuentemente utilizan sus tierras en forma más eficaz que los grandes agricultores. Por razones de equidad y eficiencia, las relaciones que rigen la utilización de la tierra son importantes. Estos asuntos han sido tratados en el Documento de Política Sectorial sobre Reforma Agraria (1975). Aunque el Banco no puede forzar el cambio social, puede apoyar ajustes apropiados en las disposiciones relativas a la tenencia de la tierra, y así lo hace. Está siempre dispuesto a financiar actividades de apoyo a la reforma de la tenencia de la tierra que tengan por objeto el mejoramiento de los grupos más pobres. Esas actividades podrían incluir crédito, servicios técnicos y proyectos de infraestructura para los beneficiarios de la reforma. En los casos en que la tierra está bajo alguna forma de arrendamiento, los proyectos del Banco se orientan a estimular condiciones de arrendamiento que sean equitativas y favorables a la utilización eficiente de los recursos. Más claramente, el Banco no apoyará proyectos en aquellos casos en que los derechos sobre la tierra den como resultado beneficios importantes que favorezcan exclusivamente a los grupos de ingresos altos, a menos que los aumentos en la producción de alimentos o los aspectos relativos a la balanza de pagos sean factores determinantes.

Investigaciones agronómicas y sobre sistemas de explotación. El Informe de la Comisión señala que hay indicios de una disminución del apoyo internacional a las investigaciones agronómicas y manifiesta que se justifica un esfuerzo mucho mayor de investigación en los centros nacionales, regionales e

internacionales (página 94). Se hace referencia en el Informe a las dificultades y posibles peligros de transferir el "modelo agropecuario occidental" a los países en desarrollo y se aboga por la formulación de sistemas de explotación adecuados a las circunstancias locales.

El apoyo del Banco a las investigaciones agronómicas en el plano nacional ha aumentado constantemente en los últimos años y es ahora uno de los componentes de crecimiento más rápido en el financiamiento para desarrollo agrícola y rural. Esto se ha vinculado cada vez más a los esfuerzos para fortalecer los servicios nacionales de extensión. En la actualidad, aproximadamente la mitad de todos los proyectos de desarrollo agrícola y rural apoyados por el Banco comprenden componentes de investigación. En los ejercicios de 1977-79, el financiamiento para investigación y extensión agrícolas significó alrededor de 9% del total otorgado por el Banco para este sector y alcanzó un promedio de más de US$250 millones anuales. Una tercera parte de esta cantidad se destinó exclusivamente a investigación. De cara al futuro, en el Documento de Política Sectorial sobre Sistemas de Investigaciones Agronómicas (1980) se propone que el financiamiento del Banco para investigación y extensión aumente de más de US$330 millones en el ejercicio de 1979 a por lo menos US$550 millones en el de 1984 (en dólares de 1979) o, de acuerdo con las proyecciones actuales sobre los préstamos y créditos para el sector, a aproximadamente 12% del financiamiento total del Banco para desarrollo agrícola y rural.

El Banco ha prestado también un firme apoyo al sistema de instituciones internacionales de investigación. Actúa como copatrocinador del Grupo Consultivo sobre Investigaciones Agronómicas Internacionales (GCIAI), al que proporciona servicios de Secretaría; asimismo, el Banco ocupa la Presidencia de este Grupo. En los ejercicios de 1972-79 el Banco, como donante residual del GCIAI, proporcionó US$42,9 millones provenientes de las utilidades, lo que lo convirtió en el segundo contribuyente más importante del Grupo. Se prevé que el Banco seguirá ampliando sus aportaciones con el fin de satisfacer las necesidades remanentes del sistema internacional a medida que crece, hasta un máximo de 10% de las necesidades totales.

Abastecimiento de insumos agrícolas. Se señala en el Informe de la Comisión que el mayor cultivo de variedades de alto rendimiento hace aumentar la demanda de fertilizantes, especialmente los nitrogenados, y de otros servicios de apoyo. Se observa en el Informe que, aunque es probable que los suministros de fertilizantes sean suficientes en el futuro cercano, la vinculación de sus precios a los costos en constante aumento del petróleo puede causar dificultades a algunos países en desarrollo. Debido a que el rendimiento marginal que resulta de un mayor uso de fertilizantes tiende a ser más elevado en el Sur que en el Norte, una utilización mundial eficiente de este insumo entrañaría mayores volúmenes de aplicación en los países en desarrollo. En el Informe se hace hincapié en la importancia de suministrar fertilizantes a los agricultores de estos países a precios razonables (páginas 100-101).

El Banco reconoce claramente la importancia de proporcionar un abastecimiento suficiente de insumos de producción, especialmente fertilizantes, para permitir la obtención de una rentabilidad óptima de las variedades de cultivos

de alto rendimiento. No menos importante es la existencia de programas eficaces para suministrar créditos de producción a los agricultores a fin de facilitarles la compra de esos insumos. Se estima que quizás el 40% de los últimos incrementos en los rendimientos de los cereales en los países en desarrollo se deriva de una mayor utilización de fertilizantes. El Grupo del Banco Mundial ha sido la fuente más importante de apoyo técnico y financiero para la fabricación de fertilizantes en el mundo en desarrollo. Ha prestado para este fin más de US$1.000 millones en los ejercicios de 1974-77 y se prevé que las fábricas financiadas por el Banco suministrarán casi una tercera parte de toda la producción adicional de fertilizantes en los países en desarrollo en el período de 1978-85. Más recientemente el Banco ha comenzado a financiar importaciones de fertilizantes en circunstancias en que la escasez del abastecimiento local o motivos de balanza de pagos hicieron estas operaciones necesarias (por ejemplo, un crédito de US$25 millones a Bangladesh en el ejercicio de 1980). Además, el Banco suministra crédito agrícola, especialmente fondos a corto y mediano plazo, que frecuentemente se utilizan para financiar la distribución y compra de fertilizantes.

Desarrollo pesquero. Se subraya en el Informe de la Comisión la importante función que un mayor consumo de pescado podría tener para reducir el hambre y la malnutrición, así como para aumentar el empleo (página 96). Se observa que en la mayoría de los países en desarrollo se consume una cantidad relativamente pequeña de pescado, a pesar de contar con una base favorable de este recurso. En el Informe se identifican dificultades técnicas y administrativas, especialmente en el caso de los países más pequeños, y se solicita apoyo internacional para el financiamiento de capacitación y asistencia técnica, con el fin de organizar actividades pesqueras cooperativas en esos países (página 97).

El Banco apoya estos objetivos y actualmente se encuentra reexaminando su enfoque del desarrollo pesquero. El financiamiento para esta actividad ha sido reducido, pues representa apenas un 1% del total otorgado para desarrollo agrícola y rural en los ejercicios de 1974-79, pero está aumentando rápidamente. Durante los ejercicios de 1978 y 1979, el financiamiento para este sector, ya sea para proyectos pesqueros o para componentes pesqueros en otros proyectos, ascendió a un total de casi US$200 millones (en contraste con unos US$360 millones durante todo el período de 1964-79). De igual importancia es el pronunciado cambio en la estrategia del Banco y en los aspectos a los que da importancia: los primeros proyectos que apoyó se orientaban más que nada al desarrollo de la pesca comercial, basada frecuentemente en una tecnología de pesca marítima con uso intensivo de capital. En la actualidad, la mayoría de los proyectos que apoya se centran en los grupos de ingresos bajos cuya subsistencia depende de la pesca de captura y la acuacultura. El Banco podría prestar unos US$200 millones anuales durante los próximos cinco años para desarrollo pesquero. Los proyectos en preparación representan aproximadamente una tercera parte de ese monto; se prevé que en su mayor parte los fondos se canalizarán hacia las zonas rurales en apoyo de la pesca en pequeña escala, en tanto que el saldo serviría para apoyar proyectos de pesquerías industriales en gran escala.

Silvicultura y energía rural. En el Informe de la Comisión se presta considerable atención al papel del desarrollo forestal para hacer frente a las necesidades energéticas más fundamentales de los grupos de ingresos bajos (página 83), así como a las dimensiones ecológicas de la rápida deforestación (página 114). El Banco estima que la escasez de madera para leña que se está iniciando es un problema superado solamente por los de los alimentos y la nutrición, desde el punto de vista de los posibles efectos adversos en el bienestar de los habitantes rurales de ingresos bajos. Se halla en curso una importante ampliación y reorientación del apoyo del Banco al desarrollo forestal, en reconocimiento de las consecuencias que tendría este agotamiento para el bienestar humano y la ecología. En el Documento de Política Sectorial Forestal del Banco (1978) se propuso prestar un total de aproximadamente US$100 millones anuales entre los ejercicios de 1979 y 1983 para desarrollo forestal, cantidad de la que un 60% se destinaría a la silvicultura orientada al desarrollo rural (especialmente a la producción de madera para leña), en tanto que un 40% sería para ayudar a financiar proyectos de silvicultura industrial de mayor envergadura. El volumen real de financiamiento ha sobrepasado considerablemente esas metas; en el ejercicio de 1980, el total para silvicultura (excluidos los montos para pulpa y papel) ascendió a US$218 millones, lo que representa una cantidad diez veces mayor que el promedio anual alcanzado entre los ejercicios de 1973 y 1977. El financiamiento del Banco destinado a la producción de madera para leña ha aumentado de aproximadamente US$12 millones en el ejercicio de 1978 a más de US$100 millones en el de 1980 y comprende ahora operaciones en unos 25 países. El Documento de Política Sectorial del Banco sobre Energía (1980) propone que el Banco preste alrededor de US$1.000 millones para proyectos de energía basada en la madera durante los próximos cinco años, pero no se hacen estipulaciones especiales para los países de ingresos bajos.

Infraestructura de almacenamiento y comercialización. Se subraya en el Informe la necesidad de asegurar el abastecimiento de los productos alimentarios básicos, haciéndose notar que la ampliación de las instalaciones para el almacenamiento de cereales y el mejoramiento del transporte y las comunicaciones son factores esenciales para distribuir los alimentos con eficiencia (página 96). Como parte de los esfuerzos para aumentar la "seguridad alimentaria internacional", se observa en el Informe que los países en desarrollo necesitan mantener de 5 a 7 millones de toneladas de una reserva internacional de 20 a 30 millones de toneladas. Los costos de adquisición y de construcción de instalaciones para el almacenamiento se estiman en alrededor de US$1.750 millones (página 99).

El Banco estima que el problema de la seguridad alimentaria internacional se puede afrontar óptimamente mediante una combinación de medidas, a saber: cierto aumento de la capacidad de almacenamiento de cereales (reconociendo, eso sí, los altos costos de oportunidad de los recursos necesarios) y mucho mayor hincapié que el que se hace en el Informe en la adopción de medidas para facilitar el funcionamiento fluido y eficiente de los sistemas internacionales y nacionales de comercialización y manipulación de los cereales. La disponibilidad de suministros suficientes de cereales sirve de poco a menos que se

puedan movilizar en respuesta a la información que se tenga acerca de las cambiantes necesidades en diversas localidades. Aún más, la creciente comercialización de los productos alimentarios y la urbanización cada vez mayor de los países en desarrollo exigirán de todas maneras que estos sistemas de comercialización tengan mucha más capacidad. Hacia 1985 es posible que se intercambien en los mercados comerciales de los países en desarrollo 100 millones más de toneladas de cereales cultivados en ellos, en tanto que la distribución total de cereales en estos países puede ascender de alrededor de 250 millones de toneladas en 1978 a 400 millones de toneladas en 1990. Estos volúmenes parecen indicar que la capacidad de los sistemas de comercialización de cereales, incluidos el transporte, el almacenamiento y la elaboración, deberá casi duplicarse en los próximos 10 a 15 años.

El Banco reconoce la necesidad de hacer mayores inversiones en diversos componentes de estos sistemas, a saber: almacenamiento en las explotaciones agrícolas y en instalaciones comerciales, existencias para intercambio comercial, infraestructura de elaboración (incluido el secado y la molienda) e infraestructura de manipulación de cereales (con inclusión de instalaciones y equipamiento para carreteras, ferrocarriles y puertos). También reviste gran importancia para el buen funcionamiento de los mercados de cereales contar con sistemas de información eficaces que vinculen a los consumidores y las zonas de producción. Se prevé que el Banco ampliará considerablemente sus operaciones en este campo durante los próximos cinco años, dependiendo de la disponibilidad de recursos. Sin embargo, como las necesidades totales de inversiones para fortalecer los sistemas de distribución y comercialización de alimentos son considerables, ello requerirá también mayores esfuerzos por parte de otros donantes multilaterales y bilaterales; el Banco se propone colaborar estrechamente con ellos en esta esfera general.

Agricultura de secano. Sorprendentemente, en el Informe de la Comisión se dice poco acerca de la producción agropecuaria de secano, no obstante el hecho de que el 60% de la producción de alimentos de los países en desarrollo en el período de 1970-75 provino de esta fuente. Durante el último decenio, cerca de un 40% de todos los incrementos de producción agropecuaria en los países en desarrollo provino de tierras de secano. Casi la mitad de los habitantes rurales de las regiones identificadas por la Comisión como "cinturones de pobreza" dependen para su subsistencia de la producción agropecuaria de secano.

La expansión de la agricultura de secano es factible solamente en los trópicos húmedos y semihúmedos, y la experiencia del Banco indica que este es un proceso lento. Sin embargo, hay indicios de que las relaciones marginales capital-producto son relativamente bajas en la intensificación de la producción en tierras de secano ya colonizadas. La limitación principal es la falta de una nueva tecnología adecuada a las condiciones ecológicas e institucionales prevalecientes. No obstante, la posibilidad de llegar a algunos de los grupos rurales de ingresos más bajos y de mejorar su seguridad alimentaria a un costo relativamente reducido dan a esta esfera la importancia necesaria para que el Banco aumente sus esfuerzos. Tanto en sus propios proyectos como

en sus relaciones con otras instituciones, el Banco seguirá explorando todos los caminos que lleven a un incremento de la producción agropecuaria en tierras de secano.

Aprovechamiento de los recursos hidraúlicos. La Comisión singulariza el desarrollo de los regadíos como la fuente principal de una mayor producción de alimentos en los países africanos y asiáticos del "cinturón de pobreza" durante los próximos 20 años. Esto está de acuerdo con las estimaciones de la FAO en el sentido de que hasta un 70% de la mayor producción de alimentos entre 1980 y 2000 puede obtenerse de tierras regadas. Un mayor control del agua elimina del cálculo de los agricultores gran parte de los caprichos climáticos y prepara el camino para los efectos sinergéticos de producción entre el agua y otros insumos, como las variedades de alto rendimiento y los fertilizantes. Al hacer que se intensifiquen las actividades de producción, tiene también repercusiones importantes en el empleo. En reconocimiento de esto, la Comisión observa que "el mayor monto de inversiones necesario es para riego y ordenación de aguas". Enseguida hace hincapié en la necesidad de establecer un marco pertinente en el que se puedan hacer las transferencias internacionales de recursos para este fin, especialmente con destino a los "cinturones de pobreza" de Africa y Asia.

El Banco comparte firmemente estas preocupaciones. Dado que la seguridad alimentaria exige un abastecimiento confiable de alimentos, el riego es el sistema preferido para un aumento de la producción interna. En vista de que los nuevos terrenos puestos a producir en los países "de ingresos bajos y deficitarios en alimentos" son más que nada marginales, en el sentido de que los suelos son menos fértiles y las estaciones menos seguras, el riego tiene una función especial que cumplir en la dismimución de las incertidumbres de producción, que de otro modo irían en aumento. Sin embargo, para proporcionar un abastecimiento seguro de alimentos, los propios sistemas de riego tienen que ser seguros y la utilización del agua eficiente. Aunque los préstamos del Banco para riego representan aproximadamente una tercera parte de sus compromisos en el sector rural, parece haber lugar para considerables inversiones adicionales en este campo. El Banco está al parecer bien preparado en este sentido para adoptar iniciativas positivas.

Una adecuada respuesta a la preocupación de la Comisión respecto del aprovechamiento de los recursos hidráulicos exigiría la formulación de una postura respecto de las inversiones y la asistencia técnica para desarrollo de los regadíos, elaborada a partir de una tipología de países relacionada con la base de recursos naturales, la capacidad institucional, las posibilidades de inversión y cuestiones administrativas. Lo que se pueda o deba hacer en este campo depende de las condiciones de los sistemas y las tierras bajo riego controlado existentes y también de las posibilidades de un mayor desarrollo de los regadíos, por regiones.

Al evaluar este potencial es necesario distinguir entre tres amplias regiones climáticas: i) los trópicos y subtrópicos húmedos, de los que son ejemplo gran parte de Asia Meridional y Sudoriental y el Africa Occidental al sur del Sahel; ii) las regiones subtropicales semiáridas e infrahúmedas, entre las que son típicas el Sahel, el sur de la India y Africa Oriental, y iii) las

regiones tropicales y subtropicales áridas que comprenden gran parte del Oriente Medio, el nordeste de Africa y el sur de Pakistán. Cada uno de estos climas exige una tecnología distinta de utilización del agua y plantea problemas físicos y ecológicos diferentes para su almacenamiento y distribución.

Dentro de cada país pueden ser convenientes diferentes tipos de inversión a corto, mediano y largo plazo. A corto plazo (uno a tres años), y en aquellos casos en que ya se practique el riego en alguna medida, es posible que haya lugar para tres tipos de intervención: i) medidas para mejorar la utilización del agua en las explotaciones agrícolas, con inclusión de nueva tecnología y fijación de precios del agua por volumen, donde ello sea posible; ii) modificaciones para mejorar la administración de los sistemas de prestación del servicio, incluidos cambios en las instituciones y activación de las asociaciones de usuarios, y iii) inversiones para aumentar el uso de aguas subterráneas con el fin de complementar el agua de canales y asegurar el abastecimiento. A mediano plazo (4 a 10 años) son factibles otros tres tipos de actividades: i) proyectos para rehabilitar la infraestructura existente, con pequeñas obras de reconstrucción y el revestimiento de los canales; ii) medidas para ampliar las tierras bajo riego controlado de modo que se utilice plenamente el agua disponible, incluida la construcción de más canales terciarios y cuaternarios para llevar el agua a los campos de los agricultores, y iii) la creación de servicios, incluidos los de investigación y extensión, crédito, almacenamiento y transporte, para apoyar una agricultura de regadío con base científica. Finalmente, a largo plazo (10 a 25 años) hay necesidad de lo siguiente: i) grandes planes de rehabilitación de sistemas, incluido el reemplazo de las obras de captación, especialmente en los casos en que las represas estén obstruidas por el cieno o se hayan tornado poco firmes, y ii) nuevos programas de aprovechamiento de las cuencas fluviales, para explotar en forma integrada los recursos de valles fluviales insuficientemente desarrollados.

En su calidad de organismo que otorga el mayor volumen de financiamiento para riego, el Banco se encuentra en situación de proporcionar el punto focal para realizar un esfuerzo en gran escala encaminado a un mejor aprovechamiento de los recursos hidraúlicos durante los 20 años próximos. En armonía con el interés que ha expresado la Comisión por los recursos hidraúlicos y la agricultura de regadío, el Banco podría avanzar en dos frentes: primero, hacia el incremento de los préstamos para ampliación, rehabilitación e intensificación de los sistemas de riego en las explotaciones agricolas y, segundo, hacia una mayor atención a los aspectos institucionales y de recursos humanos en la planificación y administración de los sistemas de recursos hidráulicos. El año próximo se preparará un documento en el que se bosquejen el alcance y la índole de un programa de actuación para alcanzar estos dos objetivos gemelos.

(Fdo.) Robert S. McNamara

ANEXO
Cuadro 1

CONSUMO Y COMERCIO DE CEREALES, 1960-1979/1
(En millones de toneladas métricas)

	Promedio 1960-63			Promedio 1977-79		
	Comercio neto	Consumo total	Autosuficiencia	Comercio neto	Consumo total	Autosuficiencia
Exportadores desarrollados						
Estados Unidos	+32,7	139,8		+94,9	173,5	
Canadá	+10,2	15,1		+17,7	22,5	
Oceanía	+ 6,6	4,4		+14,3	6,0	
Importadores desarrollados						
CEE-9	-21,5	92,0		- 8,0	118,3	
Otros países de Europa Occidental	- 4,3	24,9	(78%)	- 9,8	43,6	(79%)
Japón	- 5,3	21,0		-23,0	34,0	
Países de planificación centralizada						
Unión Soviética	+ 7,3	119,0		-17,9	217,6	
Europa Oriental	- 6,4	64,3	99%	-12,4	106,5	(93%)
China	- 4,0	112,3		- 8,7	225,2	
Países en desarrollo/2						
Total, países de ingresos bajos	- 5,6	139,3	(96%)	- 8,7	214,0	(95%)
India	- 4,1	73,1	(95%)	- 1,3	109,4	(99%)
Países de ingresos medianos	-12,7	101,3	(88%)	-44,7	191.8	(77%)
Grandes exportadores/3	+ 7,2	13,5		+17,4	21,5	

/1 No se incluye a Albania, Cuba, Mongolia y Africa Meridional (Sudáfrica, Lesotho y Zimbabwe).

/2 Los países de ingresos bajos se definen como aquellos que tienen un ingreso per cápita inferior a US$250; su población es de aproximadamente 1.325 millones de habitantes. Los países de ingresos medianos se definen como todos los demás países en desarrollo, incluidos los exportadores de petróleo con superávit de capital (Arabia Saudita, Kuwait y Libia) pero excluidos los principales exportadores de cereales (Tailandia y Argentina) y los semiindustrializados (Portugal, Grecia, Yugoslavia, Rumania e Israel); su población es de aproximadamente 840 millones de habitantes. Los países en desarrollo exportadores de cereales tienen aproximadamente 75 millones de habitantes.

/3 Tailandia y Argentina.

Fuente: Departamento de Agricultura de los EE.UU.

ANEXO
Cuadro 2

UTILIZACION DE CEREALES ALIMENTARIOS
(En millones de toneladas métricas)

	1960/65 Promedio	1970	1978/79	1979/80
Países exportadores desarrollados				
Estados Unidos	108,8	132,1	138,2	139,2
Canadá	11,4	17,0	17,6	18,0
Oceanía	2,0	2,7	3,1	3,2
Países importadores desarrollados				
CEE-9	53,4	67,3	69,8	70,5
Otros países de Europa Occidental	13,1	20,4	29,7	31,0
Japón	4,1	7,4	15,8	16,7
Países de planificación centralizada				
Europa Oriental	33,1	46,9	71,3	72,2
Unión Soviética	38,0	87,0	122,0	123,0
Países en desarrollo				
América Latina	11,7	18,9	31,6	32,5
Otros países de ingresos medianos	6,8	10,3	16,6	27,4
Países de ingresos bajos	0,5	1,0	2,5	2,4

Fuente: Departamento de Agricultura de los EE.UU.

ANEXO
Cuadro 3

FUENTES DE INESTABILIDAD, 1960-1979
(Variación media con respecto a la tendencia)

	1960-69			1970-79			1960-79		
	Rendimiento	Producción	Consumo	Rendimiento	Producción	Consumo	Rendimiento	Producción	Consumo
Todo el mundo	2,26	2,57	1,17	3,36	3,32	2,16	3,04	2,93	2,10
... EE.UU.	3,19	6,49	3,85	10,38	7,79	9,21	7,78	7,12	7,34
... URSS	13,96	13,26	7,95	15,89	16,07	6,33	15,21	14,38	7,36
Todo el mundo menos EE.UU. y URSS	1,78	2,08	1,18	1,49	1,85	1,05	1,84	2,30	1,30
Países desarrollados	2,43	4,28	1,60	5,65	5,24	4,66	4,44	4,64	4,24
... CEE	3,90	4,20	1,24	7,00	7,75	2,16	5,76	6,51	3,03
... Japón	5,66	5,87	1,69	4,63	5,08	1,82	4,95	7,61	1,98

Fuente: Departamento de Agricultura de los EE.UU.

ANEXO
Cuadro 4

IMPORTACIONES DE CEREALES DE LOS PAISES EN DESARROLLO:
SUSTITUCION EN EE.UU. DE LA AYUDA POR LAS EXPORTACIONES COMERCIALES
(En millones de toneladas)

	Saldo neto /a	Exportaciones de EE.UU.		
		Total	Condiciones concesionarias /b	Condiciones comerciales
1960-63	-12,2	14,5	13,5	1,0 (7%)
1976-79	-40,1	31,5	5,1	26,4 (84%)

/a Comprende las exportaciones efectuadas por los importadores y los exportadores netos (el saldo neto es igual a las exportaciones brutas menos el total de importaciones).

/b Comprende donaciones y ventas en condiciones altamente favorables y cuyo costo más importante para los importadores fue el de embarque.

Fuente: Departamento de Agricultura de los EE.UU.

ANEXO
Cuadro 5

IMPORTACIONES NETAS Y AUTOSUFICIENCIA DE CEREALES EN DETERMINADOS PAISES DE BAJOS INGRESOS
(En millones de toneladas y porcentajes de autosuficiencia)

	1960/63 Promedio	1977	1978	1979
Asia Meridional				
India	-4,2 (94%)	0,0 (100%)	+1,0 (100%)	+1,1 (101%)
Otros /1	-2,3 (91%)	-3,2 (92%)	-3,3 (91%)	-3,4 (91%)
Asia Meridional y Sudoriental				
Indonesia	-1,1 (92%)	-3,0 (86%)	-3,3 (86%)	-3,7 (84%)
Otros /2	+2,2 (120%)	-1,1 (94%)	-2,0 (89%)	-2,1 (89%)
Africa al Sur del Sahara				
Sahel y Etiopía /3	-0,2 (99%)	-1,0 (89%)	-0,9 (92%)	-1,2 (89%)
Otros		-1,6 (91%)	-2,3 (86%)	-3,2 (82%)

/1 Afganistán, Bangladesh, Nepal, Pakistán y Sri Lanka.
/2 Kampuchea Democrática, República Democrática Popular Lao y Viet Nam.
/3 Alto Volta, Chad, Etiopía, Malí, Mauritania, Níger, Senegal y Somalia.

Fuente: Departamento de Agricultura de los EE.UU. y FAO.

ANEXO
Cuadro 6

PRODUCCION DE ALIMENTOS PER CAPITA: INDICES SELECCIONADOS
1961/65 = 100

	1976	1977	1978	1979
Asia Meridional				
India	103	111	115	103
Bangladesh	85	91	86	85
Pakistán	121	128	123	127
Total	103	110	112	103
Asia Oriental y Sudoriental				
Indonesia	107	107	114	106
Viet Nam	48	49	42	45
Afria al Sur del Sahara				
Zona del Sahel	87	69	88	68
Etiopía	63	58	52	54
Otros:				
Alto crecimiento (promedio) /1	113	117	111	110
Bajo crecimiento (promedio) /2	74	67	69	67

/1 Incluye a Burundi, Kenya, Madagascar, Rwanda, Sudán y Tanzanía.
/2 Incluye a Angola, Benin, Guinea, Mozambique, Togo, Uganda y Zaire.

Fuente: Departamento de Agricultura de los EE.UU. y FAO.

ANEXO
Cuadro 7

COMPROMISOS DE ASISTENCIA OFICIAL A LA AGRICULTURA DE LOS PAISES EN DESARROLLO, EXCLUIDA LA AYUDA EN ALIMENTOS
(En millones de US$ corrientes)

	1973	1978
Asistencia oficial para el desarrollo (en gran parte concesionaria)		
CAD	910	3.263
Multilaterial	725	2.297
OPEP	34	276
TOTAL	1.669	5.836
Otros flujos oficiales		
CAD	72	341
Multilateral	442	2.816
OPEP	31	42
TOTAL	545	3.199
TOTAL GENERAL /a	2.214	9.035

/a En precios constantes de 1978 el total aumentó de US$3.900 millones en 1973 a poco más de US$9.000 millones en 1978.

Fuente: OCDE.

ANEXO
Cuadro 8A

INSUMOS Y PRODUCTOS AGRICOLAS EN LOS PAISES DE INGRESOS BAJOS
(1960/65 frente a 1977)

	INSUMOS								PRODUCTOS			
	Población rural (millones)		Tierras arables y permanentemente cultivadas (millones de ha)		Tierras regadas (millones de ha)		NPK por ha (10 kg)		Prod. agríc. por población rural (precios en US$ de 1977)		Prod. agríc. por unidad de superficie (precios en US$ de 1977 por ha)	
	1960	1978	1961/65	1977	1961/65	1977	1961/65	1977	1960/65	1978	1960/65	1978
Asia Meridional												
India	352	524	162	169	25,5	35,2	37	253	$ 79	$ 83	$170	$270
Otros	127	197	38	42	14,3	18,3	46	294	$ 49	$ 65	$160	$290
Asia Oriental												
Indonesia	81	114	14	17	4,1	4,9	84	350	$115	$132	$640	$880
Otros	32	45	19	19	1,8	2,1	70	225	n.d.	n.d.	n.d.	n.d.
Africa al Sur del Sahara												
Sahel y Etiopía	35	54	49	59	0,2	0,3	2	20	$ 77	$ 66	$ 55	$ 65
Otros	81	118	54	61	1,5	2,4	2	36	$135	$144	$180	$230

Fuente: Departamento de Agricultura de los EE.UU.

ANEXO
Cuadro 8B

PRODUCCION AGRICOLA EN LOS PAISES DE INGRESOS BAJOS
(1960 frente a 1978)

	1960 Millones de US$ (precios de 1977)	% del total	1978 Millones de US$ (precios de 1977)	% del total	Tasa media de crecimiento anual (%) 1960-70	1970-78
Asia Meridional						
India	27.669,7	50	43.675,9	40	1,9	2,6
Otros	6.199,5*	46,9*	12.800,6**	40,9**	3,8*	2,1*
Total de Asia Meridional	33.869,2	49,4	56.476,5	40,2	2,2	2,5
Asia Oriental						
Indonesia	9.433,7	54	15.013,1	31	2,5	4,0
Otros	-	-	-	-	-	-
Total de Asia Oriental	9.433,7	54	15.013,1	31	2,5	4,0
Africa al Sur del Sahara						
Sahel - Etiopía	2.685,7	53,3	3.569,6	42,6	2,5 /2	0,4
Otros	10.968,7 /1	49,0 /1	17.034,3	43,3	2,3 /3	0,9 /4
Total de Africa	13.654,4	49,8	20.603,9	43,2	2,4	0,8
Otros (Haití)	-	-	-	-	0,6	2,6
Total, ingresos bajos	56.868,3	50,3	92.093,5	39,4	2,3	2,1

* Bangladesh, Birmania, Sri Lanka y Pakistán solamente.
** Bangladesh, Birmania, Sri Lanka, Nepal y Pakistán.
/1 Se excluyen Sierra Leona, Burundi y Lesotho.
/2 Etiopía, Níger, Mauritania y Senegal solamente.
/3 Somalia, Mozambique, Guinea, República Centroafricana, Nepal y Angola solamente.
/4 Se excluyen Rwanda, Benin y Sudán.

Fuentes: Banco Mundial, Naciones Unidas y FAO.

ANEXO
Cuadro 9A

IMPORTACIONES DE CEREALES ALIMENTARIOS FRENTE A EXPORTACIONES AGRICOLAS - 1977

	Importaciones de cereales alimentarios en condiciones comerciales		Alimentos como porcentaje de las exportaciones agrícolas
	(Millones de US$)	(Millones de toneladas)	
Asia Meridional			
India	0	0,0	
Otros	$230	1,5	15%
Asia Oriental y Sudoriental			
Indonesia	$500	2,2	17%
Otros	$100	0,6	n.d.
Africa al Sur del Sahara			
Sahel y Etiopía	$ 80	0,6	8%
Otros	$320	2,4	9%

Fuentes: FMI, Banco Mundial y Naciones Unidas.

ANEXO
Cuadro 9B

INGRESOS PROVENIENTES DE LAS EXPORTACIONES AGRICOLAS
(Millones de US$, precios de 1977)

	Exportaciones agrícolas 1960	1977	Tasa media de crecimiento anual 1960-1977 %
Asia Meridional			
India	1.376,1	2.177,7	2,74
Otros	2.203,6	1.464,4	2,38
Total	3.579,7	3.642,1	0,10
Asia Oriental y Sudoriental			
Indonesia	3.170,8	2.930,3	0,46
Otros	n.d.	n.d.	n.d.
Total	3.170,8	2.930,3	0,46
Africa al Sur del Sahara			
Sahel-Etiopía	673,8	1.003,7	2,37
Otros	3.376,8	3.677,2	0,50
Total	4.050,6	4.680,9	0,85

Fuentes: FMI, Banco Mundial y Naciones Unidas.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 22, 1980

FROM: Ernest Stern, Senior Vice President, Operations

SUBJECT: Brandt Commission Recommendation on Agriculture and Food
World Bank Response

The attached paper, responding to the Brandt Commission recommendations on agriculture in low income countries, is ready to be distributed to the Board if you agree. It is, I think, an excellent paper.

The paper has been reviewed at the staff level and in the OVP meeting, in which DPS participated. Appropriate changes to take account of comments have been made.

Attachment

EStern/llk

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Distribution Below

DATE: September 18, 1980

FROM: Mahbub ul Haq, Director, PPR

SUBJECT: Reminder Notice: Brandt Commission Proposals Relating to the World Bank - October 1, 1980

Attached as part of the September 1, 1980 issue of the Policy Paper Inventory is the preparation schedule of the papers on the Brandt Commission Proposals. The Policy Planning Division is responsible for updating the schedule on the first day of every month for submission to the President. The status of these papers as of September 1, 1980 is shown in the "comments" column. Please inform Mr. S. Ozgediz (ext. 60139) by September 25, 1980 if there are any changes in the status of the papers you are associated with.

done 9/24/80

Distribution

Messrs. Hittmair/Uhrig
Wood/Applegarth/Ikram
Yudelman/Donaldson
Pollan/Jennings
Rohrbacher/Ruth
Thahane
Golsong

See p. 2.

they want Board # 294 dated Sept 26 as per chair's office

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Distribution Below

DATE: August 29, 1980

FROM: Sidney E. Chernick, Acting Director, PPR

SUBJECT: Policy Paper Inventory - September 1, 1980

Attached for your information is the latest issue of the Inventory of Papers with Significance Policy Relevance.

Attachment

Distribution

President's Council
Department Directors - IBRD and IFC
Regional Chief Economists
Regional Program Coordinators
Mr. Koch-Weser

INVENTORY OF PAPERS WITH SIGNIFICANT POLICY RELEVANCE UNDERWAY OR PLANNED - FY81
(As of September 1, 1980)

(Note: In cases where there are significant changes in date since August 1, 1980 the previous schedule is shown in parenthesis. Items dropped, completed or added are listed at foot of table.)

Subject	Major Responsibility	PRC Distribution: Staff Level	PRC Distribution: President	Special Comments
General (G)				
Bank-Wide Policy Work Program (P49G80)	DPS-PPR (Haq-Burki)	Sept.30, 1980	Nov. 15. 1980	This paper identifies future policy issues of relevance to the Bank and a timetable for completion of policy papers.
Brandt Commission Proposals of Relevance to the Bank: An Overview (P53G80)	DPS-PPR (Haq)	Done	Done	This paper was prepared for the meeting of the Development Committee in September 1980.
Review of the Progress on the G-24 Program of Action (P54G80)	DPS-PPR (Waide-Haq)	Done	Done	This paper was prepared for the meeting of the Development Committee in September 1980.
The Bank and Public Administration in Developing Countries (P52G80)	DPS-VPD (Wright)	Done	To be determined	This report reflects the work of the Task Force established to examine the role the Bank can play in improving public administration and management in developing countries. OVP Group discussed paper on June 18, 1980, regional papers being written.
Agriculture and Rural Development (A)				
Fishery Sector Policy Paper (P13A78)	CPS-PPR (Sfeir-Younis)	Done	To be determined	This paper explores the scope for more effectively promoting rural development through the Bank's fishery lending program, examining the role and potential of both coastal and inland fisheries. The paper was reviewed by PRC staff on November 1, 1979. Further revisions being made prior to OVP review.
Energy in Agriculture (I08A80)	CPS-AGR (Goering)	March 1981	June 15, 1981	This issues paper will review likely economic and social effects on the rural sector of changing energy costs. Particular attention will be given to changes in comparative advantage between countries, consequences for food production, and possible adjustments the Bank might make in its lending program.
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Industry (I)				
Industry Sector Issues Paper (I11I79)	CPS-IDF (Tolbert-IDF Staff)	Oct. 31, 1980	To be determined	Working level reviews of this paper have been held. Paper being redrafted in light of comments.

Brandt Commission Proposals	Major Responsibility	Date of Submission: President	Date of Submission: Board	Special Comments
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2. Provide for greater co-financing by the Bank (pp. 256-278)		Done	Done	Paper discussed by Board on March 25, 1980. (Bd. Memo R80-22-IDA/R80-28.)
3. Abstain from imposition of political conditions on operations of IFSs(p.291)	VPE	Done	Done	Memorandum sent to the Board on May 30, 1980. (Bd. Memo R80-145).
4. Plan to effectively utilize the increased borrowing capacity of the Bank resulting from the doubling of its capital (p.291)	VPF	To be determined	To be determined	Paper being drafted.
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6. Develop an Action Program to reduce absolute poverty in the poverty belts of Africa and Asia during the 1980s. (p. 282)	VPO	Sept. 15, 1980 (Aug. 15, 1980)	Sept.30, 1980 (Sept. 15, 1980)	Paper being revised following PRC staff review on June 25, 1980 and comments of VPO.

/a References are to page numbers of the Brandt Commission Report.
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12.	Provide greater participation of LDC staff in Bank management (p. 275)	VP Administration (Pollan)	Sept. 15, 1980 (July 30, 1980)	To be determined	Draft being revised to incorporate comments made at meeting of Personnel Management Committee on August 5, 1980. Revised draft to be discussed by Committee in mid-September.
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ITEMS DROPPED, COMPLETED OR ADDED

NONE

Policy Planning and Program Review Department
Policy Planning Division
September 1, 1980

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Distribution Below

DATE: August 29, 1980

FROM: Sidney E. Chernick, Acting Director, PPR

SUBJECT: Policy Paper Inventory - September 1, 1980

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ITEMS DROPPED, COMPLETED OR ADDED

NONE

Policy Planning and Program Review Department
Policy Planning Division
September 1, 1980

OFFICE MEMORANDUM

TO: Files

DATE: September 11, 1980

FROM: Graham Donaldson, Chief, AGREP

SUBJECT: Brandt Response Paper on Agriculture

1. The paper entitled "World Bank Response to the Brandt Commission Recommendations on Agriculture and Food" was discussed at the OVP Meeting on September 8, 1980. This paper was prepared in AGREP - the three major sections were drafted by separate people as follows:

Outlook for World Food Supply	-	Cliff Lewis
Commission Recommendations (review)	-	Jim Goering
Special Action on Water Development	-	Mike Nelson

Others who contributed include Alfredo Sfeir-Younis, Fred Hotes, Don Pickering and myself (as coordinating editor). The paper also benefited from comments by Messrs. Stern, Baum, van der Tak and Yudelman. The MSS was prepared by Moreen Tolerton, Helen Claverie and Vera Ullrich.

2. The paper was generally well received and the authors complimented more fully than has been the case in any previous paper. All persons concerned can take some pride in this satisfactory outcome. Thank you.

cc: M. Yudelman
D.C. Pickering
AGREP

GDonaldson:mt

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Montague Yudelman, AGR DATE: August 26, 1980

FROM: Ernest Stern, SVPO

SUBJECT: Brandt Commission Recommendation on Agriculture and Food

I have circulated the paper responding to the Brandt Commission recommendation on Agriculture, but aside from any basic issues which may come up at the OVPs you might consider adding to para. 29 a more explicit reference to technical assistance credits, and to the Central American facility. You might also add to para. 36 the Pakistan Fertilizer Import Credit and note that in both the Pakistan and the Bangladesh case the financing of imported fertilizer is associated with the detailed action program to improve its distribution and use.

EStern:dpw

WO. BANK / INTERNATIONAL FINANCE CORPORA N

OFFICE MEMORANDUM

TO: Mr. Graham Donaldson, Chief, AGR

DATE: August 14, 1980

FROM: Norman Hicks/Winston King, PPD

SUBJECT: Draft Paper: "World Bank Response to the Brandt Commission Recommendation on Food and Agriculture"

1. This paper is potentially a very good treatment of a difficult and complex subject; while it does not break any new ground, it provides a general survey of Bank policies in food and agriculture. It could do, however, with a judicious pruning and a sharper focus. The purpose of the paper is not to respond to every Brandt statement on food and agriculture, but to develop an action program for the low-income food importers.

2. The section which reviews the large number of Brandt recommendations on food and agriculture and the Bank's response is somewhat tedious, since most of the discussion merely indicates that the "Bank is in general agreement" or "the Bank supports" the recommendations on land reform, institutional development, agricultural research, agricultural inputs, fisheries, etc. This section (pp. 12-23) could be considerably shortened mentioning that the Bank agrees with the Brandt recommendations generally, with some citations of notable exceptions or exclusions.

3. The paper correctly points out that foodgrain imports in low-income countries are relatively small in relation to their total imports, and are largely financed by concessional flows. In this regard, slightly more discussion of the Food Aid Convention and likely future access to food aid on a concessional term might be a useful addition.

4. It is an open question whether an action program to reduce imports makes sense. One could argue that investment for import substitution in foodgrain is not as efficient a use of resources for these countries as some other alternative investment. But there are some good non-economic reasons to encourage foodgrain production in developing countries; the political repercussions of running out of basic foodgrains can be enormous, and developing countries may not always be able to meet their short-term needs through market purchases at reasonable prices.

5. In some cases, it may not be technically feasible to achieve import substitution, given consumer preferences. For instance, we cannot expect tropical African countries to grow their own wheat so as to reduce imports of wheat and flour which have become staples in their diet. A more quantitative estimate of import substitution possibilities might be attempted in order to address this question.

6. The section on water resource development seems to suggest a major thrust and the basis of an action program. Here, and elsewhere in the paper, there is a failure to delineate between those recommended actions which are applicable to low-income countries and those applicable to all food-importing countries. Does this mean that there are no specific recommendations that need to be made for the low-income food importers? Rather than go into quite so much detail on water resource development, perhaps this section could be shortened and the topic more fully discussed in a yet-to-be-written policy paper. If this will be a major shift in Bank emphasis in agriculture, a policy paper might indeed be a more appropriate forum than the Brandt Response Paper to consider the ramifications and reasons for such a shift.

7. Finally, the paper should be recast as a draft memo from the President to the Executive Directors, as mentioned in Mr. Haq's memo of July 28, 1980.

cc: Messrs: Haq
Chernick
Landell-Mills

WO D BANK / INTERNATIONAL FINANCE CORPOR ON

File,

OFFICE MEMORANDUM

TO: Mr. Donald Pickering, AGR
(through Ted Davis, AGRME

DATE: August 4, 1980

FROM: A, Musa Ahmad, AGRME

SUBJECT: Information on Irrigation for Brandt Commission
Response Paper - Access to RORSU Data Bank

I was very surprised by Mr. Donaldson's memorandum dated July 30, 1980 to Mr. Yudelman on the above subject.

The facts of the incident are that Mr. Nelson requested data on irrigation from this Unit early in July. As the request was comprehensive and required substantial program development, he was requested to formulate his request for information in writing. Mr. Nelson did so on July 10, 1980. We estimated that it might require several days of work to prepare the new programs required to get the requested information and that the total connect time and CPU costs could be as much as $1,000. (Based on our preliminary estimate that each of the 8 tables that were requested would cost about $100 and that some $200 would be spent in program development).

On two occasions I sought meetings with Mr. Donaldson to discuss the request and its cost but received no respons to my messages. In the end I saw Mr. Nelson and informed him that his request would necessitate the development of new programs. I also told him that our budget was too small to accommodate a single request costing as much as $1,000 and that we could fulfill this request if AGREP agreed to pay the actual cost of this program. Mr. Nelson indicated that he would discuss the matter with Mr. Donaldson and let me know whether we should go ahead or not. My routing slip note to Mr. Nelson (attached to Mr. Donaldson's memorandum) was occasioned by lack of further communication after my initial discussion with him.

Last week Mr. Nelson called me and enquired whether we would have any objection if Mr. David Bates, who had knowledge of and experience with our Data Bank, hooked onto our Data Bank to get the information needed. I responded that not only would we have no objection, but that AGREP was welcome to extract any information they needed in the future from our computerized Data Bank.

We can and do respond to all requests not only from AGR but also from regions. Very recently Mr. Fransen had requested data on research and extension which were provided to him. The request made by Mr. Nelson requires actions which are well beyond our normal extraction of information from the Data Bank.

With the transfer of Mr. Deboeck to P&B we, at present, have no one in the Unit who can devise the necessary program to respond to AGREP request. If Mr. David Bates is unable to devise the necessary program and hook on to our Data Bank from the AGREP computer terminal we shall seek CAD's assistance.

Mr. Donaldson's comments on our data base operating system are most unfortunate. Propriety and decorum demand that one unit of the Department should not pass judgement on the work of another unit - particularly on as uninformed a basis as the one in the present instance.

AMAhmad/cc

cc: Messrs. M. Yudelman, AGR; L. Christoffersen, AGR; Deboeck, PAB;
G. Donaldson, AGREP; M. Nelson, AGR

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Warren C. Baum, VP, CPS

DATE: August 4, 1980

FROM: Ernest Stern, VP, Operations

SUBJECT: World Bank Response to the Brandt Commission Recommendation on Agriculture and Food

This has the germs of a good paper. The first two parts are good but Sections III and IV need further work. Most of my comments relate to the latter -- we need to think what we want to propose, and make sure we can deliver, before we make proposals public.

I do not care how the paper is organized but you should review Section IV and after you are satisfied we should schedule this for OVP discussion.

III

Paras. 28-30. Very weak. Confuses several issues. Absorbtive capacity is not a problem in most countries. It is in some African countries and other LLDCs. Lets distinguish. Policy improvement is a separable matter. Para. 30 is particularly difficult. What is a "project-oriented development approach"? In the very next sentence we are doing sector lending. Will there be a "sector-oriented development approach"? While we always seek to strengthen institutions sector lending cannot start till institutions are in reasonable shape. What are "pioneer projects"? How did we suddenly get to subsectors or subregions? Financial aid flows are not coordinated at the project level in (most) aid groups. Why would coordinated TA be better -- nothing prepares one for this proposition.

Para. 32. Is it really true that we do not finance agriculture projects in countries which have no broad-based strategies to deal with the poor? Do we give them higher priority in non-agricultural lending?

Para. 37. Not yet gone to Board.

Para. 38. Don't understand what a sector loan for agricultural credit is. Most lending to agricultural banks is for sector type operations. Why pick on the largest loan -- use examples of greatest impact.

ie: India

Para. 40. Do not refer to forthcoming policy papers.

IV

Para. 50. I do not understand any part of this para. A modest relative increase? Why? At the expense of what? Is a modest increase "taking a lead"? What initiative on river basin planning? A single research and training institute for water management? Does not sound plausible. Surely most countries need this.

Para. 51. a) The planning period now is FY81-85.

b) The PPR paper says "poverty belt" cannot be defined -- why pick a term without content? The $10 billion is blatantly without foundation and the last part of the sentence takes it all away anyhow.

Paras. 52-54. The idea is better than its presentation. Para. 52 is murky and should disappear. The proposal has little to do with TA. Its essence is in para. 54. Why not start with that -- whether they are river basin or other irrigation -- and do whatever necessary to expand irrigation. (Presumably not all projects will be like Goégol).

Paras. 55-56. If its a CGIAR proposal lets not advertise it as a Bank action. I remain highly doubtful. From what I have seen the problem is application of existing technology -- and tremendous scope remains. New research and "breakthroughs" do not seem the essence of the problem. Nor does the description of function at all convince me that an international effort is appropriate. Why doesn't CGIAR pick up Forestry research -- which would be more suitable.

Paras. 57-58. a) The conclusion strikes me as naive. It is not lack of understanding which is the primary problem in the Ganges-Brahmaputra or the Mekong.

b) If we want to tackle international river basins lets pick one; start discussions with countries; lay out a work program and get financial support. The way not to achieve something is to tackle all of them simultaneously in a global data gathering effort and talk-fast.

EStern:dpw

greater dependence on trade and increased feed grain consumption. Usually less than half of total food produced in these countries enters commercial market channels and over a billion individuals depend largely on the output of their own small farms for their food supply. Production statistics for such countries are frequently questionable and it is difficult to judge progress since the 1960s. Perhaps 500 million people living in these areas depend on non-cereal, traditional crops for a significant proportion of their consumption in normal years. When cereal harvests fail, an even larger proportion of the diet comes from these crops for which there are few reliable production statistics. It is in these relatively autarkic food systems that the great bulk of the absolute poor live and where the Commission wants additional aid efforts to be focused.

9. Some studies tend to over-emphasize the financing problems associated with low income country imports of food. Self-sufficiency levels of the low income countries as a whole have not declined, although the position of particular regions has worsened in terms of the net cereal trade balance (Annex Tables 5 and 6). The perception is widespread that the low income countries are becoming seriously burdened by foodgrain imports. In fact, these countries are not only marginal actors in the international grain economy but foodgrain import bills have remained a modest burden in foreign exchange terms. Most of their foodgrain imports are obtained on concessional terms so that the proportion of total export earnings devoted to purchases of commercial cereal imports has remained constant or declined over the last twenty years. Taken together, foodgrain import costs for these countries are less than 20% of their export earnings from agriculture.1/ More important are the specific situations at a country or sub-regional level.

1/ The food import bill contrasts with the real burden imposed by petroleum imports. In 1960 the cost of energy and food imports were roughly equal. Today petroleum imports of these countries cost five times commercial foodgrain imports.

- India. Per capita food production has improved significantly as has the stability of production. This is largely the result of expanded use of irrigation and fertilizers. However, the pattern of growth within India has been extremely uneven with per capita production remaining stagnant in most of the poorer subsistence farming states of the rice bowl. Grain surpluses generated in the Punjab and Haryana have replaced imports, placing considerable strains on internal distribution systems.

too limited

- Other South Asia. The foodgrain situation in Bangladesh has not improved significantly since the early 1970s and average per capita production remains below levels achieved prior to Independence. However the natural resource base is adequate to provide the potential for self-sufficiency in foodgrains. Elsewhere in South Asia per capita production has remained relatively stable in recent years. Pakistan continues to earn more from its rice exports than it pays for wheat imports.

- Indonesia. Food production per capita has shown little increase in recent years, although it is up slightly from the early 1960s. Steadily increasing imports reflect income growth, particularly in urban areas. Indonesia has become the world's largest importer of high quality rice and has used its market strength to obtain favorable prices.

- Other Southeast Asia. Several other countries of Southeast Asia have shifted from being important rice exporters to large importers. The performance of their food sectors has been highly unsatisfactory. Serious food shortages and deprivation are widespread. Political disturbances have prevented effective utilization of a generally favorable natural resource base. Kampuchea's per capita output appears to be roughly one-tenth that of 15 years ago.

- Sahelian Zone, Ethiopia and Somalia. These countries have suffered a serious decline in food grain self-sufficiency and an equally disastrous fall in output of livestock products from pasture lands. Some studies suggest that the problem relates to long-term climatic shifts. Others suggest more mutable causes. Average import levels equal urban consumption with little external food reaching the countryside.

- High Growth Subsaharan Africa. These countries, comprising Burundi, Kenya, Madagascar, Rwanda, Sudan and Tanzania, have, at least until recently, increased per capita food production at rates above those in India. The most productive subregions of these countries can be compared favorably to the surplus states of India and Pakistan.

operating costs are relatively high (in the order of $70-100 per ton distributed) but that it is possible to benefit the poor. However, such programs usually benefit only urban consumers and are often financed by implicit taxes on rural areas and farmers. Evidence about targeted feeding schemes is less encouraging. It appears that intra-household leakages are frequently sufficiently large to make such programs uneconomical.

12. In many areas of Asia and Africa malnutrition is largely a rural phenomenon. The effect of the Green Revolution technologies on income distribution in rural areas is controversial, although there is no doubt that they have significantly increased the overall volume of food production. Ex-post analysis of irrigation projects in South and East Asia has documented the substantial indirect employment benefits from intensifying output. Recent studies by the International Rice Research Institute (IRRI), the Center for Research in Maize and Wheat (CIMMYT) and the International Food Policy Research Institute (IFPRI) show that the principal beneficiaries from increased farm productivity generated through the adoption of new technologies are low income consumers who typically spend a disproportionate amount of total income on staple foodstuffs and thereby gain from lower prices. In many instances small farmers have been able to increase their own output and real incomes. But for producers in areas not well adapted to high yielding varieties of cereals, the Green Revolution has produced few benefits. In fact, the income position of farmers in this large group (over 700 million members of such households) may well have worsened vis-a-vis farmers in the better-endowed agricultural areas.

13. Existing efforts to reduce poverty by raising rural productivity have generally focused on helping those who have access to land. There are millions of people in the rural areas who either do not have access to land or whose holdings are too small to sustain themselves and their families. Today

perhaps a third of all rural inhabitants are primarily engaged in non-farm activities. The plight of the landless has proved most difficult to alleviate directly. Without improved access to land or other assets, the prospects for many of the landless remain bleak. Moreover, employment and poverty problems in the rural sector cannot be resolved on their land alone. Productive opportunities to absorb migrants arriving in central and regional urban areas as well as off-farm rural employment are also essential.

14. Rural malnutrition is inexorably linked to more general problems of poverty and agricultural development. No simple methods exist to eliminate inequitable patterns of asset ownership, changing adverse ecological circumstances or inadequate marketing infrastructure necessary to move food into famine struck areas. The scope for direct action programs to effectively address consumption problems in rural areas is limited. Experience indicates that a prerequisite to directly reduce malnutrition in these areas requires increased food production and greatly enhanced food distribution infrastructure. Effective measures to reduce rural malnutrition require consideration of:

- Seasonal malnutrition. Intra-seasonal variation in nutritional well being is a central problem in rainfed farming systems in many areas. The "hungry season" phenomenon has been correlated with higher child mortality and other indirect measures of malnutrition. Intra-seasonal price variations often exceed the real costs of storage and can result in pricing low income consumers out of the market during certain times of the year.

- Micro famines and shortages. Understanding is limited of price formation in small-scale, modernizing farming systems. Field work in various countries supports the view that interseasonal variations in the output of a particular production/ marketing unit (generally an isolated village) can cause serious hardship to small producers and increase malnutrition. ICRISAT has documented the disincentive effect of variable weather conditions and the inability of many local marketing systems to move surpluses to deficit areas.

In particular, we welcome the attention to problems of food distribution (pp. 96, 97) and the need for investment in physical infrastructure for the collection, transportation, processing and storage of food, especially foodgrains. With regard to ensuring food security, however, the Bank would advise countries to rely less on expensive national reserve stocks and more on effective infrastructure and logistical arrangements to facilitate timely movement of stocks combined with standing impor arrangements. Improvements in national distribution systems are considered by the Bank to be an essential element in efforts to increase food security, without which national and international emergency stocks may be of little use and with which they may be unnecessary.

24. The desirability of food subsidy and intervention programs to ensure adequate nourishment in rural and urban areas of the least developed regions is also accepted, but we would emphasize more strongly the interim role of subsidized food intervention programs, given the costly nature of such programs and their budgetary implications. In the long-run food production programs and steps to increase incomes of the poor are the essential requirements to meet nutritional needs. Generally investment in well conceived projects will yield a higher return than expenditure on food subsidy programs. In addition much of the money spent in development projects may itself lead to a substantial direct increase in food consumption.

25. The role of food aid in ensuring supplies and logistical support, while minimizing the need to expand scarce foreign exchange, is also recognized.

However, while acknowledging that additional consideration should be given to ensuring that the low-income importing countries have adequate supplies at all times, and especially in times of global scarcity, the Bank is not convinced that an international buffer stock would be an adequate or cost-effective mechanism to achieve this. Rather the Bank favors an efficient system of international trading and food aid as the best means of ensuring adequate supplies of food at minimum cost.

what's the connection?

26. In particular, the Bank supports the need for more international and domestic resources for agriculture and food production. However, we would stress more than the Commission Report, the importance of greater efficiency in using existing as well as additional resources. In the Bank's view, there is considerable scope for more effective policies and better management in the agricultural sector of many developing countries. We note also, however, that since FY74 external resource transfers for agriculture have increased more rapidly than internal allocations (see Annex Table 7). The proportion of total public investment for agriculture disbursed from external sources has doubled in this period. The Bank would also urge caution in estimating the flows of external financial resources required to achieve particular development objectives pertaining to agriculture and food. There are great difficulties involved in defining and estimating such requirements in widely diverse situations, with different resource endowments, both physical and human, variable seasons, differing degrees of government commitment and often uncertain technology. Apart from this, it is becoming increasingly clear that the efficiency with which available financial measures are used is no less important to the total development effort than the quantity of resources available. Major improvements in this area are considered essential.

borrowing country. In many instances, as in India, this has been an effective means of getting policies reviewed and adjusted. Work on national food strategies is currently in progress in several countries including Indonesia, Bangladesh, Pakistan and Nigeria. This experience may help in considering the appropriate institutional setting and related policies in other countries. In addition the Bank is undertaking research into methods for sector analysis and planning which is expected to lead to guidelines that might be used in this process.

30. The Bank stands ready to further its efforts in helping countries increase their indigenous capacity to plan and manage a project-oriented development approach. Through "sector lending" the Bank expects to strengthen and utilize the capacity of local institutions responsible for identifying, preparing and implementing projects. Through "pioneer projects" the Bank will finance and support the creation of institutional capacity to plan and manage the development of sub-sectors or sub-regions. Since this is a task of mammoth proportions, the cooperation of other agencies, especially FAO and UNDP, but also bilateral agencies and NGOs, should be sought in a coordinated approach to the development of local institutions and their management. It is notable in this respect that, while financial aid flows are coordinated through consortia and consultative groups, technical assistance remains an essentially uncoordinated activity.

31. Agrarian reform. The Commission Report notes that an end to hunger among many countries requires efforts to improve income distribution and thereby provide the means to purchase additional food. Agrarian reform, including improved security of tenure, land consolidation in areas of fragmented holdings, or redistribution to encourage more intensive use, is identified as an urgent need in many countries (p. 96).

32. The Bank fully supports this view. The importance of appropriate tenurial arrangements has been stressed in dialogues with member countries. Bank studies have confirmed that small farmers frequently use their lands more efficiently than do large farmers. For reasons of both equity and efficiency, the relations which govern land use are important. These matters have been addressed in the Land Reform Sector Policy Paper (1975). While the Bank cannot force social change, it can and does support appropriate adjustments in rural tenurial arrangements. The Bank gives priority in agricultural lending to borrowing member countries which pursue really broad-based development strategies directed toward the betterment of the poorest groups. It stands ready to finance activities that support tenurial reform aimed at these development objectives. These activities could include credit, technical services and infrastructure projects for land reform beneficiaries. Where land is held in some form of tenancy, the Bank's projects are designed to encourage tenancy conditions which are equitable and conducive to efficient resource use. More broadly, the Bank will not support projects where existing land rights result in major benefits accruing to high-income groups, unless increases in food outputs or balance of payments considerations are overriding factors.

33. Farming systems and agricultural research. The Commission Report notes some evidence of declining international support for agricultural research and states that a much greater research effort is warranted at national, regional and international centers (p. 94). The report points out the difficulties and possible dangers of transferring the "western agricultural model" to developing countries and advocates the development of farming systems appropriate to local circumstances.

may cause difficulties for some developing countries. Because the marginal yield response to increased fertilizer use tends to be greater in the South than the North, efficient global use of this input would imply larger applications in the developing countries. The Report stresses the importance of providing the farmers of these countries with fertilizers at reasonable prices (pp. 100-101).

37. The Bank clearly recognizes the importance of providing adequate supplies of production inputs, particularly fertilizer, to permit optimum returns from high-yielding crop varieties. No less important are effective programs to provide production credit to farmers to facilitate purchase of these inputs. It is estimated that perhaps 40% of recent increases in cereal yields in developing countries derives from increased fertilizer use. The World Bank group has been the most important single source of technical and financial support for fertilizer manufacturing in the developing world. It has loaned over $1 billion in FY74-77 for this purpose and expects that Bank-financed plants will provide almost a third of all incremental fertilizer production in developing countries in 1978-85. More recently, it has begun to finance fertilizer imports in situations where local supply shortages or balance of payments considerations made these operations necessary (e.g., a $25 million credit to Bangladesh in FY80; ~~and a $50 million fertilizer import credit proposed for Pakistan in FY81~~).

38. Agricultural credit, particularly short- and medium-term funds, has been an important part of the Bank's lending for the rural sector. As credit institutions in borrowing countries become stronger, the Bank is moving toward sector loans in this field. The Bank recently committed $325 million in one sector-type loan for agricultural credit in Mexico, which is the largest single loan/credit ever made by the Bank for agriculture and rural development.

39. Fisheries development. The Commission Report stresses the important role that increased fish consumption could have in reducing hunger and malnutrition as well as increasing employment (p. 96). The Report notes that most developing countries consume relatively little fish despite a favorable resource base. It identifies technical and managerial difficulties, particularly for smaller countries and requests international support for finance of training and technical assistance to organize cooperative fishing efforts among these countries (p. 97).

40. The Bank supports these objectives and is shaping its lending program to increase investment for fisheries development, as indicated in a forthcoming Fisheries Sector Policy Paper. Lending for this activity has been small, accounting for only about 1% of the Bank's total agricultrural and rural developing in FY74-79, but is expanding rapidly. During FY78 and FY79, lending for fisheries, either in fisheries projects or for fisheries components in other projects, totaled nearly $200 million (to be contrasted with total fisheries lending of about $360 million over the FY64-79 period). No less important is the sharp change in Bank strategy and emphasis: the early Bank-supported projects were largely orientd toward commercial fisheries development, frequently based on capital-intensive marine fisheries technology. Today most Bank-supported projects focus on lower-income groups whose livelihood depends on capture fisheries and aquaculture. Looking forward, the Bank plans to lend some $200 M annually over the next 5 years for fisheries development. Projects already under preparation account for approximately one-third of that amount. Some 70% of the total is to be channeled into rural areas in support of small-scale fisheries while the balance is expected to support large-scale industrial fisheries projects.

The planning and design of an integrated set of projects to develop the enormous natural resource potential of these areas presents, in principle, no major problem. However, the practical difficulties of obtaining the political consensus and institutional capability to implement such projects are profound. A graphic illustration is the experience of the Mekong Commission which, after more than 20 years of study, has been unable to implement any of the main stream projects. Limited progress is being made in the case of the Senegal River. The long-run development prospects for the Nile and the problems which it poses suggest that it be given priority attention. Similarly, the relationships between watershed management and downstream water use in the Ganges and Brahmaputra basins deserve attention. However, the associated problems in this area of development are likely to be scarce.

The obstacles which are likely to beset any endeavor aimed at systematic resource management in international basins, should not be allowed to cloud the development issues involved. The anticipated problems are sufficient reason to begin work as soon as possible. Initiative must be taken by an intergovernmental agency which can transcend the short-run visions dictated by national political imperatives. It could help the respective riparian countries in bringing to bear scientific knowledge required in the analysis of the complex issues. The UN Conference on International River Basin Commissions to be held in Dakar in January 1981 should provide an opportunity for a realistic assessment of viable approaches.

Role of the Bank

50. The Bank is in a strong position to take a lead in this area. This could include a modest increase in lending for water development projects of all kinds, some initiative in promoting activities associated with planning river basin development, support for establishing a research and training institution to improve irrigation management and some initiative in coordinating the analytical and information gathering activities of various agencies, including the Bank, UNDP and FAO.

51. Investment in Irrigation. Water development continues to require heavy investments in infrastructure with large foreign exchange components. There is also a need to expand activities in the area of management and ancillary programs to improve the effectiveness of infrastructure investments. Bank lending for irrigation has expanded rapidly in recent years and over the

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. W. Baum, VP, Central Projects Staff DATE: May 1, 1980

FROM: Ernest Stern, VP, Operations

SUBJECT: Brandt Commission Report - Agriculture Paper

the discussion on project impact is the kind of fragmentary micro-analysis of a large issue of which I find myself increasingly unfond. Even if it is true that there are short-term adverse effects from new technologies, is not all investment foregoing some short-term benefits for more permanent longer term ones? What is the conclusion if Project A has poor nutritional consequences but Project B has great ones? Are all 52 donors going to finance Project B?

I am delighted to see a proposed discussion of water development, but I miss one major element, which is the more effective use of existing resources. That concept is not entirely covered by rehabilitation. I would go quite light on any comments on multinational river basin development. I know these are beloved by the great spenders, but our experience in the Indus in fact has made us unacceptable in discussions on the Brahmaputra, and in other areas too the political issues are severe and it is not at all clear that the Bank is the most effective initial agency to tackle them. Obviously we can be of help once there is a political will to mobilize the water resources. The water problem, it seems to me, ought to be presented in both its short-term and longer term facets and in the first part one ought to deal with the potential of increasing production rapidly through better use of available resources and in the second with the harnessing of larger scale but untapped resources. The technological, institutional and other elements are different for both kinds of problems and ought to be treated separately.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Warren C. Baum, CPSVP

DATE: April 2, 1980

FROM: Montague Yudelman, Director, AGR

SUBJECT: Action Program Related to Brandt Commission Report

(iii) a new approach paper on water resource development requirements through 2000 reflecting our perception that "water" has become the most crucial constraint to increased food production in the next 20 years. Each of these issues is critical to the low income developing countries. Each is a subject where the Bank has a comparative advantage for doing useful analysis and follow-up implementation. Limiting the Bank response to these specific items permits us to concentrate available resources on topics where our impact will be largest. It also ensures that we will not duplicate the work being undertaken by FAO, USDA and IFPRI - much of which relates to comprehensive econometric models and global estimates of sector requirements.

Water Development

4. In the last ten years roughly 40% of all increases in developing country food production has come from expanded irrigation. In the next 25 years as much as 70% of all production gains may be expected to come from water development. In the past fifty years the area of land under irrigation has increased threefold. Fixed capital costs in real terms are escalating and in most parts of the developing world poor maintenance is leading to the need for massive expenditures on rehabilitation. It appears that planning for replacing of dams which support the largest irrigation systems will need to begin in the next few years if effective irrigation is to continue into the next millenium. In addition, water management continues to be lax, both in large systems and small. Regulation and control of water use needs to be improved. Water charges paid by farmers seldom cover the real costs of the valuable resource they are using. This encourages waste and results in a shortage of funds for operation and maintenance of irrigation systems in developing countries.

5. An approach paper on water resource development would be a logical mechanism for dealing with the food production problems of the low income countries. It would be modeled after the earlier storage approach paper. It will analyze the global supply and demand for water, emphasizing the role of irrigation. It will emphasize that almost every country, water management will be the critical input required to accelerate food output. A paper would include discussions of: (i) experiences with increasing the efficiency of existing systems, (ii) exploitation of specific water resources, (iii) different technological, institutional and ecological elements in water development, and (iv) emphasize ways of overcoming the constraints to more effective utilization. The kinds of possible programs that might be proposed include the following.

Subsaharan Africa and Latin America. Areas where man/land ratios and producer prices are relatively low have not had an incentive for efficient development of water resources. In many regions there also exists serious technical constraints, particularly in Africa where various infestations have kept approximately 10 million ha of potentially irrigated land out of production.

Multinational river basin development especially in Asia. Political and institutional constraints have prevented tapping the resources of major river systems such as the Mekong and Brahmaputra. The Bank's experience in the Indus and elsewhere could give us a comparative advantage in solving problems blocking the investments necessary to make use of the world's untapped river systems.

Rehabilitation. Improving structures, institutional capacity and on-farm activities in the 75 million ha of already irrigated lands will be the driving force behind accelerated food production in low income developing countries. Roughly 50 million additional tons of output could be generated in this way between 1980 and 1990 -- roughly 25% of total current food production.

cc: Messrs. Pickering, Christoffersen, Turnham, Donaldson

CMLewis/GDonaldson:vy

OFFICE MEMORANDUM

TO: Mr. Ernest Stern

DATE: September 5, 1980

FROM: Sidney E. Chernick, Acting Director, PPR

SUBJECT: Brandt Commission Response No. 11 - Action Program for Food Output in Low Income Food Importing Developing Countries

- The paper lays considerable stress on the development of irrigation and control of water resources as a major factor in securing increases in food output. However, we have doubts that large scale irrigation projects in much of Africa and in some parts of Asia are practical. Also, volumetric pricing is often technically infeasible; since the benefits of scarce water to the farmers normally outweigh average (let alone marginal) costs by a factor of 3 to 10, pricing is not required to persuade farmers to use water well. Abuse results generally from the farmers' absence of trust in the irrigation bureaucracy to deliver water on time and in the quantities required.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Willi A. Wapenhans

DATE: September 5, 1980.

FROM: J.B. Hendry

SUBJECT: Comments on the Bank Response to the Brandt Commission Recommendation on Agriculture and Food

In my opinion, this is a very good paper. It carefully assembles existing data on recent developments and trends in agriculture and uses them to deflate the rather simplistic analysis of the Brandt Commission. In other words, it places the food and agriculture picture in a more realistic perspective. Where it expresses agreement with the Commission (pp. 12 and 13), it does so on such very general and not-very-controversial propositions as: "agriculture is frequently neglected;" the Bank supports institution-building; the Bank welcomes attention to the problems of food distribution, etc. What I find most important, however, are the strong statements on p. 14 which emphasize it is not simply a lack of additional funds which is important for future growth of agriculture and food production, but rather it is the efficiency with which resources can be used. This is certainly the experience in this Region, and it is good this point is being made in the context of avoiding too facile estimates of resources needed to achieve given objectives.

The middle part of the "Response" reviews Bank activities and generally comes to the conclusion that the Bank already is engaged in most of the activities which the Commission cites as necessary for future growth. I do not know whether the Brandt Commission Report was responsible for stimulating Mr. Stern's interest in agricultural research, but he recently sent Mr. Yudelman a memo which questioned whether the Bank is doing enough to promote agriculture research (memo attached). This was discussed by the Assistant Directors for Agriculture, with Mr. Stern present, at a meeting held earlier this week. The Assistant Directors, in differing ways and with differing emphases, generally followed a common theme, i.e., it was not a lack of funds or lack of interest in research which was a constraint. Instead, it was the difficulty in developing the necessary institutional and political commitment to it, the lack of an environment which encouraged people to make careers in it, and the very complex and time-consuming nature of the problems which were the limiting factors. I do not know how convincing we were to Mr. Stern, but the message is similar to the overall message of this "Response", i.e., resources alone are a necessary but not sufficient condition for agricultural development.

The final section of the "Response" deals with a proposal for special action on water resource development. Once again, this seems a sensible and orderly way to proceed, moving from improvements in water management to more groundwater exploration and development, rehabilitiation of run-down systems and then on to expansion of irrigated areas and finally to major river basin development. The relatively small amount of irrigation we do in this Region has followed this pattern reasonably well up through the rehabilitation phase, but it seems doubtful to me there will be much new expansion in the Region. For one thing, the costs of irrigation are extremely high (e.g., Kenya Bura project, Tanzania estimates of Stigler's Gorge development). Secondly, from what we know of the Kagera River Basin development prospects, the side effects and disproportionate benefit distribution among the countries involved will make this a very slow starter, if indeed it gets beyond the study stage at all.

cc: Mr. Adler
Attach.
JBHendry:of

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Warren C. Baum, CPSVP

DATE: April 2, 1980

FROM: Montague Yudelman, Director, AGR

SUBJECT: Action Program Related to Brandt Commission Report

1. This memorandum outlines the approach we propose to an action program for increased food output in low income food importing developing countries. Such an approach would involve the preparation of papers that should be completed by July 15, in order to be circulated to the Executive Directors on August 12, 1980. Three separate papers would be prepared: (i) an interim report on Bank and other development agency experience with food sector strategies as part of the national and international effort to deal with increasing food output and nutrition; (ii) update on our continuing work on grain storage, distribution and marketing systems as part of the effort to deal with food security; (iii) a new approach paper on water resource development requirements through 2000 reflecting our perception that "water" has become the most crucial constraint to increased food production in the next 20 years. Each of these issues is critical to the low income developing countries. Each is a subject where the Bank has a comparative advantage for doing useful analysis and follow-up implementation. Limiting the Bank response to these specific items permits us to concentrate available resources on topics where our impact will be largest. It also ensures that we will not duplicate the work being undertaken by FAO, USDA and IFPRI - much of which relates to comprehensive econometric models and global estimates of sector requirements.

Food Sector Strategies

2. An update on Bank experience with food policy dialogues would be circulated to the Board. It would focuss on current work in Bangladesh, Indonesia, Sri Lanka, Philippines, Morocco and Nigeria. A brief description of earlier Bank work in this area would be presented (e.g. food policy dialogue in India) and other appropriate illustrations would be drawn from Regional experience, through the agricultural assistant directors. An assessment of other agency experience with food policy dialogues and sector strategies would be included: (i) Stanford Food Research Institute work in West Africa which has produced an extensive analysis of pricing policies, (ii) Harvard University efforts in Ethiopia, Malaysia and Sri Lanka, (iii) the FAO prepared food strategy for Subsaharan Africa and a food security plan for the Sahel, (iv) Alliance for Progress/OAS work in various Latin American countries, (v) the World Food Council efforts in support for food strategies. In addition, an interim report would be presented on: (i) efforts to develop a standard methodology for Bank policy dialogue efforts, comparable to the cost benefit system used in project analysis, undertaken in AGR/CPS, (ii) the manual on food policy analysis which is being done for the Bank by Professors Falcon (Director, Stanford Food Research Institute), Timmer (Harvard Schools of Public Health and Business Administration) and Pearson (Economics Department, Stanford).

Food Security and Distribution

3. The approach paper on food storage and distribution is the starting point for a plan to deal, in terms applicable to the Bank, with food consumption and security problems. The draft which has been reviewed by RVPs and agricultural staff presents investment requirements for low income countries. Work is underway to increase the operational usefulness of the approach paper and a work program involving the Regions has been prepared. In addition to completing another phase of work on storage and distribution we propose to bring together existing efforts to develop economic cost benefit analysis of storage and distribution infrastructure, buffer stock management and public food distribution/procurement systems. This would involve integrating current work in this area with the approach paper on storage. Our eventual aim is to prepare a food security and distribution policy paper. An interim report on progress in this area would be circulated to the Board as a follow-up to the Storage Approach paper which has already been circulated.

Water Development

4. In the last ten years roughly 40% of all increases in developing country food production has come from expanded irrigation. In the next 25 years as much as 70% of all production gains may be expected to come from water development. In the past fifty years the area of land under irrigation has increased threefold. Fixed capital costs in real terms are escalating and in most parts of the developing world poor maintenance is leading to the need for massive expenditures on rehabilitation. It appears that planning for replacing of dams which support the largest irrigation systems will need to begin in the next few years if effective irrigation is to continue into the next millenium. In addition, water management continues to be lax, both in large systems and small. Regulation and control of water use needs to be improved. Water charges paid by farmers seldom cover the real costs of the valuable resource they are using. This encourages waste and results in a shortage of funds for operation and maintenance of irrigation systems in developing countries.

5. An approach paper on water resource development would be a logical mechanism for dealing with the food production problems of the low income countries. It would be modeled after the earlier storage approach paper. It will analyze the global supply and demand for water, emphasizing the role of irrigation. It will emphasize that almost every country, water management will be the critical input required to accelerate food output. A paper would include discussions of: (i) experiences with increasing the efficiency of existing systems, (ii) exploitation of specific water resources, (iii) different technological, institutional and ecological elements in water development, and (iv) emphasize ways of overcoming the constraints to more effective utilization. The kinds of possible programs that might be proposed include the following.

Subsaharan Africa and Latin America. Areas where man/land ratios and producer prices are relatively low have not had an incentive for efficient development of water resources. In many regions there also exists serious technical constraints, particularly in Africa where various infestations have kept approximately 10 million ha of potentially irrigated land out of production.

Multinational river basin development especially in Asia. Political and institutional constraints have prevented tapping the resources of major river systems such as the Mekong and Brahmaputra. The Bank's experience in the Indus and elsewhere could give us a comparative advantage in solving problems blocking the investments necessary to make use of the world's untapped river systems.

Rehabilitation. Improving structures, institutional capacity and on-farm activities in the 75 million ha of already irrigated lands will be the driving force behind accelerated food production in low income developing countries. Roughly 50 million additional tons of output could be generated in this way between 1980 and 1990 -- roughly 25% of total current food production.

cc: Messrs. Pickering, Christoffersen, Turnham, Donaldson

CMLewis/GDonaldson:vy

File: Brandt Followups.

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Montague Yudelman, Director, AGR

DATE: February 14, 1980

FROM: Jim Goering, AGREP

SUBJECT: A "Plan of Action" for the Low-Income Food-Deficit Countries

1. You asked for some initial thinking on how we might approach our new assignment of preparing a "plan of action" to effectively address the food problem in the low-income, food-deficit countries. Given the sketchiness of details available to AGR regarding this assignment, this is perhaps somewhat akin to being given marching orders without having specified the destination of the march. On the assumption that those who have assigned this task to us may themselves be searching for ideas and procedures, conceptualization of the assignment may be a useful first step.

2. I assume this "plan of action" should consist basically of the specification of those actions necessary to provide a reasonable degree of "food security" to the above countries by some particular time in the future. In the absence of other guidance on this point, perhaps we could assume the period covered by this exercise to be the 1980-90 decade. The countries to be included might well be those with recent and projected deficits in staple foods and per capita incomes of less than, say, US$500. Any list will be somewhat arbitrary, but we would want to include at least all of the larger ones where the adequacy of food supplies is likely to be a persistent problem.

3. Timing and staff requirements. An important procedural issue is the disaggregation we should strive for in our analysis. This cannot be divorced from considerations of timing and staff availability. I understand that this work is to be completed by July 1. We should keep in mind the time and effort required for preparation of "country food strategies"--an effort which seems to bear a good deal of similarity to the proposed "plan of action." For the "strategies" exercise, we've judiciously and correctly limited ourselves to 3-4 country efforts over a year. It seems apparent that an action plan can be done only on general, largely qualitative terms for the countries above, unless: (i) significant additional staff resources are committed to the task; (ii) considerable use is made of consultants; or (iii) more time is allowed for the overall study. The use of consultants may be the most feasible administrative option for the Bank, and it seems useful to explore this possibility with, e.g., IFPRI, SFRI, etc. One problem, given the short time available, would be to obtain the services of properly qualified consultants. Effective supervision of consultants would probably require deferment of other elements of the AGR work program.

4. I assume that, even under the best of circumstances, any plan of action could include quantitative country studies for only a few of the larger food-deficit countries. A good deal of the work would be general and qualitative in nature. I think it is not possible to provide a reasonably definitive estimate of country-by-country investment requirements.

5. Approach. We can assume that this plan of action should outline needed actions by both the international community and the food-deficit countries. This would seem to be a useful distinction to make in the work. For the international community, required actions would probably relate to: (i) the volume and terms of financial assistance; (ii) provision of technical assistance; (iii) the availability of food aid; and (iv) general trade policies including those which determine access of LDC exports to developed countries. The exercise should probably address specific institutional issues such as the FAO/IMF Food Import Facility, the establishment of an international food reserve, the international Wheat Agreement and perhaps an international food authority.

6. The actions required by the food-deficit countries should be given equal emphasis to those expected of donors. The required actions should probably relate to: (i) public sector investment priority for agriculture; (ii) appropriate price regimes for agriculture; and (iii) institutional reform, including land tenure systems and proper emphasis on research, extension, rural roads, rural support services, etc. All of these are widely recognized and have been extensively discussed. I despair somewhat at the thought of trying to say something new and operationally useful in this regard.

7. Country participation. There was general agreement among the "food planners" in the Bank that our country food strategy exercise made little sense in operational terms unless there was direct and sustained involvement by the countries concerned. Presumably, the same point applies equally well to any plan of action for the food-deficit countries. Effective involvement of these countries would almost certainly require more time than the July 1 deadline permits.

8. All things considered, we are likely to be able to do little more than a fairly general exercise, perhaps bolstered by a limited number of country plans which identify the major investment and policy actions required over the next few years. I must confess to serious doubts about the likely credibility of the exercise, given the time available, and its usefulness. I'd like to be proven wrong! Perhaps we could meet with Messrs. Pickering and Donaldson early next week to further discuss scope and content and delineate the possible from the desirable.

cc: Messrs. D. Pickering (AGR), G. Donaldson (AGREP)

TGJ:vau

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Develop an action program to increase food output in low-income, food-importing developing countries during the 1980s 1/

Recommendation: "A broad programme of increased food production and agricultural development must be launched with intensified efforts in the South and increased aid of some $8 billion annually. These efforts are essential to overcome food deficits in poor countries and to ease inflationary pressures in the world food market. As a start to the programme of international food security, we call for an early conclusion of the International Grains Arrangement, and increases in emergency food supplies." 2/

I. INTRODUCTION

The Brandt Commission Report calls for a concerted action program to put an end to mass hunger through a series of measures to assist "low-income food-deficit" countries. It recommends the large-scale transfer of financial and technical resources as an essential part of an effort to abolish hunger from the world. It proposes that such a program should focus particularly on the low income countries of the "poverty belts" whose population numbers around 1.4 billion. The intermediate goals suggested are increased self-sufficiency in food production, removal of onerous food import burdens and provision of reliable supplies through freer trade and the creation of buffer stocks.

The program proposed by the Commission comprises short-run measures to meet the immediate food needs of the "low-income food-deficit" countries, as well as longer-term measures in resource development, support services for agriculture and rural structural change. The primary thrust is seen as the abolition of hunger through:

1/ The reference is to the order of recommendations listed in SecM80-128, dated February 22, 1980.

2/ Willy Brandt, North-South: A Program for Survival, p. 239.

(i) major improvements and expansion in soil and water management, particularly irrigation;

(ii) increases in the flow and quality of inputs to agriculture;

(iii) additional infrastructure and more efficient institutional arrangements to facilitate storage and distribution of food;

(iv) freer international trade in food together with the creation of buffer stocks; and

(v) better income distribution to increase purchasing power of the nutritionally vulnerable groups in each country.

In response to these proposals this paper: (i) examines the current outlook for world food supplies and reassesses priorities in this context; (ii) reviews the measures proposed by the Commission for this sector and outlines what is being and can be done in response to them; and (iii) on the basis of the foregoing, proposes a major Bank initiative in the area of water resource development.

II. OUTLOOK FOR WORLD FOOD SUPPLY

Consumption and Trade

There have been significant recent developments in the world food situation which, when viewed collectively, somewhat modify the scenario presented in the Brandt Commission Report. In the early 1960s many analysts suggested that population growth would be the critical determinant of increased demand for food exports. In fact, rising incomes in the more affluent countries of Europe, East Asia and Latin America, not population growth, proved most important. As incomes rose so did consumption of higher value foods including tropical products, vegetables and, most important of all, livestock products from grain fed animals. The resulting increase in livestock production had a profound effect on international trade. In the early 1950s only about 5% of total grain production entered world trade and very little of this was used for feed. Since then international trade in grain has grown by about 6% a year, twice the rate of increase in global output. The proportion of total grain consumption going to livestock has grown from less than 20% in the 1950s to more than 40%. Today more grain is fed to animals than is consumed by the 1.4 billion people living in low income countries (Annex Table 1).

Concurrently, international grain prices have shown increased instability in recent years. This is caused in part by the agricultural support policies in various OECD countries and the Soviet Union. The EEC and Japan have kept their farm sectors isolated from world price variations through the use of import quotas and substantial subsidies, exporting surplus

production (with export subsidies) or relaxing quotas to ensure supplies. Similarly, the USSR has used imports on a large scale in recent years as its source of residual supply. Both sets of policies have tended to transmit internal production instabilities to the world market (Annex Table 3).

Middle income countries. The major expansion of grain imports has come from middle income developing countries. Growth in demand has been steady, reflecting in large part the increase in consumption of livestock products and the growth of urban populations. In particular, oil countries have achieved a dominant position taking approximately 60% of total incremental wheat imports in 1976-79. For the middle income countries as a whole, approximately 250 million more people are living in cities today than in 1960. About half of total cereal consumption in these cities is now imported. Given the likely continued shift of diets to wheat and animal products, and because current Soviet imports may be approaching the maximum possible with present port capacity, middle income importers should account for half to three-quarters of total incremental food imports through 1985.

Middle income countries have shifted away from concessional imports and are now buying on commercial terms. As Table 4 shows, most grain exports to developing countries in the early 1960s were on concessional terms; today the middle income countries buy more than 95% of their grain at full commercial rates. At the same time, total export earnings of these countries have risen faster than the cost of food imports. The proportion of total foreign exchange earnings devoted to cereal imports by the middle income countries has, despite the shift to commercial purchasers, dropped by about one-fifth since the early 1960s.

The low income countries.[1/] The food situation in the low income countries is a striking contrast to the trend in middle income countries toward greater dependence on trade and increased feed grain consumption. Usually less than half of total food produced in these countries enters commercial market channels and over a billion individuals depend largely on the output of their own small farms for their food supply. Production statistics for such countries are frequently questionable and it is difficult to judge progress since the 1960s. Perhaps 500 million people living in these areas depend on non-cereal, traditional crops for a significant proportion of their consumption in normal years. When cereal harvests fail, an even larger proportion of the diet comes from these crops for which there are few reliable production statistics. It is in these relatively autarkic food systems that the great bulk of the absolute poor live and where the Commission wants additional aid efforts to be focused.

Some studies tend to over-emphasize the financing problems associated with low income country imports of food. Self-sufficiency levels of the low income countries as a whole have not declined, although the position of particular

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1/ Defined as those with average GDP per capita at no more than $360 (1978), as in WDR III.

regions has worsened in terms of the net cereal trade balance (Annex Tables 5 and 6). The perception is widespread that the low income countries are becoming seriously burdened by foodgrain imports. In fact, these countries are not only marginal actors in the international grain economy but foodgrain import bills have remained a modest burden in foreign exchange terms. Most of their foodgrain imports are obtained on concessional terms so that the proportion of total export earnings devoted to purchases of commercial cereal imports has remained constant or declined over the last twenty years. Taken together, foodgrain import costs for these countries are less than 20% of their export earnings from agriculture and about 5% of total foreign exchange earnings.1/ More important are the specific situations at a country or sub-regional level.

- India. Per capita food production has improved significantly as has the stability of production. The determinants of this change are numerous and complex, but the expanded use of irrigation and fertilizers has played a major role. On the other hand, the pattern of growth within India has been extremely uneven with per capita production remaining stagnant in many of the poorer subsistence farming states. Grain surpluses, generated in the northwestern states in particular, have replaced imports, placing considerable strains on internal distribution systems.

- Other South Asia. The foodgrain situation in Bangladesh has not improved significantly since the early 1970s and average per capita production remains below levels achieved prior to Independence. However the natural resource base is adequate to provide the potential for self-sufficiency in foodgrains. Elsewhere in South Asia per capita production has remained relatively stable in recent years. Pakistan continues to earn more from its rice exports than it pays for wheat imports.

- Indonesia. Food production per capita has shown little increase in recent years, although it is up slightly from the early 1960s. Steadily increasing imports reflect income growth, particularly in urban areas. Indonesia has become the world's largest importer of high quality rice and has used its market strength to obtain favorable prices.

- Other Southeast Asia. Several other countries of Southeast Asia have shifted from being important rice exporters to large importers. The performance of their food sectors has been highly unsatisfactory. Serious food shortages and deprivation are widespread. Political disturbances have prevented effective utilization of a generally favorable natural resource base. Kampuchea's per capita output appears to be roughly one-tenth that of 15 years ago.

1/ The food import bill contrasts with the real burden imposed by petroleum imports. In 1960 the cost of energy and food imports were roughly equal. Today petroleum imports of these countries cost five times commercial foodgrain imports.

- Sahelian Zone, Ethiopia and Somalia. These countries have suffered a serious decline in food grain self-sufficiency and an equally disastrous fall in output of livestock products from pasture lands. Some studies suggest that the problem relates to long-term climatic shifts. Others suggest more mutable causes. Average import levels equal urban consumption with little external food reaching the countryside.

- High Growth Subsaharan Africa. These countries, comprising Burundi, Kenya, Madagascar, Rwanda, Sudan and Tanzania, have, at least until recently, increased per capita food production at rates above those in India. The most productive subregions of these countries can be compared favorably to the surplus states of India and Pakistan.

- Low Growth Subsaharan Africa. While possessing comparable resource endowments to countries with more satisfactory rates of growth, these countries, including Angola, Benin, Mozambique, Togo, Uganda and Zaire, have not been able to increase per capita food or agricultural production. Roughly three quarters of all urban food consumption is imported as compared to almost complete self-sufficiency 20 years ago. Agriculture's unsatisfactory performance, in large part, must be attributed to political instabilities.

Food Distribution and Nutrition

Increased food supplies are a necessary, but not always sufficient, condition to ensure adequate nutrition. Experience with low income countries suggests that even if per capita food supplies are increased the incidence of malnutrition can rise in the short run. The major problem is limited access to food, frequently reflecting inadequate purchasing power. Education and social factors also play a role. Recent surveys indicate that the majority of those malnourished are children. Evidence suggests that: (i) the absolute number of those seriously malnourished at some time during the year has increased over the last twenty years; (ii) given prevailing social structures, likely patterns of asset or income distribution, and realistic growth scenarios for low income countries, the absolute number of malnourished cannot be expected to decrease significantly through the current process of economic development; and (iii) it is extremely difficult to ensure adequate nutrition in isolation from effective action on the general problem of poverty.

Governments of most low income countries have attempted to increase the food security 1/ of vulnerable groups through extra market interventions in pricing and distribution. The most common instrument is subsidized retail

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1/ The assured provision of minimum nutrition throughout the year at acceptable prices.

prices to benefit urban consumers. Studies of such programs indicate that operating costs are relatively high (in the order of $70-100 per ton distributed) but that it is possible to benefit the poor. However, such programs usually benefit only urban consumers and are often financed by implicit taxes on rural areas and farmers. Evidence about targeted feeding schemes is less encouraging. It appears that intra-household leakages are frequently sufficiently large to make such programs uneconomical.

In many areas of Asia and Africa malnutrition is largely a rural phenomenon. The effect of the Green Revolution technologies on income distribution in rural areas is controversial, although there is no doubt that they have significantly increased the overall volume of food production. Ex-post analysis of irrigation projects in South and East Asia has documented the substantial indirect employment benefits from intensifying output. Recent studies by the International Rice Research Institute (IRRI), the Center for Research in Maize and Wheat (CIMMYT) and the International Food Policy Research Institute (IFPRI) show that the principal beneficiaries from increased farm productivity generated through the adoption of new technologies are low income consumers who typically spend a disproportionate amount of total income on staple foodstuffs and thereby gain from lower prices. In many instances small farmers have been able to increase their own output and real incomes. But for producers in areas not well adapted to high yielding varieties of cereals, the Green Revolution has produced few benefits.

Existing efforts to reduce poverty by raising rural productivity have generally focused on helping those who have access to land. There are millions of people in the rural areas who either do not have access to land or whose holdings are too small to sustain themselves and their families. Today perhaps a third of all rural inhabitants are primarily engaged in non-farm activities. The plight of the landless has proved most difficult to alleviate directly. Without improved access to land or other assets, the prospects for many of the landless remain bleak. Moreover, employment and poverty problems in the rural sector cannot be resolved on their land alone. Productive opportunities to absorb migrants arriving in central and regional urban areas as well as off-farm rural employment are also essential.

Rural malnutrition is inexorably linked to more general problems of poverty and agricultural development. No simple methods exist to eliminate inequitable patterns of asset ownership, changing adverse ecological circumstances or inadequate marketing infrastructure necessary to move food into deficit areas. The scope for direct action programs to effectively address consumption problems in rural areas is limited. Experience indicates that increased food production and greatly enhanced food distribution infrastructure are prerequisites to reducing malnutrition in these areas. Effective measures to reduce rural malnutrition require consideration of:

- Seasonal malnutrition. Intra-seasonal variation in nutritional well being is a central problem in rainfed farming systems in many areas. The "hungry season" phenomenon has been correlated with higher child mortality and other indirect measures of malnutrition. Intra-seasonal price variations often exceed the real costs of storage and can result in pricing low income consumers out of the market during certain times of the year.

- Micro famines and shortages. Understanding is limited of price formation in small-scale, modernizing farming systems. Field work in various countries supports the view that interseasonal variations in the output of a particular production/ marketing unit (generally an isolated village) can cause serious hardship to small producers and increase malnutrition. ICRISAT has documented the disincentive effect of variable weather

- National security reserves. Emergency stockpiles have had important benefits in times of tight supply. India's recent experience confirms this. However the relatively high cost of maintaining such reserves ($45-80 per ton per year) has prompted a serious re-examination of their economic efficiency. Even more important, low income countries have found that inadequate internal distribution systems frequently prevented the timely use of existing stockpiles outside of urban centers. Increasing imports has proven equally effective and far less costly a mechanism for maintaining per capita food consumption than using emergency stockpiles. A poor crop will provide adequate food for rural population for some months immediately after the harvest, and most importing countries have adequate stocks to cover urban demand for the two months it takes to arrange imports. With certain exceptions, present buffer capacity in developing countries is adequate. Incremental managerial and financial resources could better be used to improve the efficiency of the food distribution pipeline.

- Global food security and market stabilization reserves. In assessing the level of total global interseasonal stocks needed to guard against production shortfalls or price swings, a number of critical conditions must be considered: (i) overall production remains relatively stable in the developing countries as a whole; (ii) substantial global production variations and associated export price fluctuations primarily result from exceptional variations in yields in the USSR or North America; (iii) support policies in the USSR, EEC and Japan which

keep domestic feedgrain consumption steady have the effect of transferring domestic production instabilities into the world market; and (iv) a cataclysmic fall in world output that could only result from an unprecedented level of uniformly poor weather could be compensated for by diverting part of the 500 million tons of grain used to feed livestock. The indications are that buffers for stabilizing commercial export prices or mitigating the effects of world production shortfalls will have only a marginal impact on food security in individual developing countries, particularly where those most prejudiced by shortage are found largely in rural areas.

Agricultural Production

Sources of growth. In the middle 1960s the advent of the Green Revolution technologies, and the synergism between water and fertilizer, fundamentally altered the structure of agricultural production in developing countries (Annex Table 9). Area expansion became relatively less important as a source of growth. In South Asia about 75% of total incremental output was the result of higher yields or double cropping. In the high growth regions of Subsaharan Africa more than half of incremental production was the result of higher yields; elsewhere (including the Sahel) the figure was about a third. The rate of area expansion continued to slow in the 1960s and the 1970s. Most of the expansion of cultivated area occurred in Subsaharan Africa.

FAO has estimated that almost 80% of total cereal yield increase since the middle 1960s in developing areas is due to incremental fertilizer use and better water management. Nutrient consumption of chemical fertilizers has increased by about 15% each year. High growth developing countries use twice as much fertilizer per hectare as lower growth countries and use water more effectively at the farm level. India today uses seven times as much fertilizer per hectare of farmland as it did 15 years ago and the area irrigated has increased by over a third. The low income developing countries as a group consume three times as much fertilizer as they did in the mid-1960s and probably twice as much water from irrigation systems. Depite these growth rates, fertilizer application and water usage remains much below optimum levels.

Constraints to growth. It is difficult to generalize about the constraints to increasing production by large numbers of small producers in ecologically different circumstances. However, several general points have emerged from Bank experience:

... There is no substitute for suitable price policies. Farmers require a credible assurance of adequate returns before undertaking the effort required to increase productivity.

... Domestic resource mobilization is important. In most countries the scale of public investment in agriculture has not kept pace with requirements and in some areas has not even matched physical depreciation rates. Typically, the investment rate in agriculture, in proportion to GDP, is about half that for the economy as a whole despite evidence that the returns to agricultural investments are no less, and frequently higher, than those in other sectors.

... The weak administrative capacity of authorities in implementing agriculture projects has proven to be a critical bottleneck. Government priorities in the allocation of scarce managerial resources are frequently as important to project success as the availability of financial resources.

... Low cost investments can have a large impact on agricultural productivity. The two most important examples are extension and research. Well-designed, low-cost extension programs can raise small farmer yields by a third. Returns to adaptive agricultural research are similarly large.

... Private sector investments in agriculture are important and depend critically on a favorable economic environment in the sector. Experience with irrigation projects has shown that on-farm private investments which account for a small proportion of total expenditure, are crucial. Private investments in marketing and distribution systems for production inputs have proven equally important.

... All high growth regions within the low income countries have had the advantage of better developed distribution infrastructure and markets. Experience has shown that these are prerequisites for subsistence farmers to begin producing and selling surpluses.

III. COMMISSION RECOMMENDATIONS ON FOOD AND AGRICULTURE

In contrast with the foregoing, the Commission sees little progress in improving the world food situation in either consumption or production terms. The "low-income food-deficit" countries are seen to be characterized by chronic, and frequently acute, malnourishment, and to be heavily burdened by the necessity for food imports. Food is regarded as the first priority, with the ultimate goal as self-sufficiency in food for all regions, with commensurate action to ensure food security for all country and population groups. To this end they propose a substantial investment program of $7 billion per year between 1980 and 2000.

More specifically, on the consumption side the Commission recommends:

(i) programs at the national level to improve food storage and distribution and support agrarian reform to increase incomes and food consumption by the rural poor;

(ii) efforts at the international level relating to grain agreements, increased food aid, buffer stocks, and more flexible arrangements for financing reserves and trade in food. It is considered that international food security can be best improved by establishing buffer stocks in low income countries as part of a new international agreement to stabilize world grain markets.

On the supply side, the recommendations include:

(i) programs at the national level to enhance domestic production and move toward the goal of self-sufficiency, including technical assistance to increase absorptive capacity, institutional reform, increased attention to farming systems, improved input supplies, expansion of forestry and fisheries and measures to expand and increase the efficiency of irrigation;

(ii) programs at the international level to mobilize massive capital assistance from the North for development of food production. Within the context of international assistance for water resource development, attention is to be directed to the institutional, technical and financial measures needed for "large regional projects of water and soil management" and in particular, the integrated development of those large international river basins which support the majority of the world's poor - Mekong, Bramaputra, Ganges, Indus, Nile, Zambesi, Congo, Senegal, Niger and Volta.

Notwithstanding the different intrepretation of recent experience, as noted above, the Bank is in general agreement with the perceptions of the Commission regarding agriculture and food problems. The Bank shares their view on the important role of agriculture in development - both as a source of food and as a generator of employment and incomes. We also agree that "agriculture is frequently neglected" (p. 92) by governments, often in those countries where it may be the most important sector in terms of short-run development. Similarly, it is accepted that agriculture cannot do it all in terms of generating employment, and that industry - with potential growth rates of 10-15%, compared with 3-5% for agriculture - has a vital long-run role to play in this regard.

The Bank also strongly supports the strategy of building up institutions and of institutional reforms (p. 82), including agrarian reform, with a view to "helping people to help themselves" (p. 88), this being a basic premise of the

Bank's rural development approach. In this respect, again, the joint role of agriculture in relation to "hunger and incomes" (pp. 97-98) - as a source of food supply and of the wherewithal to purchase food - is of fundamental importance. However, we would have some reservations regarding the Commission's emphasis on self-sufficiency, although this is expressed somewhat ambivalently (see p. 91 last para. and p. 93 first para.). While there is a need to ensure that the development of commercial agriculture does not adversely affect the nutrition of people in any sub-region, substantial economic benefits may be derived from exploiting the comparative advantage associated with different resource endowments in particular countries or sub-regions and relying on trade to obtain food.

The Bank also shares the concerns, expressed strongly in the Commission Report, regarding the consumption side of the food problem. In particular, we welcome the attention to problems of food distribution (pp. 96, 97) and the need for investment in physical infrastructure for the collection, transportation, processing and storage of food, especially foodgrains. With regard to ensuring food security, however, the Bank would advise countries to rely less on expensive national reserve stocks and more on effective infrastructure and logistical arrangements to facilitate timely movement of stocks combined with standing import arrangements. Improvements in national distribution systems are considered by the Bank to be an essential element in efforts to increase food security, without which national and international emergency stocks may be of little use and with which they may be unnecessary.

The potential role of food subsidy and intervention programs in ensuring access to food in rural and urban areas is recognized, but we would emphasize more strongly the interim role of subsidized food intervention programs, given the costly nature of such programs and their budgetary implications. In the long-run food production programs and steps to increase incomes of the poor are the essential requirements to meet nutritional needs. Generally investment in well conceived projects will yield a higher return than expenditure on food subsidy programs. In addition much of the money spent in development projects may itself lead to a substantial direct increase in food consumption.

The role of food aid in ensuring supplies and logistical support, while minimizing the need to expand scarce foreign exchange, is also recognized. However, while acknowledging that additional consideration should be given to ensuring that the low-income importing countries have adequate supplies at all times, and especially in times of global scarcity, the Bank is not convinced that an international buffer stock would be an adequate or cost-effective mechanism to achieve this. Rather the Bank favors an efficient system of international trading and food aid as the best means of ensuring adequate supplies of food at minimum cost.

In respect of investment, the Bank supports the need for more international and domestic resources for agriculture and food production. However, we would stress more than the Commission Report, the importance of greater efficiency in using existing as well as additional resources. In the Bank's

view, there is considerable scope for more effective policies and better management in the agricultural sector of many developing countries. We note also, however, that since FY74 external resource transfers for agriculture have increased more rapidly than internal allocations (see Annex Table 7). The proportion of total public investment for agriculture disbursed from external sources has doubled in this period. The Bank would also urge caution in estimating the flows of external financial resources required to achieve particular development objectives pertaining to agriculture and food. There are great difficulties involved in defining and estimating such requirements in widely diverse situations, with different resource endowments, both physical and human, variable seasons, differing degrees of government commitment and often uncertain technology. Apart from this, it is becoming increasingly clear that the efficiency with which available financial measures are used is no less important to the total development effort than the quantity of resources available. Major improvements in this area are considered essential.

Specific Proposals for Action

Within its recommendations the Commission Report specifies eight areas for particular attention and support by international transfers of resources. These are measures to improve absorptive capacity, agarian reform, farming systems and agricultural research, supplies of agricultural inputs, fisheries development, forestry and rural energy, storage and marketing infrastructure, and water resource development. The Bank agrees that these are areas of major concern and has already initiated programs that address them. It is accepted that more could be done in all of these areas providing additional resources were available. It is also recognized that more could be done within existing programs to meet the special needs of the "low-income food-deficit" countries and, where opportunities permit, this possibility will be pursued in the context of Bank lending.

Institution Building. The Commission Report emphasizes the need to create local institutional arrangements for planning and financing agricultural and food programs. It proposes this as the best means of encouraging aid flows and of enabling countries to use available funds more effectively (p. 87). It also draws attention to the need for greater technical assistance (especially if it is planned jointly with recipients) to support the identification, preparation and implementation of projects, in order to improve the absorptive capacity of the poorest countries.

The Bank stands ready to further its efforts in helping countries increase their indigenous capacity to plan agricultural development and manage projects. Through its project lending, the Bank encourages and finances the creation and expansion of local institutions including ministries, parastatal bodies, and private sector firms. This includes the development and staffing of management units, monitoring and evaluation programs, national statistical systems, regulatory bodies, research institutions and the institutional arrangements for the support of an increasingly commercialized, science-based agriculture. Many projects make provision for management training. Through "sector lending" the Bank endeavors to utilize and further strengthen the capacity of local

institutions responsible for identifying, preparing and implementing projects. These and related activities are also supported by direct technical assistance through the Bank's country economic and sector work in agriculture. In addition, the courses of the Bank's Economic Development Institute provide training in agricultural sector management and the preparation and implementation of projects. Nevertheless, it is recognized that much remains to be done in this area, especially in respect of resource management.

Agrarian reform. The Commission Report notes that an end to hunger among many countries requires efforts to improve income distribution and thereby provide the means to purchase additional food. Agrarian reform, including improved security of tenure, land consolidation in areas of fragmented holdings, or redistribution to encourage more intensive use, is identified as an urgent need in many countries (p. 96).

The Bank fully supports this view. The importance of appropriate tenurial arrangements has been stressed in dialogues with member countries. Bank studies have confirmed that small farmers frequently use their lands more efficiently than do large farmers. For reasons of both equity and efficiency, the relations which govern land use are important. These matters have been addressed in the Land Reform Sector Policy Paper (1975). While the Bank cannot force social change, it can and does support appropriate adjustments in rural tenurial arrangements. It stands ready to finance activities that support tenurial reform aimed at the betterment of the poorest groups. These activities could include credit, technical services and infrastructure projects for land reform beneficiaries. Where land is held in some form of tenancy, the Bank's projects are designed to encourage tenancy conditions which are equitable and conducive to efficient resource use. More broadly, the Bank will not support projects where existing land rights result in major benefits accruing solely to high-income groups, unless increases in food outputs or balance of payments considerations are overriding factors.

Farming systems and agricultural research. The Commission Report notes some evidence of declining international support for agricultural research and states that a much greater research effort is warranted at national, regional and international centers (p. 94). The report points out the difficulties and possible dangers of transferring the "western agricultural model" to developing countries and advocates the development of farming systems appropriate to local circumstances.

Bank support for agricultural research at the national level has increased steadily in recent years and is today among the fastest growing components in agricultural and rural development lending. Increasingly, this has been linked to efforts to strengthen national extension services. At present, about half of all Bank-supported projects in agriculture and rural development include research components. In FY77-79, lending for agricultural research and extension constituted about 9% of total Bank lending for this sector and averaged more than $250 million per year. About one-third of this has been for research alone. Looking forward, it is proposed in the

Agricultural Research Systems - Sector Policy Paper (1980) that Bank lending for research and extension should increase from more than US$330 million in FY79 to at least US$550 million in FY84 (1979 dollars), or, on present projections of lending for the sector, to about 12% of total Bank lending for agriculture and rural development.

The Bank has been a strong supporter of the international research system as well. It serves as cosponsor of the CGIAR and provides a Secretariat and Chairman for this Group. In FY72-79 the Bank, as the residual donor to the CGIAR, provided $42.9 million from profits, making it the second largest contributor to the Group. It is expected that the Bank will continue to expand its contribution in order to meet residual needs of the international system as it expands, up to a maximum of 10% of total requirements.

Supplies of agricultural inputs. The Commission Report points out that the expansion of HYV agriculture increases the demand for fertilizer, particularly nitrogenous materials, and other agricultural support services. The Report notes that, while fertilizer supplies are likely to be adequate in the near future, their price link to steadily increasing petroleum costs may cause difficulties for some developing countries. Because the marginal yield response to increased fertilizer use tends to be greater in the South than the North, efficient global use of this input would imply larger applications in the developing countries. The Report stresses the importance of providing the farmers of these countries with fertilizers at reasonable prices (pp. 100-101).

The Bank clearly recognizes the importance of providing adequate supplies of production inputs, particularly fertilizer, to permit optimum returns from high-yielding crop varieties. No less important are effective programs to provide production credit to farmers to facilitate purchase of these inputs. It is estimated that perhaps 40% of recent increases in cereal yields in developing countries derives from increased fertilizer use. The World Bank group has been the most important single source of technical and financial support for fertilizer manufacturing in the developing world. It has loaned over $1 billion in FY74-77 for this purpose and expects that Bank-financed plants will provide almost a third of all incremental fertilizer production in developing countries in 1978-85. More recently, it has begun to finance fertilizer imports in situations where local supply shortages or balance of payments considerations made these operations necessary (e.g., a $25 million credit to Bangladesh in FY80). In addition the Bank provides agricultural credit, particularly short- and medium-term funds, which is frequently used to finance the distribution and purchase of fertilizer.

Fisheries development. The Commission Report stresses the important role that increased fish consumption could have in reducing hunger and malnutrition as well as increasing employment (p. 96). The Report notes that most developing countries consume relatively little fish despite a favorable resource base. It identifies technical and managerial difficulties, particularly for smaller countries and requests international support for finance of training and technical assistance to organize cooperative fishing efforts among these countries (p. 97).

The Bank supports these objectives and is currently reviewing its approach to fisheries development. Lending for this activity has been small, accounting for only about 1% of the Bank's total agricultural and rural development lending in FY74-79, but is expanding rapidly. During FY78 and FY79, lending for fisheries, either in fisheries projects or for fisheries components in other projects, totaled nearly $200 million (to be contrasted with total fisheries lending of about $360 million over the FY64-79 period). No less important is the sharp change in Bank strategy and emphasis: the early Bank-supported projects were largely oriented toward commercial fisheries development, frequently based on capital-intensive marine fisheries technology. Today most Bank-supported projects focus on lower-income groups whose livelihood depends on capture fisheries and aquaculture. Looking forward, the Bank might lend some $200 M annually over the next 5 years for fisheries development. Projects already under preparation account for approximately one-third of that amount. Most of it is expected to be channeled into rural areas in support of small-scale fisheries while the balance would support large-scale industrial fisheries projects.

Forestry and rural energy. Considerable attention is given in the Commission Report to the role of forestry development in meeting key energy needs of low-income groups (p.83), and to the ecological dimensions of rapid deforestation (p. 114). The Bank views the emerging fuelwood shortage as second only to food and nutrition problems, in terms of potential adverse impact on the welfare of low-income rural people. A major expansion and reorientation of Bank support of forestry development is underway in recognition of the human welfare and ecological consequences of this depletion. The Bank's Forestry Sector Policy Paper (1978) proposed to lend a total of about $100 million per year in FY79-83 for forestry development, of which about 60% was to be channeled into rural development-oriented forestry (particularly for fuelwood production), while 40% would go to help finance larger industrial forestry projects. Actual lending has substantially exceeded these targets. In FY80, total forestry lending (excluding that for pulp and paper) amounted to $218 million. This represents a tenfold increase over average annual forestry lending achieved in FY73-77. Bank lending for fuelwood increased from about $12 million in FY78 to over $100 million in FY80 and now includes operation in some 25 countries. The Bank Policy Paper on Energy (1980) proposes that the Bank lend about $1 billion for wood-based energy projects over the next 5 years, but no special provisions are made for the low-income countries.

Storage and marketing infrastructure. The need for secure supplies of food staples is stressed by the Report which notes that expanded grain storage, improved transport and communication are essential to distribute food supplies efficiently (p. 96). As part of efforts to enhance "international food security", the Report suggests that developing countries need to hold 5-7 million tons of a 20-30 million tons international reserve. Acquisition and storage construction costs are put at about $1.75 billion (p. 99).

The Bank believes that the problem of international food security is best addressed through a combination of measures: some increase in grain storage capacity (but with recognition of the high opportunity costs for

the resources involved) and much greater emphasis than in the Report on measures to facilitate smooth and efficient working of international and national grain marketing and handling systems. The availability of adequate supplies of foodgrains is of little use unless it can be moved in response to information on changing requirements in various locations. Further, the growing commercialization of food production and urbanization in developing countries will anyway require much larger capacity for these marketing systems. By 1985 another 100 million tons of domestically grown grain may be traded in commercial markets of developing countries while total grain distribution in these countries may rise from about 250 million tons in 1978 to 400 million tons by 1990. These volumes suggest that capacity of grain marketing systems, including transportation, storage and processing will have to nearly double in the next 10-15 years.

The Bank recognizes the need for additional investment in several components of these systems: on-farm and commercial storage, trading stocks, processing infrastructure (including drying and milling) and grain handling infrastructure (including road, rail and port facilities and equipment). Effective information systems to link production zones and consumers are also of great importance in the efficient functioning of grain markets. It is expected that the Bank will expand substantially its operations in this area during the next five years, depending on the availability of resources. But since total investment requirements to strengthen food distribution and marketing systems are large, this will require increased efforts by other multilateral and bilateral donors as well; the Bank intends to work closely with other donors in this general area.

Rainfed agriculture. Surprisingly little is said in the Commission Report about rainfed agricultural production, despite the fact that 60% of developing country food output in the period 1970-75 came from this source. Over the last decade about 40% of all increases in agricultural production in developing countries came from rainfed lands. Almost half of the rural people in those regions identified by the Commission as "poverty belts" are dependent for a livelihood on dryland farming and livestock production.

Expansion of rainfed agriculture is feasible only in the humid and semi-humid tropics, and Bank experience shows this to be a slow process. However, there is evidence that relatively low incremental capital-output ratios (ICORs) are encountered in intensification of production on already settled rainfed lands. The principal constraint is the lack of new technology suited to prevailing ecological and institutional conditions. Nevertheless, the possibility of reaching some of the lowest income rural groups and of improving their food security at relatively low cost, makes this an important area for further Bank efforts. Both in its own projects and in its relationships with other institutions the Bank will continue to explore all avenues for increasing rainfed agriculture and livestock production.

Water resource development. The development of irrigation is singled out by the Commission as the principal source of increased food output in the "poverty belt" countries of Africa and Asia over the next two decades. This accords with FAO estimates that as much as 70% of increased food output between 1980-2000 may be obtained from irrigated lands. Greater control of water removes much of the random effects of weather from the farmer's calculus and paves the way for synergistic production effects between water and other inputs such as HYVs and fertilizer. By intensifying production activities it also has important employment effects. Recognizing this, the Commission suggests that "the largest single amount of investment required is for irrigation and water management". It goes on to stress the need for a relevant framework within which international resource transfers for this purpose can be made, especially to the "poverty belts" of Africa and Asia.

The Bank strongly shares these concerns. Since food security requires reliable supplies of food, irrigation is the preferred source of increased domestic output. Since the new land brought into production in the "low-income food-deficit" countries is largely marginal land, in the sense that soils are less fertile and seasons less reliable, irrigation has a special role to play in reducing an otherwise growing uncertainty in production. However, to provide reliable supplies of food, irrigation systems themselves have to be reliable and the use of water efficient. Although Bank lending for irrigation represents roughly one-third of its commitments in the rural sector, there seems scope for substantial further investment in this area. In this the Bank seems well qualified to take a positive new initiative.

An appropriate response to the Commission's concerns on water development would require formulation of an approach toward investment and technical assistance for irrigation development, built up from a typology of countries with respect to the natural resource base, institutional capabilities, investment possibilities and management issues. What can or should be done in this field depends on the state of existing systems and command areas and on the potential for additional irrigation development, on a region by region basis.

In assessing this potential it is necessary to distinguish between three broad climatic regions: (i) the humid tropics and sub-tropics, exemplified by much of South and SouthEast Asia and Western Africa south of the Sahel; (ii) the semi-arid and sub-humid sub-tropics of which the Sahel, southern India and eastern Africa are typical; and (iii) the arid tropics and sub-tropics which include much of the Middle East, North-East Africa and southern Pakistan. Each of these requires a separate water use technology and involves different physical and ecological problems in water storage and distribution.

Within each country different types of investment may be desirable in the short, medium- and long-term. In the short-run (1-3 years), and where some irrigation is already practised, there is likely to be scope for three kinds of intervention: (i) measures to improve the on-farm use of water, including new technology and volumetric water pricing where feasible; (ii)

modifications to upgrade the management of delivery systems, including changes in institutions and activation of user associations; and (iii) investments to increase the use of groundwater to supplement canal water and ensure supplies. In the medium-run (4-10 years) a further three kinds of activities are feasible: (i) projects to rehabilitate existing infrastructure, including minor reconstruction and canal lining; (ii) measures to expand the command area so that available water is fully utilized, including the construction of additional tertiary and quaternary canals to carry water to farmers' fields; and (iii) the development of services, including research and extension, credit, storage and transport, to support a science-based irrigated agriculture. Finally, in the long-run (10-25 years) there is a need for: (i) major rehabilitation schemes, including the replacement of head-works, especially where dams have silted up or become unsound; and (ii) new river basin development programs, to exploit in an integrated way the resources of underdeveloped river valleys.

As the largest lender in the irrigation field, the Bank is in a position to provide a focal point for a major effort to develop water resources over the next two decades. In line with the Commission's expressed concern with water resources and irrigated agriculture, the Bank could move on two fronts: first, to increase lending for expansion, rehabilitation, and on-farm intensification of irrigation systems; and second, to give greater attention to the institutional and human resource aspects in the planning and management of water resource systems. A paper outlining the scope and nature of an action program to address these twin goals will be prepared in the coming year.

ANNEX
Table 1

GRAIN CONSUMPTION AND TRADE, 1960-1979 /1
(millions of metric tons)

	Average 1960-63			Average 1977-79		
	Net Trade	Total Consumption	Self Efficiency	Net Trade	Total Consumption	Self Efficiency
Developed Exporters						
USA	+32.7	139.8		+94.9	173.5	
Canada	+10.2	15.1		+17.7	22.5	
Oceania	+ 6.6	4.4		+14.3	6.0	
Developed Importers						
EEC-9	-21.5	92.0		- 8.0	118.3	
Other Western European	- 4.3	24.9	(78%)	- 9.8	43.6	(79%)
Japan	- 5.3	21.0		-23.0	34.0	
Centrally Planned						
USSR	+ 7.3	119.0		-17.9	217.6	
Eastern Europe	- 6.4	64.3	99%	-12.4	106.5	(93%)
China	- 4.0	112.3		- 8.7	225.2	
Developing Countries /2						
Total Low Income	- 5.6	139.3	(96%)	- 8.7	214.0	(95%)
India	- 4.1	73.1	(95%)	- 1.3	109.4	(99%)
Middle Income	-12.7	101.3	(88%)	-44.7	191.8	(77%)
Major Exporters /3	+ 7.2	13.5		+17.4	21.5	

/1 Excluding Albania, Cuba, Mongolia and Southern Africa (South Africa, Lesotho and Zimbabwe).

/2 Low-income countries are defined as those countries having per capita income below US$250. Their population is approximately 1,325 million. Middle-income countries are defined as all other developing countries including the capital surplus oil exporters (Saudi Arabia, Kuwait and Libya) except the main grain exporters (Thailand and Argentina) and the semi-industrialized countries (Portugal, Greece, Yugoslavia, Rumania and Israel). Their population is approximately 840 million. Population of the grain exporting developing countries is approximately 75 million.

/3 Thailand and Argentina.

Source: USDA

ANNEX
Table 2

FEEDGRAIN USAGE
(million metric tons)

	1960/65 Average	1970	1978/79	1979/80
Developed Exporters				
USA	108.8	132.1	138.2	139.2
Canada	11.4	17.0	17.6	18.0
Oceania	2.0	2.7	3.1	3.2
Developed Importers				
EEC. 9	53.4	67.3	69.8	70.5
Other W. Europe	13.1	20.4	29.7	31.0
Japan	4.1	7.4	15.8	16.7
Centrally Planned				
E. Europe	33.1	46.9	71.3	72.2
USSR	38.0	87.0	122.0	123.0
Developing Countries				
Latin America	11.7	18.9	31.6	32.5
Other Middle Income	6.8	10.3	16.6	27.4
Low Income	.5	1.0	2.5	2.4

Source: USDA

ANNEX
Table 3

SOURCES OF INSTABILITY, 1960-1979
(Average Variation from Trend)

	1960-69			1970-79			1960-1979		
	Yield	Production	Consumption	Yield	Production	Consumption	Yield	Production	Consumption
World	2.26	2.57	1.17	3.36	3.32	2.16	3.04	2.93	2.10
... US	3.19	6.49	3.85	10.38	7.79	9.21	7.78	7.12	7.34
... USSR	13.96	13.26	7.95	15.89	16.07	6.33	15.21	14.38	7.36
World Less US and USSR	1.78	2.08	1.18	1.49	1.85	1.05	1.84	2.30	1.30
Developed Countries	2.43	4.28	1.60	5.65	5.24	4.66	4.44	4.64	4.24
... EEC	3.90	4.20	1.24	7.00	7.75	2.16	5.76	6.51	3.03
... Japan	5.66	5.87	1.69	4.63	5.08	1.82	4.95	7.61	1.98

Source: USDA

ANNEX
Table 4

DEVELOPING COUNTRY GRAIN IMPORTS:
SHIFT IN US FROM AID TO COMMERCIAL EXPORTS
(million tons)

	Net Balance[/a]	US Exports		
		Total	Concessional[/b]	Commercial
1960-63	-12.2	14.5	13.5	1.0 (7%)
1976-79	-40.1	31.5	5.1	26.4 (84%)

/a Includes exports by both net importers and exporters (net balance equals gross exports less total imports).

/b Includes both grants and sales on highly concessional terms whose major cost for importers was shipping.

Source: USDA

ANNEX
Table 5

NET GRAIN IMPORTS & CEREAL SELF SUFFICIENCY OF SELECTED LOW INCOME COUNTRIES
(Million tons and % Self Sufficiency)

	1960/63 Average	1977	1978	1979
South Asia				
India	-4.2 (94%)	0.0 (100%)	+1.0 (100%)	+1.1 (101%)
Other /1	-2.3 (91%)	-3.2 (92%)	-3.3 (91%)	-3.4 (91%)
East & SE Asia				
Indonesia	-1.1 (92%)	-3.0 (86%)	-3.3 (86%)	-3.7 (84%)
Other E & SE Asia /2	+2.2 (120%)	-1.1 (94%)	-2.0 (89%)	-2.1 (89%)
Subsaharan Africa				
Sahel & Ethiopia /3	-0.2 (99%)	-1.0 (89%)	-0.9 (92%)	-1.2 (89%)
Other		-1.6 (91%)	-2.3 (86%)	-3.2 (82%)

/1 Afghanistan, Bangladesh, Nepal, Pakistan and Sri Lanka.
/2 Kampuchea, Laos and Vietnam.
/3 Chad, Ethiopia, Mali, Mauritania, Niger, Senegal, Somalia and Upper Volta
Source: USDA and FAO.

Table 6

PER CAPITA FOOD PRODUCTION: SELECTED INDICES
1961/65 = 100

	1976	1977	1978	1979
South Asia				
India	103	111	115	103
Bangladesh	85	91	86	85
Pakistan	121	128	123	127
Total	103	110	112	103
East & SE Asia				
Indonesia	107	107	114	106
Vietnam	48	49	42	45
Subsaharan Africa				
Sahelian Zone	87	69	88	68
Ethiopia	63	58	52	54
Other:				
High Growth (average)/1	113	117	111	110
Low Growth (average)/2	74	67	69	67

/1 Including Burundi, Kenya, Madagascar, Rwanda, Sudan and Tanzania.
/2 Including Angola, Benin, Guinea, Mozambique, Togo, Uganda and Zaire
Source: USDA and FAO.

ANNEX
Table 7

OFFICIAL COMMITMENTS TO AGRICULTURE IN DEVELOPING COUNTRIES
EXCLUDING FOOD AID

(current US$: millions)

	1973	1978
ODA (largely concessional)		
DAC	910	3,263
Multilateral	725	2,297
OPEC	34	276
TOTAL	1,669	5,836
Other Official Flows		
DAC	72	341
Multilateral	442	2,816
OPEC	31	42
TOTAL	545	3,199
GRAND TOTAL /a	2,214	9,035

/a In constant 1978 prices, the total increased from $3.9 billion in 1973 to just over $9.0 billion in 1978.

Source: OECD

ANNEX
Table 8A

AGRICULTURAL INPUTS AND OUTPUTS IN LOW INCOME COUNTRIES
1960/65 vs 1977

	INPUTS								OUTPUTS			
	Rural Population (millions)		Arable & Perm. Cropped Land (million ha)		Irrigated Land (million ha)		NPK per HA (10Kg)		Agric. Prod. per Rural Population ($US 1977 prices)		Agric. Prod. per Land ($US 1977 prices per HA)	
	1960	1978	1961/65	1977	1961/65	1977	1961/65	1977	1960/65	1978	1960/65	1978
South Asia	352	524	162	169	25.5	35.2	37	253	$79	$83	$170	$270
India	127	197	38	42	14.3	18.3	46	294	$49	$65	$160	$290
Other												
East Asia	81	114	14	17	4.1	4.9	84	350	$115	$132	$640	$880
Indonesia	32	45	19	19	1.8	2.1	70	225	NA	NA	NA	NA
Other												
Subsaharan Africa	35	54	49.0	59	0.2	0.3	2	20	$77	$66	$55	$65
Sahel & Ethiopia	81	118	54	61	1.5	2.4	2	36	$135	$144	$180	$230
Other												

Source: USDA

ANNEX
Table 8B

AGRICULTURAL PRODUCTION IN LOW INCOME COUNTRIES 1960 vs 1978

	1960 Million US$ (1977 Prices)	% of Total	1978 Million US$ (1977 Prices)	% of Total	Av.Annual Growth Rate % 1960-70	1970-78
South Asia						
India	27,669.7	50	43,675.9	40	1.9	2.6
Other South Asia	6,199.5*	46.9*	12,800.6**	40.9**	3.8*	2.1*
Total South Asia	33,869.2	49.4	56,476.5	40.2	2.2	2.5
East Asia						
Indonesia	9,344.7	54	15,013.1	31	2.5	4.0
Other East Asia	-	-	-	-	-	-
Total East Asia	9,344.7	54	15,013.1	31	2.5	4.0
SubSaharan Africa						
Sahel - Ethiopia	2,685.7	53.3	3,569.6	42.6	2.5 2/	0.4
Other SubSaharan Africa	10,968.7 1/	49.0 1/	17,034.3	43.3	2.3 3/	0.9 4/
Total Africa	13,654.4	49.8	20,603.9	43.2	2.4	0.8
Other (Haiti)	-	-	-	-	0.6	2.6
Total, Low Income	56,868.3	50.3	92,093.5	39.4	2.3	2.1

* Bangladesh, Burma, Sri Lanka and Pakistan Only
* Bangladesh, Burma, Sri Lanka, Nepal and Pakistan
1/ excludes Sierra Leone, Burundi, and Lesotho
2/ for Ethiopia, Niger, Mauritania and Senegal only
3/ for Somalia, Mozambique, Guinea, Central Africa, Nepal and Angola only
4/ excludes Rwanda, Benin and Sudan

Source: World Bank, UN and FAO

ANNEX
Table 9A

FOODGRAIN IMPORTS VS. AGRICULTURAL EXPORTS - 1977

	Commercial Foodgrain Imports		Food as % of Agricultural Exports
	(million US$)	(million tons)	
South Asia			
India	0	0.0	
Other	$230	1.5	15%
East and Southeast Asia			
Indonesia	$500	2.2	17%
Other	$100	0.6	NA
SubSaharan Africa			
Sahel & Ethiopia	$ 80	0.6	8%
Other	$320	2.4	9%

Source: IMF, World Bank & UN

ANNEX
Table 9B

AGRICULTURAL EXPORT EARNINGS
US$M (1977 Prices)

	Agric. Exports 1960	1977	Av.Annual Growth Rate '60-'77 %
South Asia			
India	1,376.1	2,177.7	2.74
Other S. Asia	2,203.6	1,464.4	2.38
Total	3,579.7	3,642.1	0.10
East & South East Asia			
Indonesia	3,170.8	2,930.3	0.46
Other E. Asia	NA	NA	NA
Total	3,170.8	2,930.3	0.46
SubSaharan Africa			
Sahel Ethiopia	673.8	1,003.7	2.37
Other	3,376.8	3,677.2	0.50
Total	4,050.6	4,680.9	0.85

Source: IMF, World Bank and UN

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

M. Yudelman D-823 DCP Shd. I give this to Gerald?

OFFICE MEMORANDUM

TO: Distribution Below

DATE: July 2, 1981

FROM: Mahbub ul Haq, Director, PPR

SUBJECT: Brandt Commission Response

Rec'd. 4.12 pm 7/2!

1. We are presently undertaking a review of the Bank's response to the Brandt Report and the status of outstanding papers. This is to brief senior management before preparing a status report for the September Session of the Development Committee.

File PPA - Brandt Response Paper.

2. I would appreciate your having the attached draft checked for accuracy and completeness concerning those papers under your jurisdiction. Any corrections should be communicated to Mr. Norman Hicks (x60138) before c.o.b. Tuesday, July 7.

GD

As far as I can see there is little here for AGR to check it out & draft a response for MY

P 7/2

OK. Discussed DP 7/6 - no further action.

Attachment

Distribution

Messrs. Baum
Benjenk
Golsong
Pollan
Thahane
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DRAFT
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June 30, 1981

A STATUS REPORT ON THE BANK'S RESPONSE TO THE BRANDT REPORT

In February, 1980, the Brandt Commission issued its long awaited report on development issues entitled "North-South: A Program for Survival". This report of an independent commission of experts from both developed and developing countries contained many recommendations and suggestions, some of which were of direct relevance to the World Bank. In the same month, Mr. McNamara indicated to the Board that the Bank staff would prepare a series of 17 papers on the recommendations of the Brandt Commission, and distributed a tentative time-table for submission to the Board for their discussion (see Annex I). According to the original schedule, the entire set of papers were to have been distributed by January, 1981. In August, 1980, a brief progress report on the work on these papers was submitted to the Development Committee, which indicated that a fuller report on the Bank's response would be submitted to the April, 1981 meeting of the Development Committee after discussion of the recommendations by the Bank's Board. This overview paper of all of the recommendations was then added to the list of papers, raising the total to 18 in all.

At first, work on the papers proceeded more or less on schedule. Several recommendations made by the Brandt Commission were already being considered by the staff. Thus, the Board discussed papers on program lending (No. 1), co-financing (No. 2), and energy financing (No. 9) which did not explicitly state that they were Brandt responses, but did, in fact, address issues raised in the Brandt Report. During 1980, a series of explicitly labeled "Brandt Response Papers" were forwarded to the Board. These included papers on political conditions (No. 3), poverty belt countries (No. 6), debt problems (No. 7), Bank guarantees (No. 10),

food (No. 11), and non-fuel minerals (No. 12). The Board, however, has deferred discussion of these papers so that they could be considered as a group, along with the overview paper. The Board has discussed a paper entitled, "An Examination of Possible Expansion of Bank/IDA Lending..." (R80-356, Dec. 18, 1980) which, inter alia, touches on two Brandt topics: i.e., the need to adequately utilize the capital increase (No. 4) and the suggestion to change the "gearing ratio" of the Bank so as to increase its lending capacity (No. 5).[1/]

Thus, of the eighteen proposed papers, 11 have been done or treated in some fashion. A brief survey of the Bank's responses to these 11 proposals is contained in Annex II. The remaining seven papers have been delayed for a combination of reasons involving staff constraints, disagreement on the appropriate response, and a declining interest in the Brandt proposals in general. The specific status of the remaining papers is as follows:

No. 8: Define the Role of the Surplus Countries in Financing the Adjustment Problem of the Developing Countries

This paper was reviewed by the Finance Committee on July 22, 1980 and subsequently revised and sent to the President on August 8. The paper analyzes ways in which the surplus countries might play a larger role in recycling, with special attention given to possible avenues of expanded cooperation between the Bank and the oil exporting countries and their institutions. No specific policy changes, however, were suggested. Since the paper relates to decisions yet to be taken on the future of the Bank and its role in the recycling issue, it has not yet been distributed to the Board.

No. 12: Provide Greater Participation of LDC Staff in Bank Management

A draft paper was discussed by the President's Council on November 24, 1980. The paper broadly agreed with the Brandt Commission's recommenda-

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1/ These topics will also be covered in a paper presently being drafted for the Task Force on Non-Concessional Flows of the Development Committee.

tions but did not offer firm conclusions, targets or indications of necessary changes in policies. The paper was to be further revised and coordinated with papers No. 14 and No. 15.

No. 14: Provide Greater Decentralization of the Management of the Bank's Operations

A separate paper on the role of the Bank's Field Offices was sent to the Board on October 20, 1980, but this was not considered a full response to the Brandt recommendations. A more complete paper was to be drafted by the Financial Policy and Analysis Department, in collaboration with Policy Planning and Organization Planning Departments. Work on this paper has been deferred, however, due to priority given to other work and a lack of a clear management directive.

No. 15: Provide Borrowing Countries a Greater Role in the Decision-Making Process in the Bank

A paper has been drafted by Mr. Golsong in consultation with Mr. Thahane. The paper focuses mainly on voting rights, and the question of increasing the LDC share. Because of political sensitivity (heightened by the PLO problem), it was decided (September, 1980) to postpone sending the paper to the Board, and no further action has been taken.

No. 16: Examining the Possibility of the Bank's Refinancing Export Credits for Capital Goods

A draft of this paper has been prepared by the staff, and is presently being reviewed by the Director, Financial Policy and Analysis Department. The paper suggests that while a worldwide export financing scheme (such as proposed by UNCTAD) would be inappropriate for Bank assistance, the Bank should be ready to assist individual countries in setting up export finance arrangements, and could provide assistance to regional arrangements through the IFC. Further work on the paper will be required, however, before it can be sent to the Board.

No. 17: Consider the Creation of a New International Financial Institution - A World Development Fund - To Supplement Existing Institutions and to Diversify Lending Policies and Practices

Work on this paper was to have begun after Board discussion of the paper on expansion of Bank lending and means of finance (R80-356, Dec. 19, 1980). No staff work has been done on this proposal. In a certain sense, the need for a World Development Fund depends on the Bank's ability to respond effectively to the Brandt recommendations. The Fund proposal is one way of overcoming the Bank's limitations with regard to staffing, finance and lending policies as perceived by the Commission; the alternative being internal reform of the Bank itself.

No. 18: Brandt Commission Proposals: An Overview of the Bank's Response

The purpose of this paper was to focus discussion in the Board and the Development Committee on the Bank's responses to the Brandt Report. It obviously cannot be started until the other papers have been finished.

ANNEX II

Summary of Completed Papers on Brandt Proposals

No. 1: Expand Program Lending By the Bank. This topic was covered by the paper entitled, "Lending for Structural Adjustment" (R80-17, February 5, 1980). The paper was discussed by the Board in March, 1980, and subsequently forwarded to the Development Committee. The paper recommends a series of program or structural adjustment loans to assist coun-ries affected by adverse external circumstances, including the increased price of petroleum. Structural adjustment loans are designed to assist countries with rapidly disbursing funds within a program of longer-term adjustment which will affect a permanent solution to current problems. This approach was approved by the Board and has been subsequently implemented by the Bank.

No. 2: Provide for Greater Co-financing By the Bank. The issue of co-financing was discussed in a memorandum to the Executive Directors entitled "World Bank Co-financing", dated February 19, 1980. The memorandum concluded that there were several practical ways in which the Bank can expand its co-financing role with official aid agencies, export credit agencies and private lenders. The overall thrust, however, was to strengthen existing activities rather than initiate new ones.

No. 3: Abstain from Imposition of Political Conditions on Operations of IFIs. A response in the form of a memorandum for the Executive Directors was forewarded to the Board on May 30, 1980 (R80-145). Although initially scheduled for Board discussion, it was postponed at the request of several EDs and never rescheduled. The paper noted that attempts to introduce national political concerns into the Bank's operations had been resisted by the majority of the membership. While such attempts had been limited, there was an increasing trend which had been noted by the Commission. Therefore, the Bank endorsed the Commission's recommendations against the imposition of political conditions on all IFIs in order that

they may maintain the ability to perform the functions for which they were established.

No. 4: Plan to Effectively Utilize the Increased Borrowing Capacity of the Bank Resulting from the Doubling of Its Capital.

Plans to utilize the results of the capital increase were discussed in two memos to the Executive Directors which were combined in the report, "An Examination of Possible Expansion of IBRD/IDA Lending Over Levels Presently Planned for FY82-86 and Means of Financing Such Expansion" (R80-356, December 18, 1980). It is clear from these papers that there will be little difficulty in utilizing the latest capital increase because of the new demands on the Bank arising from the new program for China, expanded energy lending, structural adjustment lending and the need to maintain the original plan for a 5% real growth rate. Under conservative assumptions, there will be a need for additional callable capital by FY88. 1/

No. 5: Change the Bank's Present "Gearing Ratio so as to Raise Its Lending Capacity.

This issue was also discussed in the memorandum on expansion of bank lending and the means of finance noted above. The paper notes that without a change in the gearing ratio, the Bank might well need more callable capital by FY88. It is not clear, however, whether amending the articles to permit a higher ratio would effectively expand the Bank's capacity to borrow. The capacity to borrow is determined by the market's valuation of the Bank's assets, and it is possible that the Bank would be unable to borrow at present favorable rates against assets which include loans made to developing countries, as well as callable capital. 1/

No. 6: Develop an Action Program to Reduce Absolute Poverty in the Poverty Belts of Africa and Asia During the 1980s.

A response paper on this topic was forwarded to the Board on October 10, 1980.

1/ A paper covering, inter alia, the issues of the gearing ratio of the Bank and the adequacy of callable capital will be prepared for the September (?) meeting of the Task Force on Non-concessional Flows of the Development Committee.

The paper notes the many ways the Bank presently focuses on the problems of the poorest or least developed countries, which the Brandt Report calls the "poverty belt" countries of Africa and Asia. It proposes no new initiatives on the part of the Bank, but notes the need for greater concessionary resources for these countries and the problems of political will of the donor countries in providing these resources. In addition, it also notes that the problems faced by these countries will be the focus of a major international conference on Least Developed Countries to be held under UNCTAD auspices in September, 1981.

No. 7: Analyze the Likely Debt and Debt Servicing Problems in Various Categories of LDCs and the Capacity of Existing Private and Public Institutions to Meet These Needs.

A paper on this subject was forwarded to the Board on September 18, 1980. The paper notes that problems of debt and debt servicing are really problems of country economic management and its impact on the balance of payments. It was suggested, however, that the international community could assist the debt problems of the low-income countries by extending the UNCTAD initiative on retroactive terms adjustment by including a broader group of LDCs. In addition, a greater development perspective on the part of the creditor countries when handling debt renegotiations through the Paris Club could provide a more orderly settlement of debt "crises" when they occur. For the Bank, it was suggested that it could exert more effort in giving technical advice in debt statistics and management, and during periods of reschedulings, and more to bring debt discussions into the general framework of consultative groups.

No. 9: Substantially Increase Bank Financing for Exploration and Development of Energy Resources.

The response to this proposal took the form of two papers; the first entitled

"Energy in the Developing Countries" was sent to the Board on July 11, 1980 while the second "Expanded Energy Lending-Energy Affiliate" (R81-78) was forwarded on April 15, 1981. The first paper noted the need for developing countries to reduce their dependence on imported petroleum by the development of internal energy sources of various types. While this goal is achievable, it will require substantial technical and financial assistance from the Bank and other international donor agencies. The paper proposed, and the Board an expanded program of lending in such areas as oil and gas exploration, energy conservation, renewable sources of energy and coal. The second report on the energy affiliate has been discussed by the Board but further negotiations have been temporarily deferred.

No. 10: Use of the Bank's Guarantee to Improve Access to Developing Countries to Capital Markets.

This topic was covered in a Board memo of July 15, 1980 (R80-208). The paper notes that guarantees affect the Bank's lending authority in the same ways as loans disbursed and outstanding. A full guarantee of third party loans would not appear to benefit either the Bank or the recipient government. There is more justification for partial guarantees, which the Bank is willing to consider, although the possibility of achieving the same objective through other means, such as co-financing, needs to be considered in each case.

No. 11: Develop an Action Program to Increase Food Output in Low-Income Food Importing Developing Countries During the 1980s.

A memorandum to the Executive Directors responding to this proposal was forwarded on September 26, 1980 (R80-294). In general, the Bank agreed with the Commission's perception of the importance of food and agricultural problems, and the important role of agriculture in development. The Bank also agrees with the need for institution building, agrarian reform, agricultural research and extension, food storage and distribution systems, and other essential inputs mentioned in

the report. Of particular importance to the poverty belt countries, however, is the need to develop irrigation facilities in order to increase food output. The paper concludes that a major Bank study of this problem will be undertaken.

No. 13: Set Up a New Institution for Exploration and Development Financing for Non-Fuel Minerals.

A response paper on this topic was sent to the Board on August 4, 1980 (R80-249). The report concludes that the unmet needs of the developing countries in the minerals field are small and largely concentrated in the areas of geological surveys and feasibility studies. The development of mineral production projects has been held back in recent years not by a shortage of financing, but rather by a lack of viable projects due to depressed mineral prices, low demand and existing surplus production capacity. Adequate financing is available for viable projects from existing IFI bilateral, and private, sources, so that the creation of a new institution does not appear warranted.

Mr. S. J. Burki, PPR

November 4, 1980

Graham Donaldson, AGREP

Response to Brandt Commission Recommendation No. 6
Action Program to Assist the Poorest Countries (R80-298)

Table 7 (page 11) of this paper appears to contain an error. IDA lending in the agriculture rural development sector totalled $4,018 million from FY75-79; 41% of total IDA commitments over the period. In FY70-74 the percentage was 31%. The table appears to be calculated on the basis of IDA and IBRD commitments. The projected level of future IDA agriculture and rural development operations is similarly inaccurate. In FY80, 46% of IDA went into AGR and this level of activity is expected to be sustained through 1985.

GD:nks

cc: Messrs Yudelman, Pickering

November 4, 1980

Professor Theodor Dams
International Association of
Agricultural Economists
Institut fur Entwicklungspolitk
der Universitat Freiburg
Werthmannplatz 1
D-7800 Freiburg i. Br.
Fed. Rep. of Germany

Dear Professor Dams:

Thank you for your letter of October 27, 1980. I look forward to hearing from Dr. Hildreth in due course.

I am pleased to enclose a copy of the Bank's response to the Brandt Commission recommendations on agriculture and food.

Yours sincerely,

Graham Donaldson
Economics & Policy Division
Agriculture & Rural Development Dept.

Enc.

INTERNATIONAL ASSOCIATION OF AGRICULTURAL ECONOMISTS

27th Oct., 1980 D/S

Dr. Donaldson
- Senior Economist -
WORLD BANK (IBRD)
1818 H-Street N.W.

Washington D.C. 20523

Dear Dr. Donaldson,

just returning from PR China where we (K. Ohkawa and J. Hildreth) spent two weeks to strengthen the relationship with our individual members I have the pleasure to inform you in relation to the following points:

a) In the near future, Dr. Hildreth will contact you for organizing an information meeting with IAAE-members working in IBRD and and INTERAMERICAN DEVELOPMENT BANK.

b) We have to recognize that IAAE has individual members and that we do not have national delegations; we are an international fraternity. Nevertheless, we can organize a meeting for our members working in the international institutions and there are no difficulties to mail the informations directly to your address in Washington D.C.

I hope that I can inform you in the next weeks what kind of program of "International Seminars" could be discussed for realization. The first Seminar in Seoul/Korea was very successful. The papers and discussion results will be published; I will send you a copy of the report.

I remember that the WORLD BANK has had the intention to elaborate a recommendation in relation to the "Brandt-Report". In the case that the final report is available, please send me a copy as soon as possible. Thank you in advance!

Sincerely yours,

(Theodor Dams)

Ø Hildreth

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Thank you in advance!

Sincerely yours,

(Theodor Dams)

J. Hildreth

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