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Washington, D.C.

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CHADENET, BERNARD - ARTICLES and Speeches (1967-1973)

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TALKS TO THE CANADIAN EXPORT ASSOCIATION

Toronto - January 25, 1967
Montreal- January 26, 1967

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The Lending Methods of the World Bank and the Role of Developed Countries in Providing Goods and Services

Bernard Chadenet
Associate Director
Projects Department
International Bank for Reconstruction and Development

A. Lending Methods of IBRD

Considering the short time I have available, I have to assume that the World Bank Group is known to you. I will remind you in a few words that the World Bank alone has 105 member countries, Canada being the sixth 1/ shareholder with 3.5 per cent of the shares. The Bank makes long-term loans of 10 to 35 years, at an interest presently at 6 per cent. Funds for loan disbursements aggregate over 8.5 billion dollars; 21 per cent comes from the capital of the Bank, 34 per cent from the sales of bonds, 9 per cent from the available net income and 36 per cent from the sales of portfolio and the repayment of loans.

The soft lending window of the Bank, IDA makes what we call "credits," to distinguish them from Bank loans, with terms for 50 years and a commission of 3/4 of 1 per cent. IDA resources come from budgetary contributions of $250 m per year from 20 developed countries and aggregating 1.5 billion since IDA was founded.

Bank loans and IDA credits are usually for projects, the quality of which should always be "hard," whether the terms of lending are hard or soft.

The "Project" concept is not rigid; it covers a growing number and variety of developmental actions, tangible and intangible, from the construction of dams to the reorganization of entities and improvement of operations, such as the closing down of uneconomic railroad lines. A project can also consist of agricultural or industrial development companies that retail funds for small sub-projects.

The concentration of financial assistance on well-defined projects is in the charter of the Bank and it has the following advantages:

(1) It enables the Bank to exercise a close supervision of funds, thus preventing their misuse.

(2) It is an effective way to foster economic development because it forces developing countries to go beyond planning generalities by establishing priorities between specific projects and by preparing projects.

1/ U.S. 28.1 per cent, U.K. 11.5 per cent, Germany 5.65 per cent, France 4.65 per cent, India 3.54 per cent.

(3) Thanks to its multilateral character, the Bank can impose strict conditions on its loans. Its projects are therefore carried out effectively and constitute examples or catalysts for the developmental efforts of beneficiary countries.

(4) Last but not least, at a time when foreign aid is considered by many as a Danaid's cistern, it is useful to establish, particularly vis à vis the financial community, that the Bank's money is carefully spent, on specific projects, with the feeling of security attached to visible performance.

In some cases, and I have in mind our initial operation in Europe, later operations in Australia and recent operations in Italy, India and Pakistan, the financing of materials and industrial components to enable existing infrastructure and industries to be fully used is temporarily more urgent than the extension of their capacity.

Appraisal of Projects

Before lending in a country, the Bank sends economic missions to study its performance to evaluate its creditworthiness and to identify projects. The subsequent appraisal of the projects which appear Bankable necessitates a careful examination of their technical, economical, financial, institutional and managerial aspects in order to establish whether lending is justified and, if so, what amount, terms and conditions are appropriate.

This appraisal work is carried out by the Projects Department, which consists of 170 engineers, agriculturists, educators, financial analysts and economists. They work in conjunction with area departments, and are not specialized by region, but by types of projects: Public Utilities (Power, Telecommunication and Water Supply), Agriculture (Irrigation, Land Settlement, Livestock and Agricultural Credit, etc.), Transportation (Highways, Railroads and Ports) and Education. In the sector of mining, industry and Development Finance Companies, the project work is done for the Bank by the International Finance Corporation, which is the third member of the World Bank Group.

I will comment briefly on the various aspects of appraisals:

The technical quality of a project relies on thorough engineering, with an emphasis on sound cost estimates and realistic schedules of works. As I will explain later, a condition of lending is often that consultants approved by the Bank be employed by borrowers.

The economic soundness of projects is an essential basis for their selection and justification. The distinction between the economic and financial justifications of a project can be illustrated by a premature hydroelectric scheme. This prestige project could be paid for by the users of

electricity who have little choice, and thus be financially sound. But a sequence of thermal plants requiring less funds and, later, capable of producing cheaper electricity, is better for the economy of the country. We should note that where projects do not produce revenues such as most highways, the Bank nowadays often puts as a condition of its loans that users will pay through taxes charges sufficient to cover operating costs and to earn a return on the investment. In transport, proper user charges permit efficient coordination, prevent distortion in investments, prevent uneconomic location of plants and avoid recourse to general tax resources which are very difficult to mobilize in developing countries.

The financial appraisal of projects evaluates the present and projected financial health of the entity which has applied for a loan on the basis of the three classical indicators: Profit and Loss, Balance Sheet and Cash Flow. The conditions of lending often specify minimum levels of liquidity and of rates, ceilings for indebtedness, etc. A more specific condition, often found in power, telecommunication or water supply entities is that the rates charged to the public will be sufficient to cover operating costs including depreciation and will produce a minimum rate of return, or that they will be sufficient, after meeting out-of-pocket operating costs and covering debt service, to generate enough funds to finance a substantial proportion - say one third - of investment needs. The battle of rates was a difficult one in the first years of the Bank. Many borrowers believed that subsidized electricity was indispensable for industrial development and they had also ideological objections against profits in foreign or government-owned enterprises. Nowadays, people know more about economics. They meet and travel more and they have accepted realistic rates for public utilities which they have discovered also prevail in socialist countries. We are now faced only with skirmishes about the prompt implementation of rate increases as these are frequent and important in countries with rampant inflation, and require political courage to be decided and enforced.

The appraisal of the institutional aspects checks that the organizations of the government departments concerned and of the project entity are such that the project be carried out efficiently. As an example, the Bank appraised a port, the functions of which were dispersed between several ministries or departments, and this led to the suggestion that a new law be passed, giving the port responsibility for all aspects of port investment and operations.

The appraisal of the management and organization of the project evaluates the efficiency of the management, focusing on the degree of autonomy of the entity, on the competence and stability of its management, etc. Conditions for lending often include the right of the Bank to be consulted on, or to approve, changes in management.

The appraisal of projects always requires visits to the site, following the study of the information sent by the proposed borrowers.

All these conditions of lending are included in legal documents signed by the borrower and by the Bank. Once a loan has been made the Bank has to make sure that conditions are fulfilled. When there are problems, and this is the case in less than ten per cent of our 260 active projects, with very few serious problems, the Bank has a spectrum of remedies. They range from the right for immediate reimbursement of a loan, which is somewhat of a weapon of disuasion and has never been used, through interruptions of disbursements, through cancellation of loans and, of course, to the threat of not considering new loans until the situation has improved. It is paradoxically fortunate that the projects which do not go well are those for which disbursements are the most slow, thus enabling the Bank to use the undisbursed portion as leverage for correction.

You may know that the Bank attaches great importance to the development of agriculture and it is to intensify its action in this sector that it cooperates with FAO. Everyone has come to agree in developed and developing countries alike, that agriculture should receive priority, but up to now the Bank has devoted only one-tenth of its loans to agriculture against one-third to transportation and one-third to power. We have not lent more to agriculture because we only gradually realized the priority of this sector and because this kind of lending is much more difficult than the others if it is to be effective: the easiest of all projects are the spectacular monolithic projects, like large dams; these are achieved by setting up within a developing country a modern enclave composed of sophisticated consultants and experienced foreign contractors, all concentrated on one site. To the contrary, the development of agriculture necessitates a careful strategy of attack with a number of interrelated inputs: the availability of water, the protection against floods, the production and distribution of fertilizers, pesticides, fungicides, selected seeds, agricultural equipment storage, the improvement of agricultural methods, the setting up of extension services of agricultural credit, feeder roads, sound policies on prices, etc. And nothing can be done without the participation of the end users, that is the hundreds of thousands of farmers who are very hesitant to discard century-old habits and risk the lives of their families to jump from subsistence to market agriculture.

The social constraints of agricultural projects are forbidding but the response to fertilizers, for example, which we are witnessing in some backward areas, for the production of which you industrialists have a role to play, is quite encouraging.

B. Provision of Goods and Services from Developed Countries

Since the creation of the Bank two decades ago, and the creation of IDA six years ago until December 31, 1966 and not counting IFC, almost six hundred loans or credits in ninety countries have been made by the World Bank Group, with accumulated commitments approaching 12 billion dollars 1/

1/ IBRD 10.4 - IDA 1.67

and disbursements of 8.50 billion 1/. During the fiscal year 1965/66 the Bank Group committed 1.1 billion 2/ and disbursed 935 million dollars 3/.

The coming to life of all these Bank and IDA projects of a value of over 20 billion dollars is based primarily on the transfer of funds from developed to developing countries through the Bank Group. But almost all projects are successfully carried out, thanks to the efficient mobilization and transfer of goods and services from developed to developing countries, and I would like to use the privilege of being among consultants, contractors and manufacturers today to examine in some detail the procedures and conditions of these transfers.

Goods consist mainly of equipment required by developing countries for the establishment and development of their infrastructure. Goods financed are varied - agricultural equipment, communications equipment, electrical equipment from generators to distribution transformers, paper machinery, water treatment equipment, metal producing and processing, aircraft, locomotives, rolling stock, construction services, and equipment for dams, canals, highways, railroad lines, ports, etc.

As you know, nearly $200 million of these goods have been bought in Canada. With very few exceptions, goods are procured under international bidding and this for two reasons: first to make sure that the allocation of orders among the industrialized countries which are members of the Bank is not based on any kind of quotas or tied by strings, but results from competition only; and, second, to enable borrowers to make the maximum use of the money they borrow; studies made by receiving countries and by the Bank indicate that the prices of goods procured through international bidding are substantially and sometimes dramatically lower than when they are procured otherwise.

You have available a brochure on guidelines for procurement of goods financed by the Bank. The latest edition of this brochure (January 1967) includes two changes of interest to you: one is the desirability of including a "Force Majeure" clause in the general condition of contracts; the other refers to the protection of domestic industries:

Borrowing countries have industries which produce some of the goods financed by the Bank. These infant industries - not all of which are justified economically - are often protected by quotas, "buy local" provisions, licenses, heavy duties, etc., which make international bidding meaningless. Only a limited degree of protection of manufacturers is accepted by the Bank in cases where it appears to be justified. For comparing bids, this protection of - say up to 15 per cent - is in lieu of custom duties, and must be clearly specified in the bidding documents. The Bank accepts no protection for local contractors because foreign and local firms are practically on an equal footing in any case.

1/ IBRD 7.67 - IDA 0.83
2/ IBRD 840 + IDA 284
3/ IBRD 668 + IDA 267

In this international bidding procedure the Bank plays the unpopular but important and difficult role of policeman or judge, to make sure the laws are abided by, and to investigate differences and complaints. This work is done by teams whose international character and professional integrity have established the Bank's reputation of impartiality.

All this work would be impossible if the services of consulting firms were not available to the Bank and its borrowers. As I will explain, in most cases of preinvestment studies the firm of consultants is chosen by the Bank, while it is chosen by the borrower for projects financed by Bank loans. Consultants are put to work before investments start through sectorial studies which usually lead to the establishment of priorities and to the identification of projects. When projects have been identified, consultants help potential borrowers to study whether these projects are worth financing. A project having been selected, consultants bring it to the stage where it can be appraised by the Bank. For these stages of identification and preparation, the Bank has worked out cooperative agreements with FAO for agriculture, and with UNESCO for education. The Bank finances engineering studies sometimes through special engineering loans, but more often they form an extension of construction loans; each project including studies for a subsequent one, in a sort of piggy back manner. The Bank is reducing the number and amount of grants it used to make for preinvestment studies, as this is the role of the UN Development Programme, for which the Bank is often executing agent in the fields of power and transportation. For preinvestment studies, the Bank usually selects the consulting firm, with the agreement of the beneficiary country.

I have explained earlier that the Bank decides to finance projects only after their technical, economical and financial aspects have been meticulously appraised. It follows that very few borrowers are equipped at this time to carry out the engineering stages of the project which is to go ahead: consultants have therefore to prepare detailed designs, specifications and contract documents, analyse bids and make recommendations thereon; supervise the execution of the project and sometimes operate it for an initial period. Consulting firms are chosen and appointed by the Bank's borrowers, with the Bank's approval.

A new form of service which is becoming increasingly important for underdeveloped countries and for the Bank is the secondment of experienced managers to start projects and train local management. An experiment in East Africa where the Bank seconds managers for agricultural projects, appears promising, and we are considering its extension to other parts of the world and to other sectors, particularly Transportation. The United Nations has "opex" (operational executive personnel) projects which perform the same service. I believe this kind of help will have to increase considerably in the future to sustain the economic development of countries and procedures will have to be worked out to render such services acceptable to the beneficiaries and to render this kind of work attractive to qualified managers.

Conclusion

As you are all engaged in active business, I should end these general remarks on a practical note. To Canadian manufacturers and contractors, I have nothing special to recommend, because they are used to - and increasingly successful in - international competition. The Bank staff is always available to investigate well-documented complaints on the outcome of bids. To the Canadian consultants, who are becoming increasingly engaged in overseas work, I would strongly stress the importance of not limiting their services to technical aspects of projects, but of tying together their technical, economical, managerial and institutional aspects. In spite of improvements we find many consultants from different countries still weak on that count, and I hope the profession will be attracted by this new frontier, which requires enlarged talent and often the courage to tell clients that their projects do not make sense. It is certainly important to design a bridge efficiently but, from the point of view of the developing countries and of its bankers, it is even more important to determine whether the bridge is worth building or whether a ferry would suffice. As to the important managerial services which are increasingly in demand, efficient procedures have still to be proven but I hope that some of the executives who retire earlier, thanks to our civilization of leisure, will wish to extend their professional life with a new overseas career.

F- Speeches - Chadenet, Ottawa Mr. Hood / Mr. Graves

Meeting with Group of Govt. Officials organized by Dept of Trade & Commerce

Prepared Questions

Operational Files

February 1, 1967

B. Chadenet B. Chadenet

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Conversations in Ottawa on January 26, 1967

I spent the whole morning of Thursday, January 26, in Ottawa at the Department of Trade and Commerce in a meeting organized by Mr. J. R. Midwinter, and composed of the following persons:

B. Chadenet

L. D. Hudon
Deputy Director General, External Aid Office

Dr. F. J. Chambers
Chief Economist, Export Credits Insurance Corp.

A. J. Barry and H. V. Kroeker
International Programmes Division, Finance

T. E. Bocking
Economic Adviser, Programme Advisory Group,
Department of Industry

R. B. Whiting
Assistant Deputy Minister, Programme Planning,
Public Works

Denis Harvey
Assistant Deputy Minister (Commodities and
Industries), Trade and Commerce

R. A. Scoon
Director, Manufacturing Industries and
Engineering Branch, Trade and Commerce

R. Sangster
Chief, Electrical and Electronic Equipment Division
Trade and Commerce

R. C. Wallace
Chief, Mechanical Equipment Division
Trade and Commerce

J. R. Midwinter
Chief, Financing and Aid Division
Trade and Commerce

L. H. Brown
Financing and Aid Division, Trade and Commerce

Operational Files February 1, 1967

I did my best to answer the questions, prepared as follows:

(1) Clarification of procedures for procurement and engagement of consultants for U.N. Development Programme projects in which the IBRD is the executing agency. There is a feeling that in some cases the Bank may have short-listed consultants for a project before it had been approved by the Governing Council of the U.N.D.P. and before Canadian firms had had an opportunity to make their interests known.

(2) Review of technical assistance projects carried out by the IBRD for its own account.

(3) Capability of Canadian consultants. It has been reported to us that the Bank has doubts of the capability of Canadian consultants in certain fields, especially in the area of economic analysis. Views might be exchanged on this problem in order to identify alleged areas of weakness. We might be able to allay some of the Bank's concern and at the same time obtain Mr. Chadenet's advice as to measures which could appropriately be taken by us and by Canadian consultants to strengthen these areas of weakness.

(4) Engagement of consultants by borrowers with a view to obtaining clarification as to the extent to which the Bank may influence the selection. It is understood that the Bank requires the borrowers to submit to it a short list of prospective consultants and that the Bank may insist on the borrowers vetoing those firms the Bank considers unqualified. Is the Bank's decision based solely on a technical appraisal or does it also take into account the amount of business placed in subscribing countries under Bank loans? To what extent does the Bank respond to requests by borrowers for suggestions of appropriate consultants?

(5) Can anything be done to improve procedures for approaches to Bank staff by Canadian consultants:

(a) with respect to first introduction or general information,
(b) with respect to particular projects?

(6) Scope for improving liaison in recipient countries between Bank Missions and resident Canadian Diplomatic Missions.

Should Canadian firms be encouraged to visit or correspond with resident Bank Missions?

(7) With respect to project development, is there scope for greater promotional activity by this Department and its trade representatives in the field? It has been reported that in some cases private firms with official support have worked up appropriate development projects in prospective recipient countries and have helped these countries put them forward to the World Bank for financing. What more can be done to ensure that Canadian firms receive sufficiently advanced information of projects which might be eligible for Bank financing to enable them to participate in tenders? In some cases prospective recipients issue invitations to tender without specifying that Bank financing is being considered or has been requested. In such cases Canadian firms may inquire whether Canadian financing would be available and, if the reply is negative, may not bid. Subsequently, the Bank may extend a loan to cover the project in question and finance the retroactive orders already placed. In other cases, it is sometimes felt by Canadian exporters that advisors to prospective recipient countries provide special or advance information to nationals of their own countries which they do not make available to Canadian exporters. What assurance can we obtain that Canadian firms have access to information equal to that enjoyed by their competitors?

(8) Review of procedures followed by the Bank to ensure that specifications and standards are sufficiently broad to permit genuine global competition.

(9) The Bank issues project reports classified "restricted". Subsequently, when a loan is announced, we often obtain additional copies of such reports. However, these are still marked "restricted" and by our own security regulations we are obliged to continue classifying them as confidential documents. Could consideration be given by the Bank to declassify project reports when a loan has been approved so that they can be distributed to Canadian firms, to whom they are very useful.

(10) Some contracts awarded under Bank loans are very large. What scope is there for ensuring that individual con-

tracts are sufficiently small to ensure a wide response by possible suppliers? An example would be the proposed Tarbela Dam project, where the main civil contract would be so large as to preclude participation by more than a handful of the world's largest organizations. Canadian firms in this case found that even on a consortium basis the contract would be too large for them to handle.

(11) Is it possible for the Bank to release more information about loan applications under study to governments? There are occasions when we appear to be working at cross purposes. The Bank may stipulate that a prospective borrower meet certain conditions which may appear onerous. The prospective borrower may then apply to us or other exporting countries for supplier credits in order to avoid the Bank's conditions.

(12) The Bank's economic reports sometimes list economic development projects in less developed countries. It would be helpful if, whenever possible, such lists be included in Bank reports as a general practice, together with an indication of their priorities as viewed by the Bank.

(13) Current thinking among Bank officials about the scope for improved co-operation between the Bank and subscribers, including joint financing operations (such as the recent trial operation in Mexico in which we are collaborating) and possible referrals of projects by the Bank to subscribing countries for financing under national aid programmes or supplier credits.

(14) Current Bank policy on the preference allowed for domestic suppliers in borrowing countries under Bank loans.

(15) Review of economic sectors and geographic areas considered eligible for loans or other assistance under current Bank policy. Are there any shifts of emphasis as to sector or geographic area under contemplation by the Bank? What scope might there be for loans in the fields of nuclear power and integrated air transport projects?

(16) Mr. Chadenet might be invited to review IFC procedures and to indicate the scope for development by Canadian companies in LDCs of investment projects which might be eligible for assistance by the IFC.

Operational Files February 1, 1967

After the meeting I had lunch with Mr. Hudon, Mr. Godefroy and Mr. Connelly. Mr. Godefroy has only recently joined the Trade and Commerce Ministry and was Dean of La Salle (?) University. Mr. Connelly is in charge of the projects financed by the Canadian Government.

BChadenet:jfe

c.c. Mr. Ripman
Mr. Graves
Mr. Schmidt

Mr Eliasson

Form No. 57 | INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Lars Lind

DATE: August 4, 1967

FROM: B. Chadenet BC

IBRD/IDA Box WBG 77 ARCHIVES

SUBJECT: Talks Given in Europe at the end of June 1967

At the end of June I gave four talks about the Bank as follows:

1. In Rome on Monday, June 26, to ANCE (Associazione Nazionale Costruttori Edili).

2. In Milan on Tuesday, June 27, to Associazione Industriale Lombarda.

3. In Paris on Wednesday, June 28, to SYNTEC/ICOFRANCE.

4. In Paris on Thursday, June 29, to ODEMEF (Office d'Etude pour l'Exportation du Matériel Electro-Mécanique Français).

The talk in Rome on "Méthodes de Prêts de la BIRD et Rôle Joué par les Pays Industriels pour le Transfert de Services et d'Equipement aux Pays Sous Developpés" went well. The attendance was made up of about fifty persons and many questions were asked. The meeting was followed by a pleasant and interesting dinner which gave me the occasion to answer many questions.

The talk on the same subject in Milan was a flop. Less than a dozen people attended, in the large building of AIL where apparently an important professional meeting was taking place at the same time. It seemed that no invitations had been printed. I tried to find someone to introduce me with no success. I started my talk and after ten minutes someone sat next to me and interrupted to introduce me. I had arranged to keep my evening free for a dinner which did not materialize, etc..

At the SYNTEC meeting there were about thirty consultants and I spoke briefly about our procedures relating to the selection and employment of consultants. Most of the meeting was devoted to answering questions.

The ODEMEF meeting was devoted to answering questions which had been sent to me the day before. I am attaching the minutes of the meeting. Practically all members of ODEMEF were present (about twenty).

Attachment

BChadenet:jfe
c.c. Paris Office

PP/SW
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6.7.67

O. D. E. M. E. F.

Banque Internationale de Reconstruction
et de Développement

Table Ronde du 29 Juin 1967

Monsieur Bernard CHADENET, Directeur du Département "Projets et Réalisations" à la Banque Internationale de Reconstruction et de Développement à Washington, a accepté de participer à une table ronde des constructeurs adhérents de l'O. D. E. M. E. F.

Cette réunion s'est tenue le Jeudi 29 Juin 1967 à l'O. D. E. M. E. F., 2 & 4, rue Joseph-Sansboeuf - PARIS 8e, de 9 h 30 à 10 h 30.

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L'exposé de M. CHADENET a répondu à quatre questions différentes.

Première Question. -

Position actuelle de la B. I. R. D. et de l'I. D. A. en matière de financements conjoints tels que prêts B. I. R. D. associés à un prêt bilatéral ou à une ligne de crédit ouverte par un pays.

Procédures à suivre; fréquence de ces dispositions.

-:-

M. CHADENET précise d'entrée que sa réponse portera surtout sur les principes, car il s'agit en fait d'une méthode nouvelle, qui en est encore au stade expérimental.

Il rappelle qu'il y a quinze ans, la Banque était opposée aux crédits de fournisseurs; ceux-ci en effet ne jouaient que sur une faible durée (2 ans de préfinancement et 5 ans de financement), et les pays en voie de développement les utilisaient parfois sans grand discernement à des travaux d'équipement de base d'une priorité souvent douteuse, et dont la rentabilité à long terme excluait toute possibilité d'amortissement des prêts par les ressources provenant de l'ouvrage correspondant.

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C'est ce qui a entraîné des décisions de report de prêts pour des pays qui s'étaient ainsi fortement endettés de façon inconsidérée.

Plus récemment, et en particulier sous la pression des industriels, la durée des crédits de fournisseurs s'est très sensiblement accrue, les taux d'intérêt restant acceptables. Par ailleurs les pays emprunteurs ont acquis plus de discernement pour leurs achats et leurs crédits. Ce mode de financement, jugé initialement nocif par la Banque, a donc été ensuite toléré, et il est maintenant considéré comme un des moyens normaux de financement des pays en voie de développement. La B.I.R.D. a d'ailleurs publié il y a quelques mois, pour l'U.N.C.T.A.D., une étude systématique des crédits fournisseurs.

La B.I.R.D. ne prétend pas exercer un monopole en matière d'aide aux pays en voie de développement : sur les neuf milliards de dollars qui sont consacrés annuellement à cette tâche, la B.I.R.D. en assure 15 % environ, les 85 % restant étant surtout assurés par les "pays riches", les Etats-Unis en tête, avec 0,7 % de leur produit national brut, suivis par la France avec 1,7 % de son produit national brut; (l'aide des pays riches est généralement inférieure au 1 % de leurs produits nationaux bruts qu'ils se sont engagés à atteindre).

En matière d'aide, la B.I.R.D. n'entend donc pas se substituer aux pays prêteurs, mais elle cherche à obtenir l'utilisation des crédits la meilleure possible.

La B.I.R.D. a mis sur pied deux processus de coordination des crédits multilatéraux avec les crédits bilatéraux :

a) - les groupements consultatifs
b) - les financements parallèles

a) - La B.I.R.D. a créé une douzaine de consortia ou de groupes consultatifs, dont le fonctionnement est maintenant bien rodé. On peut citer à titre d'exemple le groupe du bassin de l'Indus, qui vient de permettre la réalisation, avec un an d'avance sur le calendrier prévu, de grands barrages et d'immenses canaux de dérivation, dont le coût avoisine un milliard et demi de dollars. Des groupes consultatifs ont été récemment créés pour la Tunisie et le Maroc.

Ces groupes consultatifs sont généralement gérés par la B.I.R.D., qui assure ainsi la ventilation entre ses propres crédits et ceux qui sont fournis par les pays participant au groupe.

Il convient de remarquer à ce propos que la participation à un groupe consultatif n'engage pas les pays participants à fournir des crédits au

./.

pays en cause. La B.I.R.D. effectue une étude économique, d'où découlera une liste de projets économiquement justifiés, constituant un catalogue qui motivera ou non de la part des membres du groupe un engagement financier bilatéral ultérieur.

La B.I.R.D. se trouve être ainsi le chef d'orchestre d'un développement économique raisonnable dans lequel les prêts bilatéraux et multilatéraux sont coordonnés.

b) - Le système des financements parallèles permet aux pays participants d'être assurés de la priorité des projets et de n'avoir pas à discuter isolément des conditions financières de leurs prêts avec les pays emprunteurs, mais bien plutôt de se référer simplement aux "conditions BIRD" qui sont plus exigeantes que les conditions de prêts bilatéraux indépendants.

L'évaluation des projets est assurée par la B.I.R.D., les appels d'offres sont lancés sur une base internationale. Si pour l'un d'eux, un des pays du club se trouve retenu, il lui est demandé d'assurer le financement de ce lot pour un tiers, selon certains plafonds de taux et de termes de remboursement, les deux autres tiers étant financés par la Banque.

Un financement parallèle a fonctionné avec quelques membres pour le barrage de la Volta. Un financement plus large a été récemment mis en place au bénéfice d'une tranche de deux ans du plan d'équipement énergétique de la Commission Fédérale d'Electricité du MEXIQUE, tranche qui ne comprend pas de centrales importantes. L'opération a été montée par M. Orvil SCHMIDT, de la B.I.R.D., pour un montant de 100 M $ environ.

Ce cas concret n'est peut-être pas très démonstratif, car la tranche d'équipement considérée contient de nombreux lots d'un montant faible, ce qui n'a guère incité les pays prêteurs à monter des financements complexes pour des affaires d'importance médiocre.

Le système n'aura d'ailleurs sa pleine efficacité que si tous les pays aptes à répondre aux appels d'offres font partie du club. Sinon il conduit à offrir aux dissidents des conditions d'action plus favorables que celles des membres du club, puisqu'ils sont dispensés de toute participation au financement.

On peut néanmoins déjà dire qu'il s'agit d'un système séduisant mais complexe, et sur lequel il sera possible de se prononcer lorsqu'on aura pu tirer tous les enseignements des essais en cours.

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Deuxième question. -

Position de l'I. D. A. sur la tendance à bilatéraliser les affaires résultant des crédits à demander aux nations prêteuses. Conciliation de cette tendance avec la doctrine générale de la B. I. R. D. telle que Mr G. D. WOODS l'a toujours énoncée.

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M. CHADENET n'est pas au courant de tendance à bilatéraliser, en dehors de ce qu'il vient de préciser. Il donne quelques informations sur le renouvellement des ressources de l'I. D. A. (Association Internationale de Développement).

Il résulte d'études économiques récentes effectuées à l'échelle mondiale qu'en considérant le développement universel à moyen terme et à long terme, ce n'est pas neuf milliards de dollars par an, mais bien treize qu'il faudrait y consacrer. La B. I. R. D. fait actuellement face à environ 15 % du montant des neuf milliards de dollars, son fonctionnement bancaire est sain, mais ses ressources ne peuvent provenir que du marché financier et de ses bénéfices.

Pour les pays vraiment très pauvres, et qui ne pourraient faire face aux obligations dont sont assortis les crédits B. I. R. D., ils ont recours à l'I. D. A., filiale de la B. I. R. D., qui leur consent des prêts sans intérêt et à très longs termes (50 ans) et est alimentée par les sommes provenant de dotations budgétaires de vingt pays riches, dont huit fournissent 80 % des ressources.

Les contributions annuelles sont, depuis 6 ans, de 250 M $ et les six tranches sont totalement engagées. La B. I. R. D. a demandé que les ressources de l'I. D. A. soient quadruplées, passant ainsi de 250 millions à un milliard de dollars.

Les Etats-Unis, principal contributeur, ont donné leur agrément à cet accroissement, mais sous réserve que des dispositions restrictives et complexes soient prises pour protéger sa balance commerciale. Les négociations avec les autres pays contributeurs ont commencé récemment.

Troisième Question. -

Position actuelle de la B. I. R. D. au sujet des offres d'ensemble clés en mains. Evolution éventuelle.

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La B. I. R. D. a toujours accepté, et continuera d'accepter, des offres d'ensemble clés en mains pour des ensembles industriels tels que raffineries,

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cimenteries, papeteries, sucreries, etc... Ceux-ci ne sont en effet réalisables que dans une technique commune à l'ensemble d'une installation, et un appel par lots distincts conduirait à des difficultés de coordination.

En revanche, en matière de centrales, la position de la B.I.R.D. n'est pas favorable aux affaires clés en mains. De telles installations se composent en effet d'un nombre réduit de sous-ensembles bien définis et caractérisés, pour lesquels des appels d'offres séparés permettent au client de profiter de l'enveloppe des offres minimales.

Certains auditeurs font remarquer que l'application systématique de cette méthode conduit à la détérioration progressive et irréversible de ce que l'on appelle - faute de mieux - le niveau de prix international, niveau qui par la force des choses réagit également sur les niveaux des différents marchés intérieurs, la preuve d'un "dumping" étant pratiquement impossible à faire.

Un assistant fait remarquer que, dans le cas d'une affaire clés en mains, le rôle de l'ingénieur-conseil se trouve alors limité à celui de conseil du client pour la préparation de l'appel d'offres et pour le dépouillement des soumissions, ainsi qu'à celui de conseil dans la surveillance générale de l'exécution, la surveillance détaillée étant déléguée au chef du consortium qui a obtenu la commande.

Sur la question de savoir pourquoi sur une affaire récente de centrale thermique au CHILI, la B.I.R.D. avait accepté des offres clés en mains, M. CHADENET répond que la Banque ne s'y était pas opposée, compte tenu du fait que l'affaire était urgente et que cette méthode ; bien contrôlée par une société d'engineering compétente, permettait de gagner du temps par rapport aux appels d'offres séparés.

M. CHADENET en profite pour rappeler que la Banque agit de façon très pragmatique, et n'en fait pas une affaire de "dogme".

Quatrième Question. -

Fonctionnaires français actuellement en poste à la B.I.R.D. dans les départements techniques :

énergie
transports ferroviaires.

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M. CHADENET fait tout d'abord remarquer qu'on ne peut pas parler de "représentants français", car tous les fonctionnaires, quelle que soit leur nationalité, sont au service de la Banque.

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Il ajoute néanmoins que le fait que plusieurs de nos nationaux sont présents dans différents services de la B.I.R.D. présente l'avantage d'assurer la présence de l'expérience française, de diminuer les craintes que la France soit "oubliée".

A cette occasion, M. CHADENET rappelle que ses fonctions lui font obligation d'examiner à fond les apparences d'irrégularités ou injustices qui apparaîtraient dans les appels d'offres. Il est bien entendu disposé à le faire quand les réclamations proviennent d'industriels français, sous réserve qu'elles soient réellement motivées et appuyées par un bon dossier.

La voie la plus efficace et la plus rapide lui paraît de passer en pareil cas par le représentant français auprès de la Banque à Washington, avec la possibilité d'acheminer ces informations confidentielles par le canal de M. PONSART, qui en serait saisi via l'O.D.E.M.E.F.

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Quelques questions sont ensuite posées à M. CHADENET par des auditeurs.

1 - Une firme française bénéficiant d'une commande de la C.F.E. du MEXIQUE dans le cadre du financement mixte exposé plus haut, se trouve en présence d'un terme de paiement dont le règlement est en balance entre la B.I.R.D. et les Banques Françaises. Qui doit honorer ce terme ?

La question est du ressort de l'Assistant Director-Public Utilities (Mr David KNOX), dont M. CHADENET donne l'adresse au constructeur en conseillant de lui écrire directement.

2 - Une technique française confirmée en matière de production d'énergie, jusqu'ici très mal connue des clients et conseils étrangers, vient d'être reconnue comme valable par un document officiel. Comment peut-on la faire inclure en variante dans les appels d'offres sur crédits BIRD ?

L'action d'information auprès des clients risque de n'avoir pas toute l'efficacité voulue. Il paraît préférable que le constructeur en cause entreprenne une action soutenue d'information avec documentation technique, listes de références, etc., le tout en anglais; bien entendu, auprès des ingénieurs-conseils et des sociétés d'ingénierie qui sont habilitées à travailler dans le cadre des crédits accordés par la Banque.

Il est à prévoir que l'O.D.E.M.E.F. doit, par ses expériences successives, être à même d'en identifier un certain nombre.

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3 - Dans quelles conditions une société d'ingénierie ayant des liens avec un constructeur peut-elle intervenir dans un projet sur crédits B. I. R. D. ?

Elle y est autorisée, sous la réserve expresse que les sociétés qui lui sont affiliées ne se présentent pas aux appels d'offres correspondants.

M. CHADENET signale in fine l'intérêt qu'ont les constructeurs à se procurer auprès des bureaux parisiens de la Banque une brochure parue en Janvier 1967 - édition en français - sur les Directives relatives à la passation des marchés financés par la B. I. R. D. et par l'I. D. A.

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A l'issue de cet exposé, M. COMMISSAIRE, en son nom comme en celui des constructeurs de l'O. D. E. M. E. F., remercie une fois encore M. CHADENET d'avoir accepté de consacrer une partie de son temps à cet exposé, qui a manifestement retenu très vivement l'intérêt de tous ses auditeurs.

filed in Mr. Chadenet speech

In: Proceedings of the world conference 9th, 1967, Society for International Development (Dobbs Ferry, New York, Oceana Publications, 1968) p. 85-88
(Conference in Milan, June 7-11, 1967)

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TECHNICAL ASSISTANCE IN TRANSPORT, COMMUNICATIONS AND POWER

BERNARD CHADENET*

The subject of our discussion today is to be technical assistance as it concerns technical infrastructure, that is, transportation, communications and power. Within this category technical assistance may be provided at various levels. It may be concerned with planning, designing, constructing or operating new infrastructure or with increasing the efficiency of infrastructure which already exists. At each of these levels, the importance of the technical assistance may vary widely, from a few months of training for an individual to sector studies costing several million dollars.

We should first try to evaluate technical assistance as it has developed over the past decade. The World Bank's experience is indicative of the general trend. The Bank's expenditures for technical assistance started in 1961 and reached an annual level of about $4 million in 1966. In 1959, the Bank first undertook, as executing agency, a study financed by the United Nations Development Program; last year, these studies executed by the Bank reached an annual level of $7 million. This expansion of technical assistance, in contrast to the relative stagnation of capital assistance, is fast eliminating one of the bottlenecks of economic development.

There remain, however, factors which limit the effectiveness of technical assistance. Many of these arise from the difficulties of identifying, selecting, mobilizing and retaining adequate people to provide it. In addition to professional ability, such people need more adaptability and diplomacy than are required in domestic careers. They need to understand the social dimension of economic development—for example, the problems of inducing change in traditional societies. Many people are unwilling to expose their families to the climate, health hazards and education handicaps of the developing countries. They are reluctant to interrupt their careers at home and to run the risk of losing touch with professional developments. On the other hand, there are very few career appointments purely for technical assistance offered by the lending agencies.

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*Background paper for Working Group 5. The Author is Director of the Projects Division of the International Bank for Reconstruction and Development.

and of the unfortunate fact that many studies never result in investment at all.

Thirdly, technological advances are often irrelevant to the developing countries. Much of the research and development carried out in industrial countries is aimed at increased substitution of labor. New developments in transportation, such as jumbo planes and containerization, require a high flow of goods to be economic. Modern highways designed to carry heavy loads cannot be built by manual labor. Large reductions in the cost of thermal electricity generation can only be achieved by economies of scale and the cost of generation in nuclear plants is even more sensitive to scale than in conventional plants. Communications satellites can be used to improve regional liaisons only if the national networks which they feed are well developed. All these advances can find little application in the majority of the less developed countries.

It is important to develop means to attract competent people into technical assistance. Governments should be more willing to second their employees for realistic periods, and both governments and firms could underwrite careers, by guaranteeing those who are sent on technical assistance assignments suitable positions on their return. The easiest and usually the best way to avoid problems of career development is for consulting firms rather than individuals to be employed to carry out the technical assistance. Financial incentives and fringe benefits, such as educational allowances, annual home leaves and so on, are added inducements.

It is important to educate those who are to provide the technical assistance. An improved knowledge of languages is one requisite, but it is also necessary to impart some understanding of the cultural environment to be faced. In this, cultural orientation centers can play a useful role. The experts often also require some training in methods of transmitting their expertise to others.

It is equally important to educate the recipients of technical assistance. Basically this is a question of improving secondary school educational curricula. In the short term, however, consulting firms can and should be required to train their counterparts. Firms should take measures to perform this part of their task.

I also have a few suggestions for improving the general organization of technical assistance. First, consultative groups have a part to play in settling priorities between sectors of an economy and in dealing with major feasibility and sector studies. They are not, however, suited to dealing with the coordination of specific inputs of technical assistance, although they should influence recipients to make better use of the technical assistance which they are receiving.

Secondly, agencies acting as the executing agencies of the UNDP are in a position to eliminate the present gap between pre-investment studies and investments. They can provide continuity throughout the various stages of the investment process: economic review, sector studies, project identification, project preparation, appraisal, lending and the construction of projects. The agencies, experts and consulting firms have steadily refined their methods and improved their effectiveness. They should make known to the recipients these proven methodologies, in particular the quantitative methods of making economic justifications.

Thirdly, the developing countries must group themselves together to make regional development possible and thus to benefit from economies of scale.

The recipient countries have equal problems. It is usually difficult to find counterpart personnel capable of absorbing the knowledge provided by foreign experts. The recipients are often slow to acknowledge their need for technical assistance. This stems partly from a nationalistic reluctance to accept expatriates and partly from inability to judge the value of experience compared with knowledge acquired from textbooks. As a result they may be reluctant to put into effect recommendations made by technical assistance experts or to suggest and carry out feasible alternatives.

Relations between the technical assistance experts and the recipients are likely to be uneasy. If the experts are employed by an aid-giving organization, they find it hard to establish an atmosphere of confidence, since the recipients know that the organization is in position to give or to withhold capital funds. If the experts are in business as consultants, then they will be subject to a conflict of interests; they may be reluctant to follow their judgment and criticize the authorities in a developing country or find a project unjustified. The difficult problem arises of choosing between the efficient execution of a project and the active participation of the recipients, and any rivalry may be exacerbated by the large salary differences between the experts and their local counterparts. Perhaps most important of all, the respective responsibilities of the recipients, the consultants and the lending agencies are often ill-defined.

Aside from these difficulties connected with the people involved, there are organizational factors which reduce the effectiveness of technical assistance. First, technical assistance throughout the world is at present insufficiently coordinated. The consequence is much duplication and sterility of effort. The best way to overcome this problem is through sensible control by the recipients but, as a second best, exchange of information between the suppliers of technical assistance can help eliminate repetition and waste.

Secondly, many pre-investment studies are not explicitly designed to identify and prepare projects. Those which are properly oriented often suffer from a purely engineering approach and thus neglect technical alternatives as well as the institutional, managerial and financial aspects of a project. For example, such a study may emphasize the maximizing of the power potential of a river basin and take no account of the market for power, social constraints, or the proper timing of investments. This restrictive approach is one of the main causes of the time lag between pre-investment studies and investment

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MR. CHADENET'S TALK TO THE FRENCH CHAMBER OF COMMERCE IN NEW YORK ON WEDNESDAY, JANUARY 24, 1968

EFFICIENCY OF ASSISTANCE TO DEVELOPING COUNTRIES

Monsieur le Ministre, Mon cher Président, ladies and gentlemen, I have the feeling that speaking today about the efficiency of assistance to developing countries is speaking against strong winds. The price of gold, the devaluation of the pound, the threat to the dollar, curbs on personal travel - this is what is being talked about and on every street corner. But I am not going to discuss events of the past few months. I am going to concern myself with something rather different, the slow but steady progress towards development of countries which comprise some two-thirds or more of the world's population.

Furthermore, professionally speaking, I admit it is rather paradoxical that I should be taking an optimistic line; as Mr. Picard, the new President of your Chamber of Commerce, pointed out when he introduced me, I am responsible for the Projects Department of the World Bank, which evaluates new projects and supervises the execution of those we decide to finance. As such my concern is not with what is going right, but with what is going wrong. But I am impressed by the general pessimism which hides the reality I witness: The London Times, in its imperial past, once ran the banner headline "Thousands Drowned in Indian Floods: British Baby Found Unharmed." Today the emphasis is different only insofar as the British baby is no longer featured. You probably read, a few weeks ago: "Three Hundred Drowned in Recent Monsoon." The newspaper's commercial need to call attention to the disasters in economic development rather than to the quiet successes remains unchanged. Very few know that the same dangerous monsoon is enabling India to reap the benefits of agricultural improvement, and so allow millions to subsist.

Indeed, we hear on all sides of the apparent dissatisfaction in the richer countries over the prospect for sound and lasting economic growth in the less developed areas of the World. White elephants in marble palaces, bottomless pits and the Barrel of the Danaids are the illustrations and metaphors which usually are used to describe economic development. Where foreign aid appropriations are concerned in our host country, every assegai that is thrown in anger in Biafra seems to be matched by the heavy swoop of the Congressional axe.

Behind the myth of disappointment and disillusion, lies the reality. But what is the reality of economic development in underdeveloped countries?

Forgive me if I introduce some statistics into my remarks. But I hope the discomfort which I will feel in reciting - and you in hearing - these few figures, will seem a small price to pay for setting the record straight on this most crucial of issues.

You may not know that there are 9 countries in the world today who have recently achieved average growth rates, which if continued, will enable them to double their Gross National Products within the 1970's. This is, as it were, the Olympic team of the developing world. Let me name its members for you: Greece, Israel, Jordan, Korea, Nicaragua, Panama, Spain, Taiwan and Thailand. Apart from the Olympic team, there are at least 16 other countries in the world today, in which GNP in 1966 advanced at a rate of between 5% and 10%. These relatively rapid growth rates have been due without exception to increased investment. The average percentage of the GNP applied to investment in the developing countries has risen to 15%; and 80% of all this effort has been achieved with capital provided by the developing nations themselves.

These aggregate figures are on the record. They cannot be ignored. Let me for a few moments go into the sectors and subsectors which make up the aggregate picture. Where power is concerned, the developing countries as a group have more than doubled their installed power supplies in the decade 1953 to 1963; and their production of electrical energy is now more than two-thirds of the amount produced in Western Europe and North America before World War II. Where transportation is concerned, in most countries, partly as a result of the work done over the last 10 to 15 years by ourselves and other bilateral and international agencies, an adequate inter-city transportation system is being constructed and more funds can be devoted to feeder roads. In India, for instance, the railways today are carrying 2-1/2 times as much freight as they did in the first year of that country's independence - 1948. Freight movement by rail has been growing by 10% yearly in Africa and by nearly 12% in Asia.

Mining production in the developing countries for a decade or more has been increasing at a rate of 10% a year, compared with a rate of 2% a year for the industrialized countries.

Industrial production in the developing countries has increased more than twofold in the last decade. Steel manufacturers have tripled and further expansion is underway. Annual cement production has more than doubled and is now higher than the amount of cement produced in Western Europe and North America before the last war. Some exports of manufactures by developing countries are proving competitive, and while still originating chiefly in a limited number of countries, have increased for the group as a whole by 70% in the 1960's.

In the field of education, the trend is also upward. In the decade since 1950, the number of children in primary schools in Africa and South America doubled, or nearly doubled, and in Asia it more than doubled. In addition, a number of countries with the help of the World Bank and of other agencies are attempting to raise the quality of education and the competence of their citizens through expanding secondary education and vocational and technical training in the fields of agriculture, industry and, of course, teaching. Well fitted education and training is absolutely essential if the developing world is to have people with the skills and knowledge to implement and successfully carry out development projects and programs.

The most difficult area of development has been agriculture, and of particular concern has been the failure of food production in a number of countries to keep level or gain on the increase in population. Even here progress has been made and the problems are not insoluble. For example: Israel, Korea, Mexico and Thailand have shown what can be done to increase and diversify farm production within a relatively short span of years. Furthermore, the amount of credit for improving farm production, while still inadequate and in cases poorly administered, is estimated to be rising at a rate of 10% yearly.

Probably the most promising single way to bring about a decisive improvement in food production lies in the increased application of fertilizers. The use of plant fertilizers in the developing countries now amounts to about 4-1/2 million tons annually - three times what it was ten years ago. But even this figure is far too low. The technology to produce sufficient fertilizer for the poorer countries already exists. Meanwhile, increasing interest on the part of private enterprise in the richer nations in the possibility of establishing fertilizer plants in the developing areas; and an increasing willingness on the part of the governments of poorer countries to permit such investment holds great promise for the future.

These figures, in sectoral terms, are the achievements of the last few decades. I believe that, far from diminishing, they will grow over the period that lies ahead. They will grow primarily as a result of the efforts which the developing countries make to help themselves, and as they build up what I must call, if you will forgive an ugly expression, the human and infrastructure which is so necessary to enable them to absorb productively increased levels of investment.

Let me now try to tell you how the Bank attempts to make its contribution to projects in the fields I have just described and what we do before deciding to lend money.

We are interested, first and foremost, in the economic aspects of our project. Before we look at a project at all, some of our economists have already studied the whole economy of the country involved, and formed a conclusion about the relative priorities for development of the different sectors or types of economic activity. In many of the countries in which we work, it is evident that the highest priority should be given to what is called the infrastructure of the economy, the development of the basic services such as transportation and power. But more and more agriculture and education are featuring importantly in our work.

Then we have to look at the technical aspect of the proposed project. We have to decide whether the proposed scale of operations is justified. We must investigate whether the proposed methods and processes of production are appropriate, and consider the planned layout and location of the project, the possible need for consultants. We must also satisfy ourselves that the timing of construction has been realistically planned and that the cost estimates for construction and execution are realistic.

We must look at the financial aspect of the project. How much money is needed for construction, and when? What are working capital needs? What are the sources of finance and on what terms will money be available? Are the operating forecasts realistic? If it is a revenue-producing project - will it earn an adequate rate of return?

We must look at the managerial aspect of a project. In cases where there has been no satisfactory arrangement made for management, we must make sure that one is made. We must make sure that any foreign management which may be recruited trains local men as soon as possible to take their place. But we must also make sure that, in the legitimate process of Africanization or whatever, competent people are not dismissed or repatriated without adequate replacements being found.

We must make sure that the institutional aspects of a project are sound. And this is a little wider than the management issue. It is a question of being certain that the entity as a whole has the right sort of structure, and the right sort of relationship with other entities, to ensure the speedy and competent execution of our project.

All this I realize may seem a little dry and theoretical. So let me try to present to you in a somewhat more vivid manner one of the aspects of the Bank's activity: that of institution building. Technical assistance is combined at one and the same time with capital assistance. To build the dam alone is not enough; it is not enough to make sure that there is water in the dam -- though even this is at times to be reckoned an achievement. It is not enough to get the water to the farmer; indeed when the water first trickles down the water course and wets the ground, the project has only begun. For the farmer must have seeds to plant, and this means seed farms and distribution facilities. He must know how to plant it, and this means agricultural education and extension workers; he must be able to fertilize the ground and free his crop of pests -- and this means production and distribution facilities for seeds and fertilizers; and it may also mean the provision of credit for the purchase of inputs -- and of machinery too, for in due course the farmer must reap what he has sown. The farmer, lastly, must be able to sell his crop -- and for this there must be marketing facilities and a fair structure of price incentives in the economy.

All these investigations lead to conditions of lending, which are negotiated with our potential borrowers. We are often critized for the toughness of our conditions, but our multinational character makes us less susceptible to unpopularity, and our best answer is the following testimony: out of the 300 projects we are presently supervising, five-sixths are carried out with practically no problems. And out of the balance the majority is causing some impatience with not more than a dozen or so causing real headaches.

I have concentrated this talk on the successes of economic development. I have spoken of success in aggregate terms, and I have spoken of it in sectoral terms. I have attempted to give you some idea of the sorts of provisions which need to be made in order to make this success possible. But one thing I don't want to do today is to leave you with the impression that, because the developing countries themselves are fighting hard in the battle for economic development, and because many are winning, the battle for financial assistance is also being won. I regret to say that this is very far from being the case. The developing countries face each year a mounting burden of debt; yet, in relative terms, the amount of aid which the developed world supplies to them has been falling steadily over the past few years. This is a truly disastrous situation and it must not be allowed to continue. People in the industrial world, and in the parliaments of the West - in the Congresses of the East too - must be made to realise that economic assistance does work, that aid is effective and that there should be a great deal more of it.

I must admit that the white elephant still features among the wild life of the Southern Hemisphere. But I assure you that the breed is less vigorous than it was. It is a dying species. Aged and sterile - the white elephant is now a matter of merely zoological interest, confined to national parks and subject to the scrutiny of drama obsessed journalists. We ought, nowadays, to be more concerned with the work horses of economic development. For there are plenty of them around and, like the creatures in the Garden of Eden, they will multiply - if sufficiently nourished.

Sous le titre, « Méthodes de la Banque internationale pour la Reconstruction et le Développement pour l'évaluation des projets et le contrôle des réalisations », M. Bernard Chadenet, directeur délégué - Projets à la BIRD - a fait récemment, à l'Office belge du Commerce extérieur, un exposé dont nous publions ci-après de larges extraits.

filed Mr. Chadenet speech bk.

BIRD: la Banque Internationale pour la Reconstruction et le Développement ou BANQUE MONDIALE"

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LE GROUPE « BANQUE MONDIALE »

Le groupe de la Banque internationale pour la Reconstruction et le Développement (BIRD), souvent appelé Banque mondiale, effectue chaque année l'équivalent de plus de $ 1,2 milliard (FB 60 milliards) de prêts et de crédits.

Ce montant, considérable certes, n'est que le sixième environ de toutes les aides civiles publiques reçues par les pays sous-développés.

Le Groupe de la Banque mondiale comporte la Banque mondiale proprement dite, l'Association internationale de Développement (AID) et la Société financière internationale (SFI).

Banque mondiale

La Banque mondiale compte 110 pays actionnaires qui ont souscrit $ 23 milliards. Dix pour cent de ce capital, soit 2,3 milliards, sont appelables et presque entièrement versés et les 90 % restants constituent une réserve de garantie.

La répartition du capital et des votes est fonction de la puissance économique de chaque pays, contrairement aux Nations Unies, où chaque pays détient une voix. Les principaux actionnaires détiennent ainsi les parts suivantes du capital :

USA	27,61 %
Grande-Bretagne	11,30 %
Allemagne	5,57 %
France	4,57 %
Inde	3,48 %
Japon	3,36 %

Origine et emploi des fonds

La Banque prête principalement pour des projets d'infrastructure contribuant au développement économique des pays membres, et doit statutairement exiger la garantie des pays bénéficiaires. La durée des prêts s'étage entre 10 et 35 ans et l'intérêt, actuellement de 6,50 %, évolue en fonction du coût de l'argent que la Banque emprunte. Le nombre annuel des prêts est en train d'augmenter rapidement de 60 à 100 par an. Le montant annuel de ces prêts dépasse $ 1 milliard. Le total des 590 prêts signés par la Banque, c'est-à-dire le total de ses engagements, s'élève à $ 12,2 milliards environ.

Compte tenu du temps nécessaire à la mise en vigueur des prêts et au déroulement des travaux, les sommes effectivement déboursées par la Banque s'élèvent à $ 9,3 milliards.

Les ressources dont la Banque dispose pour faire face à ses engagements sont ainsi réparties :

Part du capital disponible	1,9
Réserves disponibles	0,9
Remboursements	1,7
Emissions d'obligations et emprunts	4,1
Cessions de créances	2,2
	10,8

Organisation

La BIRD comporte l'équivalent d'une assemblée générale appelée « Réunion des Gouverneurs », qui réunit chaque automne la plupart des ministres des Finances des 110 pays membres du Fonds monétaire et de la BIRD.

Le « Conseil d'Administration » se compose de vingt membres. Les Etats-Unis, la Grande-Bretagne, la France, l'Allemagne et l'Inde nomment chacun leur administrateur, les 105 autres pays se groupant pour nommer les quinze autres membres.

Sous l'autorité d'un président américain, de quatre vice-présidents, respectivement américain, néerlandais, pakistanais et britannique, un certain nombre de départements groupent dix-sept cents personnes environ, la plupart à Washington. La Banque comporte les départements suivants :

— secrétariat général ;
— département juridique ;
— département de la Trésorerie ;
— département de l'Administration ;
— département économique ;
— département des Services du Développement ;
— département de l'Information et des Relations publiques ;
— département des Programmes et Budgets ;
— Institut de Développement économique ;
— département des Sociétés financières de Développement ;

— six départements géographiques :
  — Afrique occidentale, Afrique orientale, Asie de l'Est et Pacifique, Asie du Sud, Europe, Moyen-Orient et Afrique du Nord, Hémisphère occidental ;
— cinq départements de Projets :
  — agriculture, éducation, services publics, transports, tourisme ;
— plus trois départements de projets en cours de création :
  — population, projets spéciaux, industrie.

Ce sont ces quatorze derniers départements qui sont plus particulièrement chargés des opérations de prêts.

Les départements géographiques coordonnent les opérations relatives à chaque pays : missions économiques, groupes de consultation ou consortiums, assistance technique et prêts. Ils évaluent les programmes de développement économique, établissent des priorités intersectorielles ; et, en liaison avec le département économique fixent le plafond d'emprunt de chaque pays. Ils coordonnent les formalités des prêts relatives à chaque pays, négocient les prêts et soumettent les documents définitifs à la direction de la Banque.

L'ensemble de huit départements de Projets (en économie le mot « projet » n'est pas limité à l'avenir, il s'agit d'une « œuvre ») est coordonné par une direction des projets. Les cadres se montent à environ 250 personnes, dont la moitié sont des spécialistes techniques (ingénieurs, agronomes, éducateurs, architectes), un quart des financiers, et un quart des économistes sectoriels.

Les départements de Projets sont responsables des études sectorielles, des identifications, des évaluations de projets, du contrôle des réalisations et ils aident les futurs emprunteurs à préparer leurs projets.

La conjugaison des départements géographiques, qui ont une connaissance suivie et amicale des pays dont ils s'occupent, et des départements de Projets, sceptiques par vocation, conduit à des opérations de prêts efficaces et réalistes.

Association internationale de Développement

La BIRD étant une Banque, soumise de ce fait à des impératifs de rentabilité, dont les ressources proviennent de ses bénéfices, de ses emprunts sur le marché financier international, de ses ventes de tranches de prêts et du remboursement de ses prêts, est obligée d'exclure de ses activités les pays trop pauvres pour pouvoir rembourser de tels emprunts. Le danger d'endettement excessif des pays peu développés est d'ailleurs grave, puisqu'en treinze ans, il est passé de 10 à plus de 45 milliards de dollars et que leur charge financière a presque quintuplé pour atteindre un montant proche de $ 5 milliards par an. Afin de résoudre en partie ce grave problème, la Banque mondiale a créé, en 1960, l'Association internationale de Développement (AID), qui accorde à quelques pays pauvres seulement, des « crédits » d'une durée de 50 ans, avec 10 ans de sursis de remboursement et une commission de 0,75 % tenant lieu d'intérêt. Les ressources de l'AID proviennent de souscriptions, de contributions budgétaires consenties par des pays industrialisés, et, de la BIRD qui depuis 1964 transfère à l'AID une part importante de ses bénéfices. Ces ressources s'élèvent à ce jour à $ 2,1 milliards. Les 145 « crédits » consentis par l'AID atteignent 2 milliards, et l'AID est en train de renouveler ses dotations avec certaines difficultés, notamment du côté du Congrès américain.

L'organisation de l'AID est confondue avec celle de la BIRD à tous les échelons et toutes les exigences concernant l'évaluation des projets soumis à la BIRD s'appliquent également aux projets de l'AID.

Société financière internationale

La Société financière internationale compte 91 membres et a un capital de $ 106,5 millions. Elle a pour mission de promouvoir le développement industriel par des prêts et des prises de participation auprès d'entreprises privées, sans la garantie des gouvernements.

A mi-1968, la SFI avait pris des engagements envers plus d'une centaine d'entreprise et une dizaine de banques de développement. Pour suppléer à la faiblesse de son capital, la Banque consent maintenant des prêts à la SFI.

La Société financière internationale possède son organisation propre ; ses effectifs s'élèvent à 130 personnes environ.

UTILITE DE FINANCER DES ŒUVRES NETTEMENT DEFINIES

Les « prêts » de la BIRD et les « crédits » de l'AID sont presque tous affectés à des projets ou des œuvres définis avec précision et spécifiés dans les contrats de prêts.

Le mot « projet » a un sens très souple, car il peut embrasser un grand barrage, une tranche de plusieurs années d'un programme d'investissements de chemins de fer, la réorganisation d'un emprunteur, l'ensemble d'un réseau d'adduction d'eau, l'ensemble des investissements agricoles rendus possibles par un prêt à une banque agricole, faisant fonction en quelque sorte de « grossiste », etc. Sa définition moderne devrait être : « La série des actions à prédominance d'investissements à effectuer à un moment donné au sein d'un secteur connu, pour apporter la contribution maximale au développement ».

Les avantages de prêts ainsi affectés sur une assistance budgétaire générale ou sur des programmes d'importation sont multiples :

1. le contrôle de l'utilisation des fonds est plus aisé ;
2. l'évaluation de la priorité économique et de la rentabilité des œuvres est relativement précise ;
3. les prêteurs à court et à long terme qui fournissent à la Banque plus de la moitié de ses ressources prêtent plus volontiers pour des œuvres concrètes qui représentent une sorte de sûreté psychologique que pour des assistances générales qui risquent d'évoquer un tonneau des Danaïdes ;

4. l'ensemble des exigences de la BIRD sur les plans, qui seront examinés tout à l'heure, de l'économie, de la rentabilité, de la technique, de l'organisation, permet de promouvoir ou d'améliorer des institutions et des œuvres pilotes qui ont dans les pays sous-développés valeur d'école, d'exemple et de catalyse.

Cette règle de prêts affectés à des projets nettement définis peut comporter des exceptions : des pays provisoirement suréquipés nécessitent que priorité soit donnée aux importations de matières indispensables à l'utilisation de leur infrastructure.

Il convient d'insister sur la différence fondamentale entre les aides multilatérales du type BIRD et les aides bilatérales. Le caractère international et l'impartialité de la BIRD lui permettent d'exiger de ses emprunteurs des conditions que l'amour-propre d'une nation pourrait difficilement tolérer d'un pays « bienfaiteur » ; cet atout accroît d'une façon considérable le rendement des prêts de la BIRD.

L'impartialité et le caractère international de la BIRD lui valent de jouer de plus en plus le rôle de conciliateur et d'arbitre (traité de répartition des eaux entre l'Inde et le Pakistan, négociations entre les actionnaires de Suez et le gouvernement égyptien, etc.). Ces interventions l'ont conduite à créer un Centre international pour le Règlement des Différends relatifs aux Investissements, qui est associé à la BIRD.

EVALUATION DES PROJETS

L'évaluation des projets consiste à examiner sous différents aspects les demandes de prêts (BIRD) ou de crédits (AID) pour déterminer si une intervention financière est possible, et fixer éventuellement montant, durée et conditions. Nous avons expliqué pourquoi la BIRD se doit d'être exigeante pour assurer la réussite des projets qu'elle finance. Répétons que les critères d'évaluation des projets AID sont aussi sévères que ceux des projets BIRD. Si l'argent est tantôt « doux » et tantôt « dur » selon qu'il s'agit de l'AID ou de la BIRD, les projets financés sont toujours « durs ». L'argent AID mis à la disposition d'un gouvernement pour 50 ans et 0,75 % de commission sera reprêté par le gouvernement au bénéficiaire à des conditions stipulées qui dépendent de la nature du projet et à un taux d'intérêt analogue à celui qui prévaut dans le pays : un crédit de 50 ans et 0,75 % de commission peut ainsi être reprêté pour 10 ans à 12 % d'intérêt. L'AID laisse au gouvernement la libre disposition des fonds de contrepartie provenant des remboursements par l'organisme bénéficiaire.

L'évaluation des projets conduit à des rapports d'évaluation qui sont examinés par le département géographique intéressé et les départements juridique et de la Trésorerie. Ces évaluations recommandent à la direction de la BIRD les montants et durées des prêts et des crédits, et les conditions qui reflètent les aspects : technique, économie, rentabilité, organisation. Après négociation de ces conditions avec les emprunteurs potentiels, les prêts ou crédits sont soumis au Conseil, signés par le bénéficiaire, lorsque le Conseil les a approuvés, et mis en vigueur, lorsque ces conditions stipulées ont été remplies. L'on attend généralement pour signer les prêts ou crédits que les conditions les plus longues aient été remplies afin de raccourcir la période qui sépare les engagements de fonds de leur déboursement.

Evaluation technique

La plupart des pays sous-développés ne disposent pas encore des équipes techniques nécessaires et sont obligés de recourir à des sociétés d'ingénieurs-conseils. Une brochure de la BIRD (1) résume les conditions dans lesquelles les clients de la Banque collaborent avec les ingénieurs-conseils. Je tâcherai seulement de dissiper trois mythes qui se révèlent tenaces :

La BIRD ne choisit pas les ingénieurs-conseils pour les ouvrages qu'elle finance. Ce choix est la responsabilité des maîtres d'œuvre, mais la BIRD dispose généralement d'un droit de veto lui permettant de refuser des sociétés incompétentes ou surchargées. J'expliquerai tout à l'heure que la BIRD choisit les ingénieurs-conseils pour les études d'assistance technique qu'elle gère ou finance.

La BIRD ne dispose pas d'une « liste d'ingénieurs-conseils agréés ». Elle tient, par contre, un inventaire permanent, où figurent près de trois mille sociétés (en fait toutes celles qui se sont fait connaître) et où leurs performances sont notées.

Signalons enfin que la BIRD n'encourage pas la concurrence financière pour la sélection d'ingénieurs-conseils, estimant que les risques d'écarts de performance sont, pour ses emprunteurs, bien plus graves que les risques d'écarts de prix. Ces derniers sont d'ailleurs assez faciles à contrôler en fonction de la qualité et du nombre et de la durée d'utilisation de personnes affectées à l'étude.

Appels d'offres internationaux

Les règles de concurrence, imposées par la BIRD, sont rassemblées dans une brochure. La BIRD exige que les commandes qu'elle finance fassent l'objet d'appels d'offres internationaux parmi ses membres, auxquels s'ajoute la Suisse, considérée comme membre d'honneur en raison de ses contributions aux ressources de la BIRD. Les propositions sont analysées et évaluées par les maîtres d'œuvre, généralement assistés par les ingénieurs-conseils, et la BIRD contrôle que les commandes soient passées au fournisseur dont l'offre est la moins coûteuse, après « évaluation », c'est-à-dire en tenant compte des différences de performance des services ou matériel proposés. Ce rôle de gendarme, et quelquefois de juge, est complexe, délicat, et souvent impopulaire car il n'y a chaque fois qu'un seul élu ; les plaintes documentées des concurrents écartés sont toujours examinées avec soin. Ce contrôle est assuré par des équipes dont l'honneur professionnel et le caractère international garantissent l'impartialité. Les ingénieurs-conseils doivent évidemment être d'une impartialité absolue, notamment envers les soumissionnaires compatriotes qu'avantage, en tout bien tout honneur, la familiarité de pensée, de langue et de normes.

La BIRD cherche à rapprocher les méthodes de travail des sociétés d'études américaines ou britanniques, qui préparent des spécifications minutieuses et freinent les variantes, des méthodes européennes où les spécifications sont moins poussées et où les offres sont analysées en fonction des performances des solutions ou des variantes proposées.

Evaluation économique

La vocation de la BIRD la contraint à se montrer plus exigeante qu'une banque classique puisque non contente de s'assurer que les sommes qu'elle prête seront remboursées, elle doit vérifier en outre que l'œuvre entreprise est justifiée et prioritaire sur le plan de l'économie du pays.

Le calcul de la rentabilité économique comparera les produits des investissements aux dépenses occasionnées, que ces dépenses soient des dépenses d'investissement ou d'exploitation, qu'elles soient ou non versées et que les produits soient ou non touchés par le maître de l'œuvre. Ces produits et ces dépenses sont, autant que possible, déterminés en tenant compte des coûts ajustés.

Evaluation financière

Les méthodes d'analyse financière de la BIRD sont basées sur les habituels indicateurs de tableaux de bord que sont les comptes d'exploitation, les bilans et les flux financiers origines/emplois de fonds pendant une période donnée. L'analyse des performances passées et l'examen des prévisions conduisent à certaines conditions de prêt portant sur le maintien d'une liquidité minimale, sur un plafond d'endettement, sur un plancher de rentabilité, sur un minimum d'autofinancement des investissements futurs, etc.

Evaluation des institutions, de l'organisation et de la direction des organismes

La Banque estime indispensable que le maître de l'œuvre financée soit clairement responsable de la construction et du fonctionnement de son œuvre. Ces prêts ont souvent pour avantage d'occasionner la création d'institutions utiles. La BIRD se trouve parfois en présence d'œuvres, où différents types ou stades d'investissements, ainsi que des recettes ou dépenses de fonctionnement, sont éparpillés entre divers ministères ou organismes. C'est ainsi que dans un port, les jetées seront construites par les Travaux publics, les voies par le ministère des Transports, les hangars et engins par la Chambre de Commerce, etc. Pour éviter de tels recouvrements, vides ou dilutions d'autorité, la BIRD exige parfois, dans le cas de ports par exemple, que soient créés des organismes aux missions et aux responsabilités recouvrant l'œuvre financée.

Les prêts BIRD le sont quelquefois et les crédits AID sont toujours accordés aux gouvernements. Pour maximiser l'efficacité de ses interventions, la Banque tient à établir des liens directs avec les organismes bénéficiaires grâce à des « contrats d'œuvres » (Project Agreements).

Les bénéficiaires des prêts ou crédits peuvent être :

— des services de ministères, pour des activités qui n'engendrent pas des recettes, telles que l'éducation et les routes ;

— des organismes d'Etat, qui disposent de degrés d'autonomie très divers et qui s'occupent d'activités engendrant des recettes, telles qu'énergie électrique, chemins de fer, autoroutes à péage, télécommunications, fournitures d'eau, crédits agricoles, etc. ;

— des sociétés d'économie mixte ;

— des banques de développement ;

— des sociétés privées.

APPLICATION AUX SECTEURS : AGRICULTURE, EDUCATION, ENERGIE, ADDUCTION D'EAU ET TRANSPORTS

Agriculture

Tandis qu'on assiste à la course impuissante entre l'explosion démographique et le développement agricole, il est paradoxal que sur les $ 14,2 milliards engagés à ce jour par le groupe BIRD, moins de 10 % aient été consacrés à l'agriculture contre 24 % à l'énergie et 32 % aux transports.

La BIRD n'a pas prêté plus à l'agriculture à cause de l'extrême difficulté des prêts dans ce secteur : s'il est relativement facile de construire un grand barrage d'irrigation, il est très difficile de convaincre les agriculteurs de changer leurs habitudes séculaires. Pour mieux venir à bout de ces difficultés, la Banque s'est associée avec la FAO de Rome, qui dispose d'un grand nombre d'experts rompus aux problèmes agricoles.

Par ailleurs, la Banque met de plus en plus l'accent sur des projets « intégrés » : équipement agricole, réseau routier, crédit et vulgarisation agricoles, distribution d'engrais, semences, remembrement, politique des prix de vente, etc.

Energie, adduction d'eau et télécommunications

La politique de la Banque n'a guère varié dans ce domaine. Elle mène une lutte constante pour que les prix de vente soient suffisants pour assurer une rentabilité correcte aux capitaux investis, ou pour dégager une marge d'autofinancement qui contribue d'une façon notable au financement des programmes de développement. Cette notion de rentabilité ou d'autofinancement minimal, moins importante dans les pays développés qui peuvent à la rigueur s'offrir le luxe et le désordre de certains transferts, prend une importance primordiale dans les pays sous-développés, où la mobilisation de l'épargne et la perception fiscale sont très limitées.

Education

La Banque finance depuis quelques années des organismes d'enseignement : le manque de personnel qualifié constitue souvent le goulet d'étranglement du développement économique et il serait peu réaliste de financer des projets d'infrastructure auxquels et aux effets desquels le pays ne pourrait fournir le personnel nécessaire.

Transports

Ce secteur, et particulièrement le sous-secteur des transports routiers, est l'un des plus complexes sur le plan économique. Si les chemins de fer, les ports et l'aviation civile disposent de statistiques détaillées sur leur trafic ainsi qu'une comptabilité analytique de leurs coûts ; pour les transports routiers, par contre, même les débits maximaux des ouvrages sont encore mal connus, et les statistiques de trafics routiers indiquant : volume, variations saisonnières, types de marchandises transportées, provenances et destinations, sont rares.

CONTROLE DES REALISATIONS

Le contrôle des réalisations et du respect des conditions de prêt est difficile. Ce contrôle s'effectue par examen de comptes rendus trimestriels, semestriels ou annuels, où figurent les éléments de tableau de bord, dans les domaines techniques, financiers, sociaux, etc., et par l'envoi périodique de missions d'inspection.

On peut résumer notre expérience en signalant que les difficultés sont d'autant plus grandes que la direction et la construction des ouvrages sont plus dispersées : dans le domaine de l'énergie électrique, par exemple, coûts et délais restent le plus souvent respectés. A l'autre extrémité du spectre, se trouvent les projets agricoles intégrés où les obstacles sont multiples, ardus et dispersés.

PREPARATION DES PROJETS

Un des goulets d'étranglement de l'assistance financière aux pays sous-développés est constitué par l'insuffisance des projets valables. La BIRD aide donc ses emprunteurs à préparer leurs projets. Elle finance parfois des études qui faciliteront l'éclosion des projets, notamment lorsque le Programme de Développement des Nations Unies ne peut les assumer, et elle est souvent l'agent d'exécution de ce Programme dans les secteurs de l'énergie et des transports. En outre, la Banque a, par exemple, ouvert en 1965 des bureaux à Abidjan et à Nairobi qui aident les pays africains à préparer leurs projets.

Dans le domaine de l'assistance technique, la Banque s'appuie sur les bureaux d'ingénieurs-conseils. Etant maître de l'œuvre, contrairement au cas des projets financés, elle choisit les sociétés, en accord avec les pays bénéficiaires. Les ingénieurs-conseils doivent assumer le rôle cornélien de conclure souvent que le projet qui leur est confié est injustifié.

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(1) « Utilisation des Conseillers et des Sociétés d'Engineering par la Banque Mondiale et ses emprunteurs ».

LES ORGANISATIONS

BIRD

Prêt pour le développement des télécommunications en Ethiopie

La Suède et la Banque mondiale accorderont à l'Imperial Board of Telecommunications of Ethiopia (IBTE) un prêt totalisant $ 9 millions, visant à améliorer et à étendre davantage le réseau de télécommunications éthiopien; trois prêts antérieurs de la Banque d'un montant total de $ 9,2 millions avaient permis de le développer une première fois.

Au titre de ce programme, dont l'exécution nécessite des dépenses s'élevant au total de $ 25,4 millions, la capacité des centraux téléphoniques locaux doublera presque, ainsi que celle du nombre d'appareils connectés.

En Ethiopie, le réseau à longue distance ne permet pas de répondre aux besoins actuels du trafic régional. Des liaisons radio micro-ondes UHF et VHF seront établies et des centres téléphoniques interurbains automatiques avec les installations annexes seront mis en place afin d'accélérer et d'améliorer la qualité du service interurbain d'un bout à l'autre de l'Ethiopie, et de permettre aux abonnés d'obtenir directement les cinq grandes villes du pays.

Le programme prévoit également le développement des réseaux télégraphe et télex, l'installation d'un petit nombre de circuits internationaux, la construction de bâtiments, l'achat de véhicules à moteur, de matériel d'instruction et autres.

L'emprunteur, l'Imperial Board of Telecommunications qui a été créé en 1952 est un organisme autonome. A son entrée en activité, le personnel technique et administratif ont été fournis par l'administration suédoise des Téléphones et Télégraphe. Le programme de formation ayant donné des résultats extrêmement satisfaisants, l'administration éthiopienne du T. et T. gère actuellement l'IBTE.

Tous les achats d'équipement et de matériel qui seront effectués au titre du prêt de $ 4,5 millions de la Banque et du crédit du même montant de la Suède feront l'objet d'appels d'offres à la concurrence internationale.

52/CP/04/06/69.

Prêt aux Philippines (agriculture)

Un prêt de la Banque mondiale de $ 12,5 millions, fournira, au cours des trois prochaines années, 50 p.c. des fonds nécessaires à la réalisation d'un projet de crédits à l'agriculture destinés à accroître la production agricole aux Philippines.

Au titre de ce projet, les exploitants pourront bénéficier de prêts à moyen et long terme pour l'achat de machines et d'équipement ainsi que pour le développement de l'élevage et de la pêche.

52/CP/04/06/69.

Prêt au Ghana (énergie électrique)

La Banque mondiale a octroyé un prêt d'un montant équivalent à $ 6 millions à la Volta River Authority (VRA) du Ghana en vue de l'exécution d'un projet qui prévoit : l'installation de deux groupes électrogènes qui permettront de porter à son maximum, 882 MW, la puissance de la centrale hydro-électrique aménagée sur le fleuve Volta; l'augmentation de la puissance de la sous-station et les services consultants. Ce projet permettra à la VRA de fournir la puissance supplémentaire requise pour le fonctionnement d'une usine d'affinage d'aluminium et d'accroître en même temps l'alimentation en énergie électrique des principales villes du Ghana.

52/CP/04/06/69.

Prêt pour l'exécution d'études routières en Tunisie

La Banque mondiale a approuvé l'octroi à la Tunisie d'un prêt d'un montant équivalent à $ 850.000 pour l'exécution d'études techniques détaillées concernant des routes hautement prioritaires et la préparation d'un programme d'entretien des routes.

Le coût total du projet est évalué à l'équivalent de $ 1,32 million. Le prêt de la Banque permettra de faire face aux besoins en devises et les dépenses en monnaie locale seront couvertes par le gouvernement de la Tunisie. La direction des Travaux publics qui est responsable du réseau routier a négocié des contrats pour les travaux à exécuter.

52/CP/04/06/69.

Prêt à El Salvador (enseignement)

Un prêt de la Banque mondiale, d'un montant équivalent à $ 4,9 millions, contribuera au développement et à la modernisation du système d'enseignement secondaire à El Salvador. Le projet offrira 15.500 places d'étudiants supplémentaires et mettra l'accent sur la formation industrielle, technique, agricole et commerciale. Ces mesures permettront de diminuer la pénurie de personnel qualifié dont souffre El Salvador, et qui entrave la poursuite de l'expansion économique.

L'exécution de ce projet sera confiée à une équipe spéciale qui a été constituée au ministère de l'Education nationale et comprend des architectes, des ingénieurs et autres spécialistes.

52/CP/04/06/69.

Prêt au Vénézuéla pour la construction d'une route express

Un prêt de la Banque mondiale d'un montant équivalent à $ 20 millions aidera à financer la construction d'une route express dans la banlieue nord de Caracas, au Vénézuéla.

La route express « Cota Mill » qui empruntera le versant nord sera une route à quatre voies, d'accès limité, de 22 km de long, comptant 14 échangeurs et 6 km de routes d'accès et de raccordement aux rues de Caracas.

La construction de cette route express, qui a été commencée en 1966 par le ministère des Travaux publics, par l'intermédiaire de sa direction des Transports, est en partie achevée. Le prêt de la Banque financera le coût en devises afférent à la construction de 18 km de route express, de 9 échangeurs et de 4,4 km de routes d'accès. Les fonds de la Banque serviront également d'une part à rétribuer les consultants qui, conjointement avec la direction, surveilleront l'exécution des travaux, ainsi que, d'autre part, à une étude des péages pour l'usage des routes dans Caracas.

52/CP/11/06/69.

Projet de culture de semences en Inde

La Banque mondiale a annoncé l'octroi d'un prêt à l'Inde, d'un montant équivalent à $ 13 millions en vue d'accroître la production agricole grâce à la mise en œuvre d'un projet de culture de variétés de semences de céréales vivrières à haut rendement. Lorsque ce projet sera en plein rapport, c'est-à-dire d'ici cinq ans, l'Inde produira suffisamment de semences certifiées pour ensemencer 280.000 hectares par an.

52/CP/11/06/69.

S INTERNATIONALES

Prêts à la Côte-d'Ivoire

Trois prêts, d'un montant total équivalent à $ 17,1 millions, annoncés par la Banque mondiale aideront à financer l'achèvement d'un programme actuellement en cours de réalisation en Côte-d'Ivoire concernant le développement de la culture des palmiers à huile et des cocotiers. Ses principaux objectifs visent à encourager la diversification de l'agriculture et à accroître son rendement, à augmenter le rapport en devises du secteur agricole et à élever le niveau de vie des régions rurales.

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Le groupe de la Banque mondiale accorde $ 136,7 millions de prêts à six pays

Le groupe de la Banque mondiale a accordé des prêts pour un montant équivalent à $ 136,7 millions pour l'agriculture et l'amélioration des routes en Indonésie, l'extension des télécommunications en Inde, la construction de routes en Thaïlande, le développement de l'élevage en Zambie, l'amélioration des ports au Libéria et le développement de l'élevage au Paraguay.

1) **Deux crédits de l'AID à l'Indonésie.**

Les crédits AID d'un montant de $ 44 millions destinés à deux secteurs-clé de l'économie, l'agriculture ($ 16 millions) et les transports ($ 28 millions), représentent le premier montant important accordé par le Groupe de la Banque mondiale à l'Indonésie. Des crédits précédents s'élevant à $ 7 millions avaient servi à financer l'assistance technique et un projet d'irrigation.

Les domaines agricoles d'Indonésie étaient autrefois à l'origine des deux tiers des exportations totales. Bien qu'encore importants, ils ont périclité, à cause du manque de capitaux pour le renouvellement et l'expansion des plantations et par suite du départ du personnel de direction compétent.

Le crédit de $ 16 millions de l'AID fournira la moitié des fonds nécessaires pour remettre en état et développer deux groupes de domaines appartenant à l'Etat et comprenant 70.300 ha de cultures du caoutchouc et du palmier à huile dans le nord de Sumatra. Ce programme comprend des plantations nouvelles et le renouvellement des plantations anciennes, des installations de conditionnement, des véhicules, du matériel d'entretien des routes et d'atelier et une assistance technique pour plusieurs des aspects du projet, y compris la gestion.

A la fin de 1970, l'accroissement des gains en devises provenant des 22 domaines devrait atteindre $ 18 millions et le surplus de revenus pour le gouvernement $ 10 millions.

La restauration du réseau routier indonésien, actuellement en mauvais état à la suite d'années d'abandon au point de vue entretien, est de première urgence si les plans d'accroissement de la production agricole doivent se réaliser et si l'on veut éviter des investissements plus importants pour remplacer les routes qui se dégradent rapidement. Ce projet qui bénéficiera de l'aide d'un crédit de $ 28 millions de l'AID sera axé sur les besoins les plus importants de restauration du réseau routier. Près de 3.200 km de routes dans cinq provinces seront remises en état, des installations d'entretien dans 20 provinces seront fournies, des ateliers seront réorganisés et des programmes de formation seront entrepris. Une assistance technique sera fournie pour aider à ces opérations.

2) **Prêt de la BIRD et crédit de l'AID à l'Inde:**

Le prêt de la Banque ($ 27,5 millions) et le crédit AID ($ 27,5 millions) contribueront, avec $ 55 millions, au financement du coût en devises étrangères du programme d'extension du département des Postes et Télécommunications au cours de 1969-1972, qui exigera un investissement total de $ 361 millions. L'Agence canadienne pour le Développement international accorde un crédit équivalent à $ 33 millions pour couvrier les achats au Canada.

Malgré une extension considérable des installations téléphoniques, de télex et de télégraphe, au cours de la dernière décennie en Inde, les services rendus sont insuffisants pour faire face à l'accroissement rapide de la demande de la part du commerce, de l'industrie et de l'administration. Aves 810.000 lignes téléphoniques, l'Inde ne compte que deux téléphones par 1.000 habitants, ce qui est très peu par rapport à d'autres pays. Le programme actuel d'investissement sera concentré sur l'accroissement du nombre de postes de téléphone et de télex — 300.000 téléphones en plus — et sur l'amélioration des communications interurbaines, qui, en raison de la dimension du pays, revêtent une importance particulière pour le fonctionnement de l'économie.

3) **Prêt de la BIRD à la Thaïlande :**

Ce prêt de $ 23 millions aidera à financer la construction ou l'amélioration de trois sections de routes principales, d'une longueur totale de 294 km reliant Bangkok, la capitale, avec les régions du nord, du nord-est et du sud. Le projet comprend aussi les services de bureaux d'études pour superviser la construction et entreprendre l'étude technique de 533 km supplémentaires de routes principales, si les études de praticabilité, actuellement presque terminées, établissent leur justification économique, ainsi que l'achat de matériel pour l'entretien des routes.

4) **Prêt de la BIRD à la Zambie :**

Ce prêt de $ 2,5 millions aidera à financer la première phase d'un programme à long terme de développement de l'élevage, consistant dans l'implantation de 12 ranches d'élevage et de 5 fermes laitières dans le pays.

5) **Prêt de la Banque mondiale au Libéria :**

Ce prêt de $ 8,6 millions contribuera à financer le dragage du port de Monrovia à une profondeur de 10 mètres afin d'accueillir des navires jusqu'à 90.000 tonnes de port en lourd au lieu de 45.000 à l'heure actuelle. Le prêt financera également l'acquisition d'embarcations de port, d'aides à la navigation, une aide pour la gestion de l'Autorité nationale des Ports, nouvellement instituée, qui doit exécuter le projet, les services d'ingénieurs pour les travaux portuaires et de bureaux d'études pour effectuer les études de praticabilité des dessertes routières du port.

Le projet réduira le coûts du fret pour le minerai de fer, qui constitue 70 p.c. des exportations du Libéria et en améliorera ainsi la position sur les marchés mondiaux. Les tarifs de droits de port pour les minéraliers ont été révisés afin de fournir des ressources suffisantes pour couvrir les coûts du dragage et des nouvelles installations.

6) **Prêt de la BIRD et crédit de l'AID au Paraguay :**

Le prêt de la Banque ($ 4,3 millions) et le crédit de l'AID ($ 4,3 millions) aideront à financer la troisième phase d'un programme de développement de l'élevage mené avec succès depuis 1964 et qui a été assisté par deux crédits antérieurs de l'AID d'un montant de $ 11,1 millions.

En vertu de ce programme, des prêts sont accordés aux éleveurs pour des plans de développement de leurs exploitations et pour l'achat de reproducteurs et à des entrepreneurs pour l'importation de matériel lourd afin de construire des abreuvoirs et défricher les terres. Le but du programme est d'accroître la productivité par l'usage des techniques modernes. Il est considéré comme étant d'une importance primordiale pour le développement économique du Paraguay, car la production de viande de bœuf est l'industrie principale du pays et compte pour un tiers des gains en devises à l'exportation. Le prêt et le crédit nouveaux aideront à financer le programme pendant quatre années supplémentaires pendant lesquelles l'équivalent de $ 15,5 millions sera investi.

52/CP/18/06/69.

Speech given Mr. Chadenet at CNPF Seminar
in Paris on september 28, 1970

file C

Extraits de la Conférence de M. Chadenet, Directeur Délégué des Départements de Projets

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Journée d'Etude CNPF - BIRD

Le 1er Septembre 1970

CONTROLE DE LA PASSATION DES MARCHES POUR L'ACQUISITION DE BIENS ET DE SERVICES FINANCES PAR LA BIRD 1/

Le présent document décrit la façon dont la BIRD contrôle la passation des marchés pour l'acquisition de biens et de services (Travaux Publics) financés par les prêts qu'elle consent 1/. Il indique la base contractuelle des conditions imposées par la BIRD en matière d'appel à la concurrence internationale, décrit les procédures suivies par les Emprunteurs et la BIRD aux divers stades de la passation des marchés, et examine le volume de travail qu'entraine le controle des projets, ainsi que le personnel et l'organisation nécessaires.

I. Règles relatives à l'appel à la concurrence internationale

Les Statuts de la BIRD stipulent que celle-ci doit prendre des dispositions pour que les fonds provenant de ses prêts soient utilités compte dûment tenu de critères d'économie et d'efficacité. Pour cette raison, et en tant qu'institution internationale de coopération, la BIRD exige de ses Emprunteurs qu'ils commandent leurs biens d'équipement et leurs services en faisant appel à la concurrence internationale parmi tous les pays-membres de la BIRD et la Suisse, à moins qu'une procédure convenant mieux aux circonstances ait fait l'objet d'un accord explicite entre la BIRD et l'Emprunteur.

En matière de passation des marchés, les relations fondamentales entre la BIRD et l'Emprunteur sont les suivantes:

a) L'Emprunteur est chargé de l'exécution de toutes les phases du marché, y compris l'adjudication de ce dernier, le rôle de la BIRD étant conçu de façon à ne pas gêner l'Emprunteur dans l'exécution de cette tâche. Pour un grand nombre de projets financés par la BIRD, l'Emprunteur est assisté, lors de la passation des marchés, par des consultants qui doivent être agréés par la BIRD. La tâche de l'Emprunteur est évidemment facilitée lorsque ces consultants sont au courant des conditions imposées par la BIRD.

1/ Toute référence à la BIRD et aux prêts de la BIRD s'applique également à l'Association Internationale de Développement (IDA) et aux crédits de l'IDA.

b) Le rôle essentiel de la BIRD est de s'assurer que toutes les phases du marché se déroulent conformément à la règle de l'appel à la concurrence internationale, éventuellement modifiée par voie d'accord. A cette fin, la BIRD a rédigé des "Directives concernant la passation des marchés financés par les prêts de la Banque Mondiale et les crédits de l'IDA" dont la dernière édition date du mois d'août 1969 (voir document ci-joint), et qui font habituellement partie des documents du prêt.

c) La BIRD remplit son rôle en examinant, généralement d'avance, les mesures que prend l'Emprunteur aux divers stades du marché, de la présélection des soumissionnaires à l'adjudication finale du marché et à l'exécution des paiements qu'il prévoit. La façon dont s'effectue cet examen est exposée de façon plus détaillée à la Section III ci-dessous.

II. Procédures à suivre par l'Emprunteur

La section des documents du prêt relative à la passation des marchés est rédigée, dans ses grandes lignes, de la façon suivante:

> "A moins que la BIRD n'en convienne autrement, (i) les biens et les services (autres que les services de consultants) nécessaires à l'exécution du Projet et qui doivent être financés au moyen des fonds provenant du Prêt seront acquis à la suite d'un appel à la concurrence internationale, conformément aux Directives concernant la passation des marchés financés par les prêts de la BIRD et les crédits de l'IDA, publiées en août 1969 par la BIRD, et conformément aux diverses procédures supplémentaires indiquées dans l'Annexe au présent Accord ou qui pourront être arrêtés d'un commun accord entre l'Emprunteur et la BIRD et (ii) les marchés destinés à l'acquisition de tous les biens et services qui doivent être financés au moyen des fonds provenant du Prêt devront (à moins que cette Annexe n'en dispose autrement) être soumis à lapprobation préalable de la BIRD."

L'Annexe relative à la passation des marchés contiendra généralement les dispositions suivantes:

(i) Les biens et les services figurant dans le Projet devront être groupés de façon à constituer des marchés dont l'importance devra être jugée acceptable par la BIRD.

(ii) En ce qui concerne les marchés pour des travaux de génie civil dont le coût estimatif sera supérieur ou égal à la contre-valeur de (généralement 100.000 dollars), et les marchés pour l'achat d'équipement, de matériaux, de fournitures ou d'outils dont le coût estimatif sera supérieur ou égal à la contre-valeur de (généralement 50.000 dollars), il y aura lieu d'appliquer les procédures suivantes:

(a) Avant le lancement de l'appel d'offres, l'Emprunteur soumettra à l'approbation de la BIRD les formules d'appel d'offres, les cahiers des charges et tous autres documents afférents au marché, avec la description de la procédure qu'il se propose de suivre pour en assurer la publicité. Si une présélection est prévue, l'Emprunteur soumettra à l'approbation de la BIRD la procédure qu'il se propose de suivre pour cette présélection, avant que les candidats soient invités à fournir les renseignements établissant leurs qualifications. Par la suite, il communiquera à la BIRD les résultats de la présélection, avec justification à l'appui.

(b) Lorsque les offres auront été reçues et analysées, leur analyse et les recommendations relatives à l'adjudication du marché, ainsi que les raisons de ces recommendations, seront soumises à l'approbation de la BIRD avant l'adjudication du marché ou l'envoi d'une lettre d'intention.

(c) Si les conditions et modalités du projet définitif de marché diffèrent de façon sensible de celles qui figuraient dans les documents approuvés précédemment par la BIRD, le texte de ce projet de marché sera soumis à celle-ci pour examen et approbation.

(iii) En ce qui concerne les marchés relatifs à l'aquisition de biens ou de services dont le coût estimatif est inférieur à la contre-valeur du montant indiqué à l'alinéa (ii), l'Emprunteur soumettra à la BIRD, lors de l'adjudication du marché, la récapitulation des offres ou des prix unitaires qu'il aura reçus, leur analyse et ses recommandations à leur sujet.

(iv) Dès que le marché aura été signé, et avant la date de soumission de la première demande de retrait de fonds provenant du Prêt, pour l'exécution d'un paiement quelconque au titre de ce Prêt, l'Emprunteur fournira à la BIRD copie certifiée de ce marché. Dans le cas où il aura été décidé, au cours des négotiations, d'accorder une préférence aux industriels nationaux, l'Annexe relative à la passation des marchés indiquera de façon détaillée la procédure à suivre pour comparer les offres des fournisseurs nationaux et étrangers.

III. Contrôle de la passation des marchés par la BIRD

La BIRD comporte 8 Départements de Projets 1/ qui, avec un ensemble de près de 400 cadres, sont responsables de l'évaluation des demandes de prêt et du contrôle des prêts effectués. Ce contrôle comporte notamment celui des

1/ Ces Départements, qui ne sont pas spécialisés géographiquement, sont les suivants: Agriculture, Education, Industries et Mines, Population, Services Publics (Electricité, Télécommunications, Hydraulique Urbaine), Projets Spéciaux (Pakistan Oriental. Bassin du Mékong. Urbanisation), Tourisme et Transports.

opérations effectuées par les Emprunteurs en vue de la passation de leurs marchés. Les principales mesures que prend la BIRD pour assurer ce contrôle sont les suivantes:

a. En cas de présélection des entrepreneurs ou des fournisseurs, la BIRD vérifie en premier lieu la méthode proposée par l'Emprunteur pour cette présélection; elle examine ensuite la liste des entreprises dont la présélection est proposée, en s'attachant particulièrement aux raisons données par l'Emprunteur ou par son consultant pour refuser la présélection d'une entreprise quelconque. Elle examine également les procédures envisagées pour donner au marché la publicité voulue, de façon à déterminer si ces procédures sont conformes aux spécifications des Directives.

b. L'examen du projet de cahier des charges et des conditions générales du marché consiste en particulier à s'assurer que le marché est conforme à l'objet du Projet, que les biens et les services à fournir sont décrits de façon suffisamment détaillée et suffisamment claire pour permettre le libre jeu de la concurrence, que la façon dont est rédigé le cahier des charges n'empêche de soumissionner aucun candidat qualifié (et comprend par exemple l'indication des résultats recherchés plutôt que celle de marques de fabrique) et comprend l'indication raisonnablement détaillée des critères qui seront suivis pour la comparaison et l'évaluation des offres.

c. Lorsque la BIRD reçoit les propositions relatives à l'adjudication, elle les examine afin de vérifier que l'évaluation des offres a été convenablement effectuée et que l'adjudication est justifiée; les cas où l'Emprunteur se propose d'adjuger le marché à un soumissionnaire autre que le moins disant ou contrairement aux recommandations de ses consultants sont examinés avec une attention particulière. Dans tous les cas où l'adjudication s'écarte des règles habituelles, les services de la BIRD poursuivent l'examen de la question en consultation, si nécessaire, avec la Direction de la BIRD. Les réclamations formulées éventuellement par les soumissionnaires ou par leurs représentants sur l'adjudication projetét ou effective, qui seront portées à l'attention de la BIRD, font l'objet d'une enquête approfondie. Dans le cas peu fréquent où l'Emprunteur adjuge un marché en dépit des objections exprimées par la BIRD, celle-ci ne verse pas pour ce marché de fonds prevenant du prêt.

d. Lorsque le marché a été adjugé et signé, les documents du marché sont examinés afin de vérifier qu'il n'y a pas eu de modification importante de leurs clauses. Le marché sert de base pour l'exécution des paiements pendant la réalisation du projet.

e. Les demandes de paiement reçues par la BIRD sont transmises pour suite à donner au Département du contrôle, par l'intermédiaire des services appropriés.

f. Des visites de contrôle de tous les projets en cours de réalisation sont effectuées périodiquement sur les lieux même des travaux. Au cours de ces visites de contrôle, les services de la BIRD s'assurent notamment que les travaux prévus dans le projet sont exécutés, ou que les biens necéssaires à son exécution sont acquis, conformément aux dispositions du marché. En outre, tous les Emprunteurs sont invités à soumettre à la BIRD des rapports périodiques sur les projets en cours d'exécution; ces rapports doivent comprendre des observations sur l'état d'avancement et les progrès de l'exécution des marchés.

IV. Volume of travail, personnel et organisation

Sur l'ensemble du volume de travail des Départements des projets, 25% environ sont consacrés aux diverses phases de contrôle des projets, dont un quart à un tiers environ (soit 6% à 8% du volume total de travail) est consacré à la surveillance de la passation des marchés. Des dates limites précises sont généralement fixées pour les diverses phases des marchés, et les services de la BIRD interviennent dans le cadre des limites prescrites. On s'efforce de faire en sorte que tous les projets d'adjudication de marché, par exemple, soient examinés sans délai et dès leur réception, et que l'examen des réclamations soit également entrepris sans délai.

L'année dernière, les services de la BIRD ont examiné plusieurs milliers de marchés; une vingtaine de réclamations importantes concernant l'adjudication envisagée ou effective du marché par l'Emprunteur leur sont parvenues. Dans presque tous les cas, après examen approfondi de la réclamation, la BIRD a acquis la conviction que la décision d'adjudication était justifiée. Les différends relatifs à l'adjudication des marchés résultent en général de l'introduction, dans l'évaluation des offres, d'éléments d'appréciation découlant des quelques facteurs qui ne peuvent pas s'exprimer clairement en termes monétaires. C'est pour cette raison que la BIRD souligne dans ses Directives que ces facteurs doivent être aussi peu nombreux que possible.

Au sein de chaque département des projets, la responsibilité de la surveillance de la passation des marchés est confiée, dans la mesure compatible avec les disponibilités en personnel, à l'équipe opérationnelle (ingénieur, analyste financier, économiste, etc.) chargée de suivre d'un bout à l'autre les diverses phases du projet: identification, préparation, évaluation et contrôle. Dans certains des départements des projets les plus importants, le contrôle des aspects les plus courants des marchés est centralisé de façon à alléger la tâche de l'équipe opérationnelle. Au sein de chacun de ces départements, deux ou trois spécialistes des marchés vérifient la documentation

afférente, prennent les mesures voulues sur les questions de caractère courant et communiquent aux équipes opérationnelles les questions nécessitant une connaissance approfondie du Projet et un examen particulier.

Bureau du Directeur, Projets

1er Septembre 1970

Seminar was chaired by Mr Chadenet.

SEMINAR ON CONSULTING SERVICES

March 8-9, 1972 - Washington, D. C.

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Summary

International Bank for Reconstruction and Development

Office of the Director, Projects May 24, 1972

Contents

1. INTRODUCTION

This paper summarizes the discussions held March 8 and 9, 1972 in an informal seminar on consulting services, sponsored by the World Bank Group and held in its Washington office. The seminar was chaired by Mr. B. Chadenet, Deputy Director, Projects, and was attended by representatives of 14 consulting firms and staff of various Departments of the Bank.

The purpose of the seminar was to have an exchange of views with consulting firms involved in a variety of Bank or IDA-financed projects. This is one of several steps taken by the Bank in reviewing its policies and procedures relating to the services of firms, so as to ensure quality, economy and efficiency in the consulting services used by the Bank Group's borrowers and by the Bank.

The agenda followed in the seminar is given in Annex A. Prior to the seminar the invited firms were also provided with background papers reproduced in Annexes B and C. The firms were asked to indicate agenda topics on which they wished to present introductory statements. After the introductory statements on each agenda item there was general discussion by the firms' representatives and Bank staff.

The invited firms were selected to provide a broad sample of those who have had considerable experience with Bank-financed projects in the past. An attempt was made to include a wide spectrum of sectors and nationalities, but the participating firms represented themselves only, not their governments or the professional associations in their home countries. Representatives of borrowers and of governments of the Bank Group's member countries were not invited to this meeting as their views on the subjects of the seminar are being obtained by the Bank through other contacts. The participating firms and their representatives were:

BRAZIL	ASTEP S.A.	Mr. Risaldo C. Raposo
CANADA	Acres International Ltd.	Mr. R. Pillman
COLOMBIA	INGETEC LTDA.	Mr. Carlos S. Ospina
DENMARK	Kampmann, Kierulff & Saxild A/S (KAMPSAX)	Mr. Erik Norsk
FRANCE	Bureau Central d'Etudes pour les Equipements d'Outre-Mer (BCEOM)	Mr. Claude Brisson
GERMANY	Agrar-und Hydrotechnik GmbH	Mr. J.C.J. Mohrmann
GREECE	Doxiadis Associates International	Mr. Angelos Tsitsis
ITALY	ITALCONSULT, S.p.A.	Dr. Celestino Segni
JAPAN	Pacific Consultants International	Mr. Yasuo Kawano
NETHERLANDS	Netherlands Engineering Consultants (NEDECO)	Mr. H.C. Frijlink
U. K.	Sir Alexander Gibb & Partners	Mr. R.A. Crow
U. K.	Hunting Technical Services Ltd.	Mr. T.D. Weatherhead
U. S.	Tippets-Abbett-McCarthy-Stratton (TAMS)	Mr. Edward K. Bryant
U. S.	Robert R. Nathan Associates, Inc.	Mr. Jerome Jacobson

Readers who did not attend the seminar are urged to refer first to the agenda and background papers presented in Annexes A, B and C of this paper. The material in these Annexes, major parts of which are not repeated in the summary, was circulated to all participants in advance of the meeting and is essential for understanding the seminar discussions.

This paper does not provide a complete record of the views expressed during the two-day discussions. It contains an outline of the main issues under each agenda item, at the beginning of each chapter, and a summary of the discussions by the participants. As many agenda items are closely inter-related, some topics were discussed several times and the selection of chapter headings under which these topics are presented is of necessity arbitrary.

At the end of each chapter, following the summary of discussions, there are excerpts from prepared statements submitted in writing prior to the seminar by eight of the participating firms. These excerpts, whose authors are indicated, have been selected to illustrate typical views on specific issues and, in some cases, to indicate the range over which the views of participating firms varied.

2. THE PROCESS OF SELECTING CONSULTING FIRMS

a. Issues

Participants were asked to consider questions relating to both the selection of firms to be invited to submit proposals and the selection of the best proposal submitted by the invited firms. Questions as to the adequacy of methods now in use with respect to these selection processes include:

(i) How can one ensure that all competent and available firms have been given proper consideration?

(ii) What is the most appropriate way for consulting firms to express their interest in a specific project?

(iii) Would the efficiency and fairness of the selection process be increased by:

(a) advertising requests for expressions of interest prior to selecting the firms to be invited?

(b) prequalification procedures which would limit the firms to be considered for selection in each field?

(c) a systematic scheme for rotation or nationality distribution of firms to be invited?

(iv) Recognizing that the World Bank Group cannot "police" all activities relating to consultants' services on projects it might ultimately finance, what should be the form and degree of involvement by the Bank Group in borrowers' selection of consultants? And what would be the costs and benefits to prospective borrowers and to the Bank Group?

(v) What can be done to prevent the selection of "overqualified" consultants, whose proposal may include experts of international renown but who may not necessarily be the most appropriate or efficient firm?

(vi) Should price considerations have a part in the selection of consultants and, if so, could they be used effectively toward:

(a) selecting the most appropriate and efficient firm;

(b) achieving optimal staffing for a specific assignment;

(c) shortening the total duration of studies and design work; and

(d) reducing overall costs of services and projects.

b. Summary of Discussion

(1) Flow of Information

Most consulting firms present at the meeting held the view that the flow of information about qualifications of firms to borrowers and the Bank was generally the firms' responsibility and that the existing system seemed to be reasonably satisfactory. Some firms felt that improvements are needed in the way this information is stored and later used by the Bank and its borrowers, perhaps through the institution of punch card or similar system.

There was much interest, however, in improving the flow of information from the Bank Group and its borrowers to firms, about forthcoming studies or projects of possible interest. Timing seemed to be an important factor to most firms; some appeared not to be fully aware of the availability of information being sent to member governments through the offices of the Bank's Executive Directors.

Two firms suggested that the Bank and its borrowers use advertising or press announcements to publicize information on forthcoming projects. Another firm suggested a variant, such as inquiries by letter to all those known to be qualified in a certain field. Most participants opposed these ideas, however, pointing out that advertising or more selective methods of publicity used by various international agencies often resulted in 300 to 1,000 responses from interested firms, causing insurmountable evaluation problems for the responsible agencies.

There was an appeal for more advance information on visits by Bank staff to member countries, so that consulting firms working in these countries could make their own staff available for meetings, as appropriate. Much interest was also expressed in dissemination of information on completed study contracts, particularly in reference to the methods used in the study, the difficulties encountered, the lessons learned, and the cost as actually experienced. These suggestions will be given further consideration by the Bank.

(2) "Short Lists" and Selection Principles

Methods currently used by the Bank in preparing "short lists" of firms for UNDP studies were considered on the whole to be adequate and reasonable; it was understood, however, that in many sectors such choices involve a large element of judgment. Most participants expressed the view that it would be virtually impossible to "ensure that all competent and available firms have been given proper consideration". Some expressed strong opposition to any system of nationality rotation, which in their view could create more difficulties than it would solve, but there appeared

to be agreement on the general point that it is important to "widen the net", so that firms not previously employed by the Bank or its borrowers would have opportunities to submit proposals.

The Bank's methods of selection of a firm from among those invited to submit proposals were also considered by the consultants to be generally fair and appropriate, but some expressed the view that these methods give excessive weight to the qualifications of individual team members. Several firms advocated that much greater weight be given to the principal officers of the firm, to their experience in a specific field, and to the technical approach described in the proposals; on the other hand, less weight should be given to the qualifications of middle-level staff on the proposed team. They also felt that firms should have more of a free hand in putting together a "balanced team" (not one composed solely of "supermen") and that the Bank should have more confidence in the firms' ability to choose the staff for a study and to make them work as a team. Excessive emphasis on the qualifications of middle-level staff members was considered to be the primary cause of "overqualified" teams in the consultants' proposals.

(3) Borrowers' Selection Process

Several firms expressed dissatisfaction with the role of the Bank Group in the process of selection when consultants are hired by borrowers. With few exceptions (one of which was cited at the meeting), compliance with the procedures described in the Bank's guidelines on "Uses of Consultants" is not a strict requirement of Bank loans; in most cases, the Bank merely urges borrowers to comply with the guidelines and tries to set an example through its own procedures. The firms felt, however, that this is often without effect, that firmer "rules" for selection by borrowers should be set up, and that such "rules" would be welcomed by most consultants and most borrowers.

But there was also agreement on the point that sophisticated borrowers should be given much latitude to use their own judgment, within the general framework of the Bank's guidelines (or "rules", if adopted). Some firms felt that a more uniform system for consultant selection among the Bank's borrowers would have great advantages.

It was pointed out that it is often important to judge in advance the institutional capacity of borrowers' agencies in such functions as making a selection of consultants and, thereafter, negotiating a contract and providing support to a study. It was therefore suggested that, where appropriate, the Bank or other agencies should be prepared to provide more technical assistance for this purpose to borrowers. One firm felt that a staff member of the Bank should be made an advisory member of borrowers' selection committees for all Bank-financed projects.

A number of firms mentioned that conditions imposed by borrowers sometimes make it impossible for them to submit proposals for professional services without excessive risk. They felt that this impairs the borrowers' ability to attract high quality professional services at reasonable prices.

It was pointed out that compliance with many of these suggestions would involve a major increase in professional staff time by the Bank, which would be difficult. However, the preparation of more detailed guidelines, to assist borrowers in their selection processes, will be further discussed within the Bank and between the Bank and its borrowers.

(4) Priced versus Unpriced Proposals

Most of the firms present were opposed to adoption of price competition for consulting services. Price competition was seen to present particular difficulties when used in connection with preinvestment studies or engineering work requiring professional inputs that cannot be defined in advance. It was suggested, however, that price could be given a certain weight in the simpler cases of "cut and dried" engineering assignments.

Several firms stated that the Bank and many of its borrowers have on their staff persons competent to negotiate a contract for consulting services and to make judgments on questions of price, following selection of a firm on the basis of unpriced proposals. They suggested that, where necessary, the Bank should be ready to provide borrowers with a qualified negotiator at the contract negotiation stage.

One firm mentioned its experience with selections in cases where quality alone was considered, but where budget constraints later forced a reduction in quality during negotiations. This indicated the desirability of advising consultants, at the time of proposal invitations, of the budget constraints which would govern the work.

Regarding the two-envelope system, many firms felt that the Bank's borrowers would normally have difficulty in (1) returning any of the price envelopes unopened and (2) demonstrating that the lowest price proposal should not be chosen for some reason of quality. A few firms stated, however, that they have had satisfactory experiences with the two-envelope system and that it can be made to work in a way that is fair to both the consultants and their client. One firm expressed the view that price should be an element of judgment in the selection only if the firms are given complete freedom to staff and program the work; firms could not be held to a specific price unless they are given such freedom.

A Latin American country was mentioned in which priced proposals (not using two envelopes) were invited and the price was given a certain percentage weight in all evaluations; in eight such cases, all were given to the lowest priced proposal. There were other cases in the same country, in which the two-envelope system has been used in accordance with Bank recommendations, with only the price envelope of the best evaluated

firm being opened; the Government was reported to be currently considering new rules for the two-envelope method, whereby the price envelopes of the three best rated proposals would always be opened.

Bank staff mentioned a case in another country, involving the selection of highway engineering firms, in which priced proposals had been requested by one of the Bank's borrowers; the quoted prices covered a wide range and the firm finally selected on the basis of a combination of quality and price was the second lowest in price. It was also pointed out that price considerations -- or at least preliminary understandings between clients and firms on the general level of rates to be charged -- are not uncommon in many other professions, including law.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... In order to give all competent firms proper consideration, the Bank could:

- Have a punch card system on which all the registered firms are indicated with their different competences and capacities.

- Create an information system about all the projects (UNDP and WB loans) for which the service of consulting firms will be asked in order to inform for each project those firms which - applying the punch card system - are adequate. The information should be given at as early a stage as possible and include provisional terms of reference and a provisional time table. The alternative would be to inform every firm about every project. But it is expected that in such a case too many incompetent firms would apply for each project.

- Firms which express their interest should be put on a long list; by applying a selection system a short list could be composed from the long list ...."

(Agrar-und Hydrotechnik GmbH)

(2) ".... A systematic procedure for rotating nationalities appears to us difficult to implement; it would imply the determination of "weighting" by nationality, which would be difficult to evaluate. The objective criteria which such weighting would meet are hard to visualize, while weighting might also result in a "quota" system, the basis of which is unclear.

"The presence of a Bank representative on the committee for the selection of consultants designated by the borrowing country, and the systematic transmittal to Washington of a copy of the proposals, seem to us

necessary to bring a maximum of guarantee as to the impartiality of the selection, and in order to avoid bid substitutions, once the normal time limits for submission are passed ...."

(BCEOM)

(3) "... The Bank Group should give more assistance to its borrowers in the selection process and in the awarding of contracts of consulting services, giving special attention to the scope of work, specifications and general conditions of contracts, so that the responsibility and the authority of the consultant will be clearly stated.

"The Bank Group, through their Executive Directors, /should/ keep the National Associations of Consulting Firms, Contractors and Equipment Suppliers of the countries they represent periodically informed about Bank projects, beginning with the early stages of negotiations ...."

(ASTEP)

(4) "... (a) Advertising is absolutely necessary.

(b) Prequalificati on procedure is necessary. Thereby the special condition of a borrower country should be taken into consideration and the opinion of the borrower should be respected.

(c) In principle, it is desirable to practice rotation and national distribution systematically combining both methods. and open the door widely to new comer firms..."

(Pacific Consultants Internaticnal)

(5) "... If proposals from more than one firm are requested, the procedure should be clearly defined and adhered to. The guidelines for this procedure should require selection to be strictly by qualification. One of the most wasteful and trying practices consultants have to contend with is responding to requests for proposals for assignments that have been secretely pre-awarded; that is, a consultant has already been selected but proposals from others are solicited to satisfy a legal or political requirement for competition.

"Proposals for consulting services should not be priced. The price should be negotiated with the firm selected after evaluation of qualifications .... only with the selected firm and if these fail to produce an agreement the second placed firm should be invited to negotiate.

"The quality of service is of prime importance. Budgets for the assignment, as well as all other conditions of the assignment should be made freely available to all competing firms as early as possible. For negotiation of contract the client himself should be knowledgeable and competent to judge the reasonableness of price for the services he is requesting. If he is not he should retain an advisor to assist him in this area ...."

(Acres International Ltd.)

(6) ".... In many developing countries the borrower lacks experience of dealing with consultants and, to a lesser degree, with contractors; the Bank's handbook "Guide on the use of ...." has been read (sometimes) but not properly understood. The borrower has sometimes been forced by the Bank to accept a consultant, when all he wants is the loan and a contractor; and in nearly all cases the borrower is under pressure from his local association of consulting engineers as well as from political sources.

"A combination of any of the above factors puts the consultant in an invidious position; he is always under pressure to give the right answer so that the link between the Bank and the completed project is not broken; he is sometimes under pressure to associate with local consultants; he is often under pressure to take into consideration factors clearly outside the terms of reference. There is much truth in the old adage "the man who pays the piper calls the tune" and many consultants have learned to their dismay that legitimate fees can be withheld for almost frivolous reasons ...."

(NEDECO)

(7) ".... Price will inevitably take on growing importance in the minds of both evaluators and proposers. It will inevitably gain increasing weight in the selection process. The blandishment of an inexpensive bid is bound, however subtly, to influence evaluators ...."

"There are many firms that simply are not prepared to compete for consulting services where price is a significant factor in the selection. Generally, these are the quality firms that do not seek to "buy" their work. There is the danger that pricing will reduce participation by quality firms in competition ...."

(Robert R. Nathan Associates, Inc.)

3. THE ROLE OF CONSULTING FIRMS

a. Issues

Clear definition of a consultant's role is essential in all phases of his work. Particular difficulties appear to arise, however, in defining precisely what consultants are expected to do in the early stages of project preparation and in connection with management services. Questions that have been raised in this respect are:

(i) How much on-the-spot research should be undertaken (a) by the Bank or its borrowers before terms of reference for a study are drafted and (b) by the invited firms before proposals are submitted?

(ii) Have terms of reference approved or prepared by the Bank been (a) too explicit, (b) too sketchy, (c) not flexible enough?

(iii) What can be done to improve the reliability of consultants' estimates of construction cost in the preliminary engineering stage?

(iv) Should the UNDP's practice of a "mid-mission review" (to evaluate the progress of a study at the half-way point and modify the scope if necessary) be adopted more generally for all preinvestment studies?

(v) How effective are the Bank's present supervision procedures for preinvestment studies and how could they be improved?

With respect to the definition of the consultant's role in detailed design, engineering and construction supervision, difficulties have been brought to the Bank Group's attention by contractors who have complained that consulting firms have lost the "independence" needed to make fair judgments of the intent of contract documents and conditions. The claim has been made that clients tend to severely restrict the authority consultants used to have in the discharge of a contract (see pages 10-11 of Annex C). On the other hand, the Bank's borrowers have complained that consultants increasingly consider themselves as responsible to the Bank Group rather than to the borrowers. Do these complaints reflect a general trend which may be detrimental to effective project implementation in the future? And if so, what remedies are available?

In addition, there have been suggestions that consultants may play a different type of role for certain projects which could be executed more advantageously on a "turnkey" basis (see pages 5-7 of Annex C). What are the merits of these suggestions and how could the Bank Group's borrowers take maximum advantage of these possibilities? What form of consulting services would borrowers need for these cases?

b. Summary of Discussions

(1) Defining the Role

While most participants in the seminar reported to have had significant problems in connection with the definition of their role in various phases of their work, there seemed to be no unanimity about the best way to avoid such problems in the future.

Regarding preinvestment studies, one group of firms felt that terms of reference prepared by the Bank or with Bank assistance are generally adequate and provide a proper degree of detail. One member of this group would prefer that the Bank or its borrowers take greater responsibility for pre-proposal research and provide all invited firms with a summary evaluation of data to be supplied and copies of previous reports. This should be supplemented by pre-proposal briefings which all invited firms would attend.

Another group felt that terms of reference for preinvestment studies prepared by the Bank or with Bank assistance tend to be too rigid and do not allow consultants the flexibility needed to prepare good proposals. One or two members of this group felt that consultants should have more time to prepare proposals (two or two and a half months, rather than one and a half, as now normally used) and that contracts should be subdivided into two phases where clear definition of the scope is not possible at the outset. The scope of the second phase would then be defined only at the end of the first phase; some firms would prefer two separate contracts for such cases.

One participant suggested greater use of consulting firms in the preparation of terms of reference for studies when Bank staff does not have the time for pre-proposal research. Another pointed to general tendencies of (a) exaggerating the possible outcome of studies at the time of contract negotiations by being too optimistic about the achievable end results and (b) finding great difficulties in modifying the terms of a contract after negotiation. One possible remedy would be to first negotiate a contract with a rather vague scope of work, leaving more specific definition of the scope to an amendment at a later stage.

Most consultants present seemed to favor a "mid-mission review" in preinvestment study contracts and there were several suggestions to make such reviews more useful:

(1) timing of a "mid-mission review" is critical; it should be after completion by the consultants of an interim report which presents significant findings;

(2) there should be ample time for all parties concerned, including various agencies of the borrower and Bank staff, to read and discuss the interim report before attending the review meeting; and

(3) Bank staff involved in the "mid-mission review" should be the same staff that will be responsible for final review of the consultants' work.

On the question of reliability of consultants' estimates of construction costs in preinvestment studies, several of the engineering firms present pointed to the variety of factors which could affect final costs. There appeared to be agreement on the feasibility of maintaining accuracies desired by the Bank in the preliminary estimates of quantities of construction work and materials, provided that design standards and other criteria are not changed after preliminary engineering has been completed. The same view did not prevail, however, with regard to the unit costs to be applied to estimated quantities. One firm mentioned that participation in these preliminary estimates by their own staff working in construction supervision had done much to reduce errors; but there remained political risks, inflation and other factors which are difficult to foresee. Most of the participants agreed that hiring contractors' estimators could help to reduce errors by the firms which do not have such estimators on their permanent staff.

It was suggested that the risk of cost overruns could be further reduced if borrowers would adopt forms of contract having specific provisions for those events which construction contractors find most difficult to evaluate. Such contracts would have clauses providing for:

(1) escalation due to general construction cost increases in the country of the project;

(2) the effect of post-tender legislation by the government, when such legislation changes the cost of labor, materials or equipment in the country of the project; and

(3) international monetary events affecting the valuation of currencies involved in the project.

It was also suggested that there is frequently a need to monitor the benefits resulting from a project after construction. When projects involve management problems or skills not readily available in the country, the consultants might be asked to play a part in the operation phase. Such assignments in the post-construction period would also be useful in providing important feed-backs that could help the consultants to improve future planning.

Regarding final engineering assignments some consultants felt that this phase of their work is often not as "cut and dried" as it might seem. For instance, there may be deficiencies or changes in the preliminary design or unexpected field conditions, requiring the re-study of important alternatives. This would also have a bearing on the feasibility of price competition for such services (see Chapter 2).

It was suggested that future revision of the Bank's guidelines on "Uses of Consultants" include specific mention of the consultants' role in the prequalification of contractors; this is not mentioned in the present version of the booklet under the heading of final engineering services.

The quality of supervision of preinvestment studies by Bank staff received brief comment. The participating firms mentioned that Bank staff have hurt the reputation of firms in some cases by casual or hasty comments to borrowers.

(2) "Independence" of Consulting Firms

There was general opposition to use of the term "independence"; most participating firms expressed preference for the term "impartiality" in connection with their services, particularly with respect to final engineering and architectural work and subsequent construction supervision. It was pointed out that as engineer or architect to a borrower the consultant is the agent of the borrower, but is specifically charged with the task to "heal differences" and, if at all possible, "avoid arbitration" between borrowers and contractors.

However, a number of participants agreed that they have found increasing difficulties in maintaining their impartiality and their professional standards with some borrowers. It was suggested that these difficulties regarding the consultants' role may in many cases be overcome or at least reduced if Bank staff members were present during the negotiations of contracts between borrowers and consultants.

Some difficulties regarding consultants' "impartiality" were attributed to communications problems. Several participants urged that direct channels of communication between consultants and the Bank be kept open even if the consultants' contract is with a borrower or with another international agency. It was mentioned that other development finance institutions insist on receiving copies of consultants' reports and of key correspondence between their borrowers and the borrowers' consultants.

(3) "Turnkey" Contracts

There was relatively little discussion of the role of consultants in "turnkey" contracts. Several participants mentioned the need to have separate consultants who represent the client, when a client engages in a turnkey contract. The role of such consultants would be particularly important in assessing the environmental impact of new facilities and in estimating the cost of operation after the construction period.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... Usually we have found the Bank's Terms of Reference excellent -- clear, precise and well balanced. Occasionally the listings of subjects and details to study may appear overambitious in relation to the man-months available, but so far the Bank's interpretation has been flexible enough to allow us to allocate the main study efforts to the problems that really count on the job in question.

"On assignments including preliminary engineering a clearer definition of this term would be useful ... We consider a "mid-mission review", to evaluate progress and if necessary modify scope of work, of great value to all parties concerned, and recommend that this practice is adopted more generally ...."

(KAMPSAX)

(2) ".... The proposed terms of reference should be more flexible in order to elicit from the consultants a greater variety in their proposals, even though they may have to be re-adjusted at the time of the final drafting of the contract, by agreement between the designated consultant, the Government and Bank representatives...."

"The mid-mission review is very worthwhile, in our opinion, but should coincide with the completion of an important phase of the study, or the submission of an interim report, in order to permit a discussion of results. In preparing the bar chart, the delays implied by the application of this procedure should be taken into account, since it may subsequently cause revisions in the tasks requested of the consultants ...."

(BCEOM)

(3) ".... The accepted bid may differ from the preliminary cost estimate for a number of reasons, of which the most important are:

- Changes in market conditions.
- Changes in contractors' costs.
- Changes in quantities of work since the preliminary engineering was done.

"It is our experience that changes in market conditions, i.e. the factors affecting the contractors' assessment of required/desired risk and profit margins, often is the cause of very large variations. Unfortunately, it is practically impossible to forecast these factors; thus the Bank may simply have to live with the price variations caused by changing market conditions.

"Changes in contractors' costs caused by rising prices, wages, etc., may to some extent be anticipated in the estimates. In an inflationary economy it is advisable always to link cost estimates to a defined price and wage level. In many countries official or unofficial indices exist, on which subsequent escalations may be based. Where such indices do not exist a list of the significant prices and wages used in the estimate may be given.

"Only the third reason for price variations, i.e. the change in quantities, can be directly influenced by the Bank and the consultants, and it is therefore not surprising that there has been a certain pressure to increase the accuracy of the quantity estimates by investing more efforts in the preliminary engineering work.

"In our opinion there is a limit to how far it pays to go in this respect, seeing that allowances for cost-inflation and market changes will have to be made anyway. The Bank's normal practice has been to ask for preliminary engineering in sufficient detail to estimate the quantities with an accuracy of ± 20%. We do not believe that many consultants have had difficulties in complying with this limit as an overall figure ...."

(KAMPSAX)

(4) ".... The effectiveness of the Bank's present supervision procedures for preinvestment studies ranges from excellent, in cases where the Borrower is cooperative and generally well experienced, and where the Bank's own staff is highly experienced, to the opposite extreme when these conditions do not pertain...."

(Acres International Ltd.)

(5) ".... The so-called loss of "independence" of consultants is in reality a loss of authority. The role of the Bank is becoming weaker with regard to the position of the borrower. The consultant has difficulties in maintaining high standards as the pressure of the borrower is often enormous. The borrower is the client who selected the consultant and expects from the consultant to be entirely at his service. If consultants refer to their responsibility to the Bank it is to safeguard as much as possible their standards. The general trend is absolutely detrimental for future project implementation. A possibility to solve this problem is the strengthening of the position of the Bank by technical controllers in the LDCs...."

(Agrar-und Hydrotechnik GmbH)

4. COOPERATION WITH GOVERNMENT AGENCIES

a. Issues

In connection with many projects financed by the Bank Group, training of personnel within the agencies responsible for the construction and future operation of the projects is crucial for the future success and development impact of the projects. Such training is often made part of the assignment of foreign consulting firms. The firms, in turn, often depend on the counterpart staff supplied by governmental agencies for the purpose of liaison with various agencies, for review of interim findings, and/or for training.

Dissatisfaction with both of these aspects is not uncommon and the question has therefore been raised whether changes in Bank Group policies and procedures could improve the effectiveness of (a) the training and other institution-building efforts of consultants and (b) the counterpart contributions of governments to consulting work.

b. Summary of Discussions

The participating firms reported a variety of experiences -- ranging from very positive to very negative -- in training counterpart staff and in the cooperative support provided by such staff to the consultants' other tasks (e.g. preinvestment studies, detailed design work or construction supervision). Lack of clarity about the consultants' responsibilities for training, poor timing of training efforts, confusion and delays in the selection of trainees, and inadequate budgetary allocations were mentioned among the difficulties which made past training efforts by consultants less successful than expected.

Several participants expressed the view that consulting firms could and should improve their training functions in connection with preinvestment studies and other work, but that this would be possible only if training objectives, methods, staffing and budgets are clearly defined at the outset. These firms stressed the potential conflict between training and other activities of the consultants and the need to distinguish between the roles of counterparts as trainees and as support staff for those other activities.

The participants held differing views on the selection process by which counterparts are chosen. Some firms would leave the choice of counterparts and trainees entirely to the government, others preferred to have at least the right to accept or reject the government's nominees, and still others preferred hiring the trainees independently of existing government services.

It was pointed out that the number of trainees may have to be larger than the number of trained staff needed after departure of the consultants, due to normal attrition during the training period and later. To reduce such attrition, it was suggested that career prospects for the trainees be spelled out clearly and that financial incentives be provided during the training period. One firm suggested that the Bank should provide financing or grants for trainees' salaries where governments are unable to supply the necessary funds.

There were also some expressions of opposition to training of counterpart staff by consulting firms, on grounds that such training has often been ineffective, that governments are short of staff available for training at the appropriate time, and that consulting firms are not qualified to provide good training. One participant questioned the general assumption that government agencies should have large numbers of trained staff; he suggested that this would only invite "Parkinson's Law" to take over and that small government agencies would be more efficient, particularly if they learn how to use consulting firms effectively.

It was evident from the discussion that training requirements and the possibilities of training in connection with consulting services assignments vary greatly; this topic should receive detailed consideration during pre-contract investigations.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... There can be serious elements of conflict among the objectives of training, optimum use of counterpart staff, and performance of the project to international standards in accordance with budget and on time.

"Depending on relative importance of the three objectives, and these should be frankly discussed and clearly defined among Client, Consultant and the Bank, the method of procedure could be to embody all three under one project contract, or to have these provided under separate arrangements. The Consultant should not be left with an undefined situation...."

(Acres International Ltd.)

(2) ".... It would be illusory to consider that "training" is free; it is paid for either by an extension in study duration, or by a selection of methods which appear less efficient but are more easily accessible to local counterparts, or again because training on the occasion of a specific project must be continued through further training. However, countries which benefit from a loan for a given operation, seldom accept to actually pay for training, although they understand its importance. Our suggestion could be not to make the borrowing country bear the share of expenditures strictly attributable to the additional costs necessitated by training, by segregating this share which could be the subject of special financing...."

(BCEOM)

(3) ".... The possibility of working with counterparts depends first of all on their availability. If competent counterparts are not available one should try to provide for fellowships a long time before the project starts (f.i. training between the preliminary decision to finance and the start of the project). If counterparts are not available at all some positive experience has been made by the use of students or junior experts...."

(Agrar-und Hydrotechnik GmbH)

(4) ".... The crucial factor, in our opinion, is the cooperation obtained from the local government, as the key to success is the qualifications and motivation of the trainees or counterparts assigned. Our experience with the counterpart system has in most cases been very good indeed.... on jobs where we have been assigned counterparts with the right background and spirit, both parties have benefitted greatly from the arrangement. In other cases, the counterparts have not been able to contribute much to the job professionally, but are of course always useful for liaison etc., and we like to believe that they learn at least something from the experience.

"On this background it may be of some value to summarize the points we consider important in the selection of counterpart staff:

(a) For professional contribution to the project we consider previous experience of less importance than intelligence and dedication to the job. Young, bright and interested people very quickly pick up the required knowledge, and are often much more useful than more senior people, who tend to be less open-minded with regard to new methods and who /often/ have have fixed ideas as to what they themselves should and should not do on the job. The young and inexperienced obviously also benefit much more from the training aspect inherent in counterpart work.

(b) For proper liaison and for review of consultants' findings, on the other hand, authority and experience count very strongly. Particularly for assignments requiring close collaboration with local organizations (administration studies, management advisory services, etc.) it is of crucial importance that at least some of the counterparts are senior enough to have some real authority and leverage.

"Usually, therefore, the best counterpart team will be a balanced mix of experienced senior people and promising juniors...."

(KAMPSAX)

5. THE ROLE OF DOMESTIC CONSULTING FIRMS

a. Issues

A number of problems are frequently encountered in countries where domestic consulting firms have achieved levels of competency that enable them to provide all or part of the consulting services required. Depending on the characteristics of the project and the qualifications of the domestic firms, they may work either with or without association of a foreign consulting firm. The questions that normally arise in such cases include:

(i) How can the Bank Group obtain up-to-date information on the experience and qualifications of firms which are not in international practice?

(ii) Should association with a foreign firm generally be a necessary first step, before newly-formed domestic firms are assigned to major projects alone? What other methods of gaining experience would be preferable?

(iii) What are the advantages and disadvantages of governmental regulations requiring association of foreign firms with domestic firms?

(iv) Where associations between foreign and domestic firms are desired, should there be provisions for separate prequalification or selection of domestic firms, either before or after selection of a foreign firm? And who should do such prequalification?

(v) What would be the most appropriate contractual arrangements between foreign and domestic firms (e.g. sub-contracts, joint ventures)?

b. Summary of Discussions

Discussion of this topic dealt primarily with situations in which domestic consulting firms in developing countries have achieved a level of competency enabling them to provide part but not all of the services required. In these situations, associations between foreign and domestic firms are normal. While the participants agreed on this general point, their views and experiences differed widely in respect of ways by which associations among firms can be brought about effectively.

Most participants expressed a general dislike for "forced marriages" (e.g. associations dictated by such third parties as Governments or banks). But some participants mentioned that they have had a "forced marriage" that worked out and even resulted in a satisfactory long-term association; other cases of this type, however, were reported to have failed miserably. In the experience of those present, the failure rate of voluntary associations between foreign and domestic firms appeared to be lower.

It has been found difficult in many instances to define in advance the specific tasks which should be performed by the domestic firm in an association. According to some participants, these difficulties are often due primarily to lack of adequate information about past performance and current capabilities of the domestic firms which might have grown very rapidly. In other cases, particularly where the number of domestic firms in a sector is small, there may indeed be wide differences in the capacity of local consultants to perform various tasks. When these difficulties are encountered, it is frequently decided to leave it up to the invited foreign firms to decide on their own whether and with which domestic firm to associate and how to subdivide the work. Some participants pointed out, however, that this may result in something less than optimal utilization of domestic firms.

Various methods of pre-selection of domestic firms were mentioned. Where Governments engage in such pre-selection, it has sometimes been found difficult to eliminate political influence; pre-selection of a group of qualified domestic firms, from which foreign firms can choose, is preferred to pre-selection of a single firm (i.e. "forced marriages"). Obvious difficulties are encountered when the number of qualified domestic firms is smaller than the number of invited foreign firms.

One of the participants pointed out that a solution is much simpler when the domestic firms are sufficiently strong to require only minimum support from foreign firms, so that invitations can be directed to the domestic firms who would then sub-contract for the foreign support component they may need. This situation, however, exists in only a few of the developing countries.

It was suggested that the Bank Group be prepared to finance all engineering and other consultants' costs of a project, regardless of the distribution of the work between foreign and domestic firms.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... The Bank and the host country should try to clarify several matters:

(a) Are there several local firms capable of performing a specified task? Both the task and the capability to perform it must be clear.

(b) There needs to be clarity as between the role of the counterparts to the foreign consulting firm and that of the local consultants. Which tasks are reserved to counterparts and which to the local consultants?

(c) Clarity is needed on the precise scope of work to be done by local consultants. Is the Bank or the host government to decide that, or will the decision be left in the hands of the foreign consultant? If the former decide it, they also implicitly are assuming the responsibility for the quality and timeliness of the work done. The responsibility would rest instead with the foreign consultant if he worked out the scope with the local consultant.

(d) What role should be given the foreign consultant in selecting the local firm? Again, the issue of responsibility comes up. If the host government and the Bank make the selection, they carry some responsibility. Instead, the responsibility passes to the foreign consultant if he selects his local associates. But in that case the obvious question arises: Why should he not have initial responsibility for the choice and the scope of work -- his choices later to be approved by the host government and the Bank? Why should his choice be limited in some way to several firms approved by the Bank and the host government? Further, why not assign the local scope of work after the local consultant has been selected? And why circumscribe it by prior Bank and host government views?..."

(Robert R. Nathan Associates, Inc.)

(2) ".... Whether the prequalification of domestic firms should take place before or after selection of a foreign firm would depend on local conditions, the time available for the selection process, etc. From the consultant's point of view we consider it an advantage if the prequalification is done after the selection of the foreign consultant, so he does not have to tie himself to a specific domestic firm during the proposal phase. However, we have no strong feelings regarding this matter.

"The prequalification should be performed by the Government of the respective country, as this seems to be the only solution acceptable to the local authorities. It should, however, be subject to the approval of the Bank...."

(KAMPSAX)

(3) ".... Domestic consulting firms vary in competence from those equal to the best international firms, to inexperienced opportunists.

"'Forced marriages' are invitations to trouble. Free association is essential; however, the most appropriate form of association and contractual arrangements will vary with conditions in the country involved and the type of project...."

(Acres International Ltd.)

6. QUALITY AND COST OF CONSULTING SERVICES

a. Issues

In the "Review of Procurement Practices and Procedures" the question of variations in engineering practices among firms of different nationalities was raised, together with the possible need for greater standardization of specifications (See pages 4 and 5 of Annex C). What avenues for standardization exist now? How adequate are these avenues and how might they be improved? Alternatively, what are the merits of maintaining a variety of standards which may apply under different conditions or in different geographic areas.

Another important issue is the cost of consulting services and method of payment to consultants. The Bank Group does not consider percentages of construction cost an appropriate basis for establishing consultants' fees in most cases. An alternative method, frequently used by the Bank Group and its borrower for preliminary studies, is the establishment of individual, fixed rates per man-month of work for each of the consultants' personnel, with a maximum amount as ceiling for the project. Other methods, such as cost plus fixed fee or lump-sum contracts have also been used. There has been dissatisfaction with some aspects of all these methods and general concern about the rising total cost of services.

When man-month rates are used as a basis for payment, the Bank Group and its borrowers frequently find it difficult to accept the level of rates proposed. While the part of the rates directly attributable to staff salaries can normally be explained (even though legitimate questions regarding specific individuals are sometimes raised), it is often difficult to find justification for the part of rates attributable to overheads and other costs not incurred in the recipient country. Regarding these, clients of consulting firms are frequently confronted with excerpts from audits which convey little or no meaning. The Bank Group and its borrowers are concerned (a) that there appears to be no evidence of any incentive for consulting firms to keep their overhead costs low and (b) that charges made for services in developing countries may include items of overhead cost primarily incurred in connection with work in the firms' home country, which should not be allocated to overseas work.

b. Summary of Discussion

(1) Standardization

Discussion of this topic focused on differences between the standards of detail and design definition provided in US/UK practice on the one hand and in continental European practice on the other. Some firms of continental European background advocated much greater acceptance of variants offered by bidders, even when specific designs are prepared in accordance with US/UK practice. Firms of US/UK background pointed to the difficulty in assessing differences in operating and maintenance costs when bids are based on performance specifications rather than more detailed designs.

Several participants expressed strong reservations regarding the feasibility and desirability of standardization of practices in design and engineering functions for the developing countries. Some pointed out that standardization in the developed countries would be a prerequisite and that this could come about only gradually and only with the help of very large, international technical agencies (as distinct from development finance institutions). Others stressed the appropriateness of various standards under different local conditions.

It was suggested that differences in the standards of detail and definition be given special consideration by prospective clients who compare the prices charged for professional services by engineering firms of different backgrounds.

(2) Costs

Participating firms mentioned a variety of factors which have contributed to increases in the cost of consulting services to developing countries during recent years. Among those considered most significant were: (a) staff time lost due to delays in selection of firms and start-up of field work or interruptions of field work; (b) increasing costs of pre-contract expenses; and (c) frequent delays in the receipt of payments for which invoices have been submitted and approved.

Several participants stated that their overhead costs for overseas work are generally higher than their overhead costs for domestic work. They suggested that overheads could be reduced if a more uniform workload could be achieved by assurance of overseas assignments to consulting firms.

The Chairman of the meeting raised the question whether the consulting firms are satisfied that they are so organized and managed as to minimize costs to their clients. While this question did not receive a direct reply, one participant expressed the view that the Bank Group's method of reimbursement for preinvestment studies (on the basis of man-month rates) placed a definite premium on high quality as well as on inefficiency in the consultants' work. It was therefore suggested that the Bank reexamine its practice in these matters.

There seemed to be considerable interest in the establishment of standards that could be used in international practice for defining the components of consultants' overhead charges. It was pointed out, however, that the usefulness of such standardization depends in the first instance on an agreed definition of staff salary, to which the overheads are then applied. There was mention of efforts by a FIDIC working committee on fee structure, which has not yet had any results; therefore, if the Bank Group were to respond to the above suggestion, it would limit itself to standards for the Bank Group's own use.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... Standardization does not appear to us to be possible at present in developing countries, since it would first be necessary to obtain a standardization of values used by developed countries. Besides, the diversity of geographical conditions would probably make such standardization dangerous.

"On the subject of prices, we would like to draw attention to the following points:

(a) The price of studies, which include a substantial percentage of high level technicians, has usually increased more during the past few years than the average price of construction work for contractors, and more generally than the average index of prices.

(b) Time-leads for completing studies, as well as quality requirements, have also risen, which may partly explain price increases.

(c) A not inconsiderable factor of increases in overhead costs is the "unassigned time" of experts between studies; there is no doubt that, in 1971, this item suffered from the ups and downs of world conditions.

"Any effort which could be exerted toward making if possible for consulting firms to better utilize their human resources will help to brake this cause of price increases...."

(BCEOM)

(2) ".... We feel that the Bank and the borrowers do not realize .... /how much/ today's demands on consultants affect their overhead costs, both with regard to precontract cost, costs of preparing and presenting proposals, costs of keeping and withholding staff for presented proposals, the final decisions which often are overdue for several months, cost of supporting project teams and acting as backstop for the activities abroad...."

(KAMPSAX)

(3) ".... /The Bank has made the/ suggestion that consultants should not apply general overheads to rates they charge clients in overseas countries.

"Consultants cannot, as a matter of principle, provide overseas clients, or any individual client, with services on an incremental basis. To do so would be unfair to other clients and quite unsound as a business practice.

"In our experience carrying on consulting business overseas is more costly than doing business at home. The reasons are:

(a) Business development costs, that is, finding out about job opportunities, reaching the position of being requested to make a proposal, preparing a proposal, following up during long and complex selection processes, and negotiating contracts are all more costly than the equivalent domestic operation.

(b) Cost of mobilizing and demobilizing staff for overseas assignments.

(c) Cost of delays due to slow decision making; e.g., staff is assembled and ready to travel in accordance with agreed schedules but funding and other agreements are not on schedule.

(d) Extra costs of staff on foreign assignment not billable to client; e.g., extra foreign allowances exceeding contract limits, additional leave, school fees, professional development costs and insurance costs.

(e) Interest on monies tied up due to administrative delays in payment. We have experienced delays on more than one occasion, of more than one year before receiving payment, and for sums exceeding $1 million on individual contracts.

(f) Client abuse of audit privileges; i.e., disallowances of normally billable costs by use of ultra-legalistic or arbitrary approach.

(g) Force majeure costs.

(h) Higher management costs and administrative costs.

"Reduction in any of these costs would reduce overheads to the consulting firms...."

(Acres International Ltd.)

(4) ".... Suggestions have been made that the Bank indicate in its invitations the fixed price it is prepared to pay for the consultant's services. The objections to this are ....:

(a) Quotes will rise to the stated figure and man-month rates may rise with it too. And if this happens, as a competitive factor price would be played down, not up.

(b) Firms of certain nationalities would be discriminated against because of international differences in costs. For the given sum, firms from certain nations would offer more man-months than firms of others.

(c) Price would explicitly be given a weight that would overshadow the qualitative aspects of proposals.

(d) The LDCc would be certain to follow the Bank's lead and would almost always choose the firm offering the most man-months...."

(Robert R. Nathan Associates Inc.)

7. CONTRACTUAL ARRANGEMENTS FOR SERVICES OF CONSULTING FIRMS

a. Issues

The subject of contractual arrangements for services of consulting firms was added to the agenda to cover a number of issues in which the invited firms had expressed an interest prior to the meeting. These issues include:

(i) difficulties frequently encountered by consulting firms and their clients in changing budget allocations for studies, either during contract negotiations or in the course of preinvestment work, when such changes are obviously required in the light of new information;

(ii) excessive and unpredictable costs incurred due to delays in the scheduled commencement of consultants' field work or due to the interruption or early termination of their work;

(iii) improvements in procedures for the review of interim findings;

(iv) the need for "ex post facto" critical review of preinvestment studies and the dissemination of results.

b. Summary of Discussion

Discussion of contract terms and conditions for consulting services followed presentation by one participant of a summary of his experience with one contract in a member country of the Bank. In the case cited, the firm was required to go through repeated contract negotiations after issuance of a letter of intent and after agreement on rates and budget. These negotiations and other events following the firm's selection by the Government resulted in numerous delays, unrecoverable costs for staff mobilization and waiting time, and unsatisfactory contract terms. The assignment ended suddenly, due to political changes in the country of the study, and a final settlement has not yet been made. The case illustrated the difficulties that can be encountered and against which consultants have little or no recourse, particularly if the effectiveness of their contract is delayed.

Among the participating firms there was much support for the improvement of "force majeure" provisions and arbitration clauses in consultants' contracts. It was suggested that the Bank play a more active part in difficult situations as in the case mentioned above, even before a loan is made. (It was also mentioned that the Bank had not been inactive in the case cited.)

The participants pointed out that there is no insurance coverage available to protect consultants against the risks they face in some of their work. One firm asked whether the Bank could not sponsor an initiative to establish comprehensive risk insurance for consultants working in developing countries. This suggestion will be given further consideration by the Bank.

There was also some discussion of the delays that have contributed to excessive costs after a contract has become effective. Among the cases mentioned were delays at the end of phases within one contract, when Government decisions required to proceed with the next phase take more time than had been scheduled. It was apparent that most delays in this category are foreseeable at the time of contract negotiation and that difficulties could be reduced if exact provisions for client review are included in the consultants' contract.

Some participants thought much could be gained by more systematic review of study and project histories after their completion and by subsequent distribution of the review results to interested consulting firms. In this connection, the consultants were informed of the initial operations of the Bank's post evaluation unit, which is expected to expand its activities in this area and may result in the type of "ex post facto" review suggested by the participants.

c. Excerpts from Prepared Statements by Participating Consultants

(1) ".... In long-term contracts accepted values of general inflation can have serious repercussions on consultants' profitability, yet the Bank will insist on man/month rates which can be justified at date of signature of the Agreement. Additional work is sometimes ordered (by Bank or Borrower) with no financial compensation.

"The "Special Risks" of the Conditions of Contract for Construction Works are not covered by Consultants' Agreements, yet war, hostilities, invasion, act of foreign enemies, rebellion, revolution, insurrection or military or usurped power, civil war, riot, commotion, disorder, exceptional natural forces can happen to any consultant.

"All the above are imponderables; the only sensible answer is to have each case covered by a standard clause, the legal wording of which allows clear interpretation...."
(NEDECO)

(2) ".... It is no easy matter for the Bank to reopen a budget which -- as in the case of UNDP projects -- may have been settled upon a year or more back. Thus, after the consultant is selected, the Bank's temptation is to force the consultant's budget into the frame that the Bank helped to create in negotiation with the UNDP a year or more back. So the man-months may be reduced, the scope of work altered, and other matters may be changed in order to bring the price offered by the selected contractor down to the budgeted funds available. Alternatively, the Bank may return to the UNDP to obtain greater funds, but this involves delay which itself pleases neither the Bank, the client country, nor the consultant.

So there is the temptation for all parties to conform to the budget though it may be outdated or misshaped for the scope of work and the manning table that were instrumental in the selection of the consultant...."

(Robert R. Nathan Associates Inc.)

(3) ".... Comments on Consulting as a Business

"Consultants are expected to be sage advisers, efficient capable doers, always available, better qualified than their clients or bankers, yet take directives from and be rated by these same clients and bankers.

"While they are expected to be entirely professional in their attitude, consultants nevertheless must run their affairs as a business. While this may appear to be a position of continual conflict of interest this is not the case as the firms must rely on their reputation for repeat business, and reputation depends on performance in all respects: technical excellence, efficient service and reasonable cost.

"Because the capital investment to begin a consulting business in a small way is not large, more firms enter the market than the volume justifies and thus competition is fierce. Only a small proportion of the firms with aspirations to do so can sustain work volumes at a level high enough to permit them to perform adequately in the complex and difficult international market. Those that are successful compete very hard for their assignments.

"While it may seem laudable to encourage more and more firms to enter the international consulting market and national governments of developed countries are doing this continually, sometimes with subsidies, the market conditions are such that only the large and strong will, in the main, survive. This means that mergers and consolidations rather than expansion and proliferation are in order.

"The Bank and other international agencies, as well as bilateral aid agencies can, by their policies, attest substantially the growth and health of consulting firms. It is our view that the Bank should recognize the validity of the above observations and take a neutral position as to encouragement or discouragement of new firms. To go to one extreme could result in destruction of the strong firms that are necessary for accomplishing the work ahead, to go to the other could mean, in theory at least, a monopoly situation for an established few...."

(Acres International Ltd.)

AGENDA

1. OPENING REMARKS

2. THE PROCESS OF SELECTING CONSULTING FIRMS

   (a) Flow of information on firms interested in providing services
   (1) to the World Bank.
   (2) to the World Bank's borrowers.

   (a') Flow of information to consultants
   (1) about future studies and projects
   (2) about major completed contracts.

   (b) Problems of selecting a "short list" of firms to be invited
   (1) by the World Bank.
   (2) by the World Bank's borrowers.

   (c) Appropriate role of the World Bank in borrowers' selection process.

   (d) Priced versus unpriced proposals.

3. THE ROLE OF CONSULTING FIRMS

   (a) Defining the role of consulting firms
   (1) in preinvestment studies;
   (2) in detailed design and engineering;
   (3) in construction supervision; and
   (4) in management advisory services.

   (b) "Independence" of firms with respect to their clients.

   (c) Consultants in "turnkey" work.

4. COOPERATION WITH GOVERNMENT AGENCIES

   (a) Training needs of borrowers' agencies.

   (b) Supply and performance of counterpart staff.

5. THE ROLE OF DOMESTIC CONSULTING FIRMS

(a) Information on capabilities and experience of domestic consulting firms.

(b) "Forced marriages" versus free associations between foreign and domestic firms.

(c) Appropriate contractual arrangements between foreign and domestic firms.

6. QUALITY AND COST OF CONSULTING SERVICES

(a) Standardization of practices in design and engineering functions.

(b) Methods of remuneration for services.

(c) Reducing overhead costs.

7. CONTRACTUAL ARRANGEMENTS FOR SERVICES OF CONSULTING FIRMS

(a) Procedures for changes in preinvestment study contracts:
  (i) due to inadequate original budgets;
  (ii) due to interim findings;
  (iii) due to changes in sponsoring or financing institution;
  (iv) due to delays in contract effectiveness.

(b) Force majeure and arbitration clauses.

(c) Ensuring performance of host government's obligations.

(d) Agreement by borrowers and IBRD on intermediate and final approval of design work.

(e) "Ex post facto" critique of studies by consultants.

8. CLOSING REMARKS

ANNEX B

SERVICES OF CONSULTING FIRMS

A Summary of Current Policies and Procedures of the World Bank Group

February 4, 1972

ANNEX B

Contents

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1. PREFACE

This paper deals with policies and procedures of the World Bank Group currently applied to the work of consulting firms performing studies or other services in which the World Bank Group has an interest. These policies and procedures are subject to periodic review and change, to take account of developments in the Bank Group's member countries, of new techniques and types of projects, and of changes in the ability of consulting firms to provide services.

The purpose of this paper is to summarize material which has been prepared and used in various forms over the past six years. It contains an elaboration of the content of the brochure entitled "USES OF CONSULTANTS BY THE WORLD BANK AND ITS BORROWERS," first issued in September 1966; it also includes relevant parts of the Bank Group's Operational Manual, memoranda to the staff issued by the Office of the Director, Projects and other documents dealing with questions of consultants' selection, supervision and related matters.

The paper covers the Bank Group's policies and procedures on services by various types of firms, such as engineers, architects, economists, management consultants, or combinations of these. The paper does not cover matters relating to individual consultants and experts who may be retained by the Bank Group or its borrowers to supplement their permanent staff or provide advisory services.

2. BACKGROUND AND GENERAL POLICIES

a. Categories of Consulting Services

The consulting services used by the Bank Group and its borrowers can be grouped broadly into three categories:

(1) Preinvestment Studies are the investigations which normally precede a final decision to go forward with a project. These studies may have as their objectives (a) to establish investment priorities, (b) to determine the basic features and the feasibility of individual projects, or (c) to define changes in governmental policies, operations and institutions necessary for the successful implementation or functioning of investment projects. Studies for objective (a) include basic resource inventories, river basin surveys, and studies of alternative development patterns and of sectors on a regional or country-wide scale. Studies for objective (b) include the functional design, site selection and physical layout of specific projects, preliminary engineering and cost estimates, and the financial or economic analyses required for projects evaluation. Studies for objective (c) include analyses of project-related organizations, administrative problems, planning machinery, regulatory and marketing policies, manpower resources and training requirements.

(2) Detailed Engineering and Design comprise the technical, economic or architectural work required to fully define a project. They normally include the preparation of specifications, contract documents and detailed cost estimates. They also often include services in connection with the analysis of bids and recommendations thereon.

(3) Supervision normally comprises the field inspection of construction and/or the factory inspection of manufacturing processes during the execution of projects, the certification of invoices submitted by contractors and suppliers, and technical services connected with the interpretation of contract documents and with changes in the project that may be found necessary in the course of the work. Where appropriate, supervision also includes the coordination of work by various contractors engaged on different parts of a project and training activities for institutional development. In some instances it may extend to services related to the start-up of facilities and their operation for an initial period.

b. Categories of Consulting Engineer Firms

Of the various kinds of consulting firms the Bank Group's borrowers may use in connection with the services outlined above, engineering firms have been most frequently needed. These firms fall generally into the following categories:

(1) Firms of independent consulting engineers.

(2) Firms which combine the functions of consulting engineers with those of contractors, or which are associated with, or affiliates of, or owned by contractors.

(3) Consulting engineering affiliates of manufacturers, or manufacturers with departments or design offices offering services as consulting engineers.

Firms in category (1) are acceptable, providing their qualifications are suitable for the work in question. Firms in categories (2) and (3), even though qualified, are acceptable only if they agree to limit their role to that of consulting engineer and will disqualify themselves and their associates for work in any other capacity on the same project. In the case of category (3) firms, it is doubly important to maintain safeguards, not only to insure that affiliates will be disqualified from future bidding on any part of the project, but also that specifications will be impartial and suitable for bidding on an international competitive basis.

c. The Firms' Clients

The Bank Group's borrowers are required to employ consulting firms whenever their own resources are judged to be inadequate for the task at hand. Contracts of consulting firms so employed are normally with the borrower or with an agency designated by the borrower. These cases constitute by far the largest proportion (over 90%) of consulting services in which the Bank Group has an interest. Policies and procedures that apply specifically to these contracts are discussed in Chapter 3.

The Bank Group requires the services of consulting firms in connection with technical assistance financed by Bank grants and preinvestment studies financed by the United Nations Development Programme (UNDP), when the Bank is Executing Agency of the UNDP. In these cases, firms contract directly with the Bank (which, in turn, has separate agreements with recipient governments covering their counterpart contributions and other obligations). Such contracts constitute a very small proportion (less than 10%) of the consulting services in which the Bank Group has an interest. Policies and procedures that apply specifically to these contracts are discussed in Chapter 4.

d. Defining the Consultants' Tasks

For consulting services relating to preinvestment studies in which the Bank Group is involved, the scope of the consultants' work is usually defined in considerable detail. The Bank Group and its borrowers collaborate in the preparation of "Terms of Reference" and a budget prior to the invitation of consultants. In formulating the Terms of Reference, agreement is reached on (1) a precise statement of the study's objectives, (2) an outline of the scope of work defining each major task to be performed, and (3) the data, facilities and services which the borrower will provide to the consultants. Terms of Reference and the budget are normally based on considerable research, including review of all previous studies in the area, discussions with responsible government agencies on alternative study approaches, and assessments of data availability.

Terms of Reference for preinvestment studies are used by the Bank Group and its borrowers for three purposes:

(a) to reach agreement among all parties concerned on the objectives and scope of a proposed study;

(b) to inform consultants of the intended scope of work when they are invited to submit proposals; and

(c) to serve as definition of the consultants' services in the contract to be negotiated after selection of a firm.

In the phases following preinvestment studies it is usually a simpler matter to define the consultants' tasks since the basic characteristics of the project and related problem areas are then known. A consulting firm appointed to prepare final designs and contract documents is responsible for the accuracy and suitability of its work, and no modifications should be made in the contract documents it has produced without the firm's consent. In most cases such firms will act as advisers to borrowers on all technical problems, with authority to make final decisions within such limits as may be prescribed by the borrower. However, consulting firms are normally given an opportunity to raise matters of professional judgment with the Bank.

e. Continuity of Consulting Services

The duties of consulting firms in connection with projects financed by the World Bank Group depend upon the circumstances in each case. They often include all three of the categories mentioned earlier: (1) preinvestment studies, (2) detailed engineering and design and (3) supervision. 1/ But in some cases preliminary work may have been satisfactorily prepared by the borrower before the project is submitted to the Bank Group for consideration; the consulting firm's work will then be limited to categories (2) and (3).

1/ For definition see page 2.

If a firm has carried out preinvestment studies for a project, and is technically qualified to undertake the detailed engineering design and supervision, there are usually many advantages in appointing the same firm to carry out functions (1), (2) and (3). The most important of these will be a consistency in basic technical approach and a commitment to the project cost estimates on which the investment decision was based. A new firm, upon being retained for detailed engineering only, might wish to make an elaborate review or even to repeat the preliminary design work and cost estimates done by another firm.

There have been cases, however, in which preliminary designs on work and engineering were found to be unsatisfactory; in others, a second firm, after being retained, made major improvements in a project designed in the preliminary phase by another firm. To allow for this eventuality, the option to change firms between the preinvestment study and the next stage is always left open to the borrower; for most types of engineering work (but normally not for architectural work) separate contracts should be entered into for phases (1) and (2).

It is normally essential that functions (2) and (3) are carried out by the same firm, to ensure that contract documents are interpreted properly during the project implementation stage and that modifications in design, if found necessary in the course of construction, are technically sound and in accordance with original concepts.

f. The Role of Government Agencies

Whenever the Bank Group is involved at the preinvestment study stage, one of its primary concerns is the involvement of the borrower and/or responsible government agencies in the study process. To the extent possible, borrowers and government agencies are asked to assign counterpart staff to work with the consultants on a full-time basis, the functions of such staff being:

(1) to provide liaison between the consultants and government agencies and to direct the consultants to all available sources of data;

(2) to receive training in the field of the study, through day-to-day exposure to the work of specialists; and

(3) to discuss and review with the consultants all findings and recommendations, before they are presented to the government in the form of a report.

The functions of the counterpart staff are to be considered as separate from the other services the government may supply in support of the consultants.

For services in the detailed engineering design and supervision stages, the Bank Group's primary interest is to ensure that the responsibilities of the consultant are clearly understood by the borrower and all other interested parties. Discussions are normally held to ensure not only that the consultants are aware of the terms and conditions of their employment, but also that the borrower is aware of the responsibilities and authority which the consultant is to have on his behalf. During these discussions the Bank normally makes clear any requirements which it may have in regard to the work and satisfies itself that the borrower will give to the consultant, sufficient power and discretional rights to exercise these responsibilities and carry out the terms of the contract.

3. CONSULTANTS RETAINED BY BORROWERS

a. Policies and Procedures in Normal Cases

When borrowers are to employ consultants, the Bank's general rule is to leave to the borrowers the responsibility for selection, administration and supervision of the consultants. Borrowers are clearly informed that the choice is theirs and that the Bank's responsibility is only to determine whether or not the proposed consultants are qualified for the job and their conditions of employment are satisfactory.

Borrowers accustomed to using consultants will ordinarily have no difficulty in choosing the particular firm or in preparing a list of firms. Borrowers without much experience in such matters may prepare a list from recommendations by qualified sources such as other employers or national associations of consulting firms. The diplomatic missions to borrowers' countries are a typical source of information about qualified consultants in their countries, or the same information can be obtained through the borrowers' own diplomatic missions. When borrowers have prepared lists, they are submitted to the Bank to ensure that the proposed work is within the capability of the firms listed. The employment of domestic firms is encouraged where such firms are found to be qualified, either alone or in combination with foreign firms. However, compulsory joint ventures between foreign and domestic firms are not favored by the Bank.

Borrowers are encouraged to follow the Bank's procedures for selection of their consultants. (These procedures are described in detail in Chapter 4 hereof.) While it is considered desirable that borrowers follow similar procedures, the Bank has no requirement to this effect. In particular, if a borrower prefers a specific firm, which is well qualified, it should not be made to consider others. In cases where borrowers prepare lists of possible consulting firms, the Bank encourages them to make the list internationally representative with, say, not more than two firms from one country, thus giving borrowers the benefit of diversity of background and national origin.

In some countries borrowers are required either by law or by general administrative regulations to invite priced proposals for consultant services. In these cases the borrower is requested to instruct the consultants to enclose the price information in a separate sealed envelope to be opened only after the qualitative evaluation of the proposals has been completed.

The Bank's acceptance of the consulting firm to be employed by the borrower and of the terms and conditions of employment rests essentially on a judgment of the following:

(1) the firm's experience, background and general organization for the work to be performed, the adequacy of its work plan for the project and the qualifications of the personnel available (as discussed in more detail in Chapter 4);

(2) the definition of the consultants' scope of work and the allocation of responsibility and authority between the borrower and the consultants; and

(3) other terms and provisions of their contract (in particular, payment provisions), which must be reasonable and appropriate for the type of work to be performed.

b. Policies and Procedures in Exceptional Cases

Bank participation in the selection of consultants by borrowers beyond that outlined in a. above is considered exceptional and is undertaken only after suitable discussion and clearance within the Bank. The mere desire on the part of the borrower to be assisted by the Bank is not a sufficient reason for the Bank to play a role in the selection. Bank staff are instructed to avoid situations in which the Bank is used by borrowers as a protective shield. Two possible cases involving more active participation are described below.

In cases in which a judgment is reached that the borrower is not capable of performing without assistance most or all the steps required for the selection of consultants, agreement is reached between the Bank and the borrower on the details and extent of the assistance requested. This may include the Bank's independent review of the proposals received.

In very special cases there may be reasons to conclude that a borrower is not capable of carrying out the selection process by itself, and of reaching an acceptable decision, even with the review and approval of the Bank. The Bank then is prepared to take over the selection process, in consultation with the borrower, following the procedures outlined in Chapter 4 hereof. In such cases the Bank may also assist borrowers in the negotiation of the contract with the selected consultant.

4. CONSULTANTS RETAINED BY THE BANK

As indicated in Chapter 2, the Bank contracts directly with consulting firms for studies financed by Bank grants and studies for which the Bank is the Executing Agency for the UNDP. The procedures for these cases are designed to ensure that the Bank's selection of consultants is based on sound judgment and to record the decisions made.

A summary outline of these procedures is given in a. below and a more detailed description of some key steps follows in b. through f. of this Chapter.

a. Summary Outline of Bank Procedures

For the purpose of consultant selection by the Bank and related functions, a Selection Committee is used consisting of the Director and other staff of the Projects Department concerned, and the Deputy Director or Associate Director, Projects who acts as chairman.

The procedure is as follows:

(1) The Projects Department responsible for the study prepares draft Terms of Reference and after consultation with the Consultant Services Officer proposes a list of capable firms, based on discussions with the government agencies involved, a review of available data and inspection of the project area.

(2) The Committee considers, modifies if necessary, and eventually approves the Terms of Reference and short list of firms (generally three to five).

(3) The Committee's recommendation is sent to the government for comment and approval.

(4) Government suggestions of improvements to the Terms of Reference and/or the justified objections to the list of firms are considered, but the Committee resists increases in the number of firms which would reduce the likelihood that serious proposals will be submitted.

(5) After the government's agreement has been received, requests for proposals (without financial terms) are prepared and sent by the Projects Department to the consultants on the agreed list.

(6) Proposals are evaluated by the Projects Department on the basis of the firms' experience in similar projects and environment, proposed program of work and qualifications of staff to be assigned. The Projects Department ranks the proposals in order of merit.

(7) The Committee meets to review the recommendation and reach a decision on the final ranking of the firms.

(8) The Projects Department requests a financial proposal from the firm tentatively selected and invites representatives for contract negotiations in the Bank's Washington office.

(9) If the negotiation with the selected firm is unsuccessful, the firm next in ranking is asked to come for negotiations.

b. Preparing the "Short-List" of Consultants

The Bank normally invites three to five firms to submit proposals for one study assignment. In the Bank's experience there is little or no merit in inviting more than five firms because it is unlikely that improvements would result in the quality of the best proposals; on the contrary it is possible that the quality of proposals would decrease as the number of invited firms increases. Furthermore, the Bank recognizes that the cost of proposal preparation becomes very high (which must ultimately be reflected in overhead charges), and so does the cost to the Bank of proposal evaluation.

The Bank makes use of several sources in compiling the "short-list" of firms to be invited. One is a list of the firms which have expressed an interest in conducting the services. Another is the Bank's own file of international firms with capabilities in various fields. Special consideration is given to firms which are known by the Bank to have satisfactorily performed similar services in the same country or region and to firms which submitted good proposals in response to previous invitations, but were not successful in being selected. Another source may be the recipient government or agency, which is requested to comment on the Bank's proposed "short-list" and may suggest deletions or additions, based on its own experience with firms that have done work in the country.

As an international organization, the Bank normally invites a group of firms from different national backgrounds. Among the firms invited for any one assignment, there are usually not more than two of the same nationality.

c. Invitations to Submit Proposals

When agreement has been reached between the recipient government and the Bank on the "Terms of Reference" and the "short-list" of consultants, the Bank proceeds with the mailing of invitations to consulting firms. Annex A is a typical letter of invitation as used by the Bank in soliciting proposals. Attached to such letters there are usually two separate documents: a paper entitled "Supplementary Information to Consultants" and the "Terms of Reference."

In the "Supplementary Information to Consultants," the Bank informs the consultants of the general requirements for submitting proposals and indicates the items on which primary emphasis will be placed in the evaluation of proposals. This information also includes the total number of man-months of expert time estimated by the Bank for budget purposes. While individual firms may wish to increase or decrease the man-months for a given assignment, it is considered important to inform all invited consultants of the total amount of effort contemplated for the study.

The Bank does not request financial information in its invitations to submit proposals. The selection of firms is based solely on the Bank's evaluation of the firm's capabilities and the qualifications of their staff (see d. below). Financial matters are not discussed with the consultants until one firm has been selected for negotiation of a contract.

Since it is desirable in most cases that the invited consultants have first-hand knowledge of the country of the study prior to submittal of their proposal, time must be allowed for a visit of reasonable duration. In the Bank's practice, it has been found that 45 days is a reasonable and adequate time interval between the mailing of invitations and the due-date of proposals. Under special circumstances, extensions of time can be granted to all invited firms.

d. Proposal Evaluation

Proposals received by the Bank in response to invitations are evaluated in three categories:

(i) the firms' general experience in the field of study;

(ii) the adequacy of the proposed work plan and approach; and

(iii) the personnel proposed to be assigned to the study.

The relative importance of these three categories will vary with the type of study and the type of firms invited to submit proposals. Normally, quality of available personnel is given a weight of more than 50% in the total rating. As a guide in evaluating proposals, numerical ratings are used, which are then tabulated on a "Summary Evaluation Sheet" similar to that in Annex B.

To assess the qualifications of personnel, the curricula vitae of key staff members proposed to work on the study are analyzed and individuals are rated in the following three categories:

(1) general qualifications: this includes education, length of experience, type of position held, etc.;

(2) adequacy for the project: the person's suitability to perform the duties to which he is to be assigned for the particular study; and

(3) language and experience in the region: this includes the person's background in developing countries similar to the country in which the study is to be conducted and his linguistic ability.

The evaluation of personnel is made by Bank staff in the Projects Department responsible, who have worked in the country in which the study is to be undertaken. Preferably they are the same staff who participated in the preparation of Terms of Reference for the study. Thus, economists in each proposal will be rated by the responsible Bank economist, the highway engineers by the Bank highway engineer, etc.

The Bank normally spends between 50 and 100 man-hours on the evaluation of proposals for one study. The method outlined above provides reasonable assurance that the evaluation is based on consistent assessment of the various proposals received and that the proper weight is given to each category of consultants' qualifications.

e. Form of Contract

After the evaluation of proposals has been completed, the Bank invites the selected firm to Washington for negotiations. In this invitation, the firm is informed of any special problems found in the proposal review which should be discussed during the negotiation; also, the firm is informed of the financial data to be submitted during the negotiation and of the general form of contract the Bank intends to use for the services.

For consulting services in preinvestment studies the Bank normally uses a form of contract which stipulates "agreed fixed rates" for each man-month of expert time and a ceiling amount within which the study must be completed. Separate rates are determined for all experts employed in the services and for work in the field and in the home office. In addition to these "agreed fixed rates" the contract provides for reimbursement "at cost" for travel, equipment acquisition and other items required for the services.

This form of contract is particularly well suited to the manner in which the Bank selects firms since it obligates them to provide the experts which served as the basis of their selection. Contracts include a "bar chart" indicating the periods of time during which each member of the consultants' team will work on the study in the field and the home office. Under terms of such contracts consultants are permitted only minor adjustments in the time allocation for each expert, unless the prior approval of the Bank has been obtained.

Bank contracts with consultants normally provide for payments in accordance with a schedule, following each month of the estimated duration of the study. This reduces financing costs to the consultants and should result in lower man-month rates than those that would apply under most other payment procedures.

f. Contract Negotiation

Typically, a negotiation starts with a discussion of (1) "Terms of Reference," (2) the comments made by the consultants on the scope of services, and (3) the consultants' proposed work program. Thereafter staffing is discussed and preliminary agreement is reached on the staff "bar chart." Occasionally to improve the quality of the team, the Bank suggests that substitutions be made for some of the proposed staff members.

This is followed by discussion of the foreign currency budget. The consultants are requested to submit a breakdown of the proposed "agreed fixed rates" for each man on the team. The elements of these rates include the basic salary of the staff, the social benefits payable by the firm (i.e. social insurance, vacations, sick leave, etc.), the firm's overhead,and the firm's fee. For extended periods of time in the country of the study, a component for overseas allowance may also be included (usually as a supplement to basic salary). In addition, agreement is reached on local currency expenditures, which include a subsistence allowance (per diem) and reimbursement for other incidental expenditures to be made by the consultants in the country of the study.

It is considered highly desirable that an authorized representative of the recipient government participates in the negotiations, because it is otherwise difficult to reach agreement on the "in kind" services and facilities which the government will provide. It is important that all concerned have a clear understanding of the government's supporting activities, such as types and numbers of staff, offices and local transportation, and of the counterparts the government will assign to the study.

Contracts between the Bank and consultants are normally signed shortly after the conclusion of negotiations. The contracts may be effective on signature, at some other agreed date, or upon effectiveness of an agreement between the Bank and the government concerned. Consultants are usually allowed about thirty days after the effective date of their contract to mobilize their team in the field.

5. SUPERVISION OF CONSULTING SERVICES

When the contract is between a borrower and a consulting firm (see Chapter 3), the borrower has full responsibility for supervising the consultants. In the course of preinvestment studies and detailed engineering for projects that may ultimately be financed by the Bank, Bank staff may visit the project area, as part of their normal project preparation activities. However, such visits would be solely for the purpose of exchanging views on progress of the work, reviewing the consultants' interim findings, and, if necessary, assisting borrowers in resolving problems which may have occurred in the course of the work; these visits do not in any way relieve borrowers of their primary responsibility for supervision of the consultants. In the course of construction work on Bank Group-financed projects, the same would apply except that Bank staff will normally visit the area in which the consultants work at regular intervals, in the course of the staff's scheduled project supervision activities.

Throughout the project cycle Bank staff concerned with the appraisal and supervision of Bank-financed projects will review and judge the adequacy of the work of the consultants retained by borrowers. Their comments and evaluations are normally incorporated in regular project supervision reports which are retained for future reference in the office of the Consultant Services Officer. This information is not made available to other than Bank staff.

When the Bank acts as Executing Agency for the UNDP or administers Bank grant financed preinvestment studies, the Bank contracts with the consultants (see Chapter 4) and carries all responsibility associated therewith. However, the Bank is not in a position to provide continuous supervision of consultants except in locations where it has resident missions. Therefore continuous supervision of the consultants' fieldwork is normally exercised by the government's counterpart staff, who are assigned on a full-time basis whenever possible. Invoices for the services performed by the consultants are approved by the government before being passed on to the Bank.

In addition, the Bank's Projects Departments' staff is kept informed by periodic progress reports (prepared by the consultants and submitted simultaneously to the government and the Bank) and by supervision missions. As in the case of borrower financed studies, such missions are scheduled at intervals which depend on the complexity and duration of the study. Short studies of simple subjects (routine technical work lasting 4-6 months) may receive only one supervision mission while fieldwork is in progress, while longer, more complex studies (planning or organizational work lasting 12-16 months) may receive three or four supervision missions.

The UNDP Resident Representative in the country of the study has a residual responsibility to monitor, on behalf of the UNDP Administrator, the work on studies financed by the UNDP. To facilitate this, consultants are expected to maintain contact with the Resident Representative and provide him with a copy of each report prepared. However, the Resident Representative has no authority to act on behalf of the Bank or to instruct consultants on matters relating to their contract with the Bank.

In recent years UNDP-financed studies have been subject to a mid-term review conducted jointly by representatives of the governments, UNDP and Bank. On this occasion the scope of the work as outlined initially and the study budget provided by the UNDP and the government are reviewed in the light of the consultants' findings after completion of approximately half the work program. Adjustments in study scope, schedule of operations and budget can be made on this occasion if found necessary by the government, UNDP and Bank.

Final reports of consulting firms are normally submitted in draft form after completion of all fieldwork. These drafts are reviewed and commented on in detail by Project Departments' staff and the government before the consultants can proceed with printing the final version. Discussion of the draft final reports is frequently the occasion of a last supervision mission during which government representatives, consultants and Bank staff meet in the study area.

Follow-up of study reports normally takes place in the course of (a) project appraisal work, in cases of preinvestment studies which prepare projects for Bank/IDA lending, or (b) normal project supervision, in cases of studies which relate to previous Bank/IDA lending.

6. THE BANK GROUP'S FILE ON CONSULTING FIRMS

To enable the Bank to judge the acceptability of firms chosen or proposed by borrowers, it maintains information concerning the capabilities and experience of a large number of consultants. This information is also used by the Bank when it makes selections of consulting firms for studies financed by Bank grants or by the UNDP (see Chapter 4).

In January 1972, the Bank's file on consultants contained information on about 3,900 firms from 87 countries. This includes about 2,700 firms which have supplied information outlined on the Bank's questionnaire regarding their organization, experience, capabilities and fields of specialization; less complete information is available on about 1,200 firms which have not supplied the questionnaires.

The Bank's reference files are readily available to representatives of Bank borrowers and member governments who need to review and assess the experience and qualifications of consulting firms they have under consideration for their projects. However, the limited nature of the information available in the Bank's reference files is recognized and it is frequently necessary for the Bank or its borrowers to request additional detailed information, in order to form a judgment of the adequacy and capability of a particular firm to carry out a specific assignment.

The fact that the Bank has been supplied with information about a firm does not entitle that firm to any work connected with the Bank nor does it indicate that the Bank will approve its appointment for any specific project. In other words, the Bank has no list of approved consulting firms.

Typical Letter of Invitation to Consultants

Date

(Name and address of firm)

Re: (Country and name of study)

Gentlemen:

The Government of _____ has requested the United Nations Development Programme (UNDP) to assist in financing of a study of _____. The UNDP has agreed to provide funds for this project and the International Bank for Reconstruction and Development has agreed to act as Participating and Executing Agency.

Enclosed herewith are "Terms of Reference" and "Supplementary Information for Consultants" for the services to be provided.

If you are interested and in a position to undertake this assignment, you are invited to submit a preliminary proposal (exclusive of financial terms), which could form the basis for further negotiations and, ultimately, for a contract agreement between your firm and the Bank. Other firms are also being invited.

Please acknowledge this letter on receipt, indicating whether youaare interested and in a position to undertake the assignment specified. We would expect to receive your proposal in our Washington office not later than (date, 45 days after date of letter).

It is considered desirable that a representative of your firm visit _____ before a proposal is submitted, in order to obtain first-hand information on local conditions. Please send advance notice of your visit to (name and address of government officials concerned with the study). During your visit, please contact also _____, Resident Representative of the UNDP in _____.

After review of all proposals, we will request the firm, or firms, tentatively selected for contract negotiations to supply cost details, particularly man-month rates for each of the experts in the team. Each rate should include basic salary, fringe benefits, overhead, fee and overseas allowance where applicable. These cost details should be available for discussion with the Bank during the week of _____. The firm selected after negotiations would be expected to mobilize in _____ early in _____.

Sincerely yours,

(Reduced for Sample Purpose)

Consultants' Proposals - Summary Evaluation Sheet

Project: _____

Proposals received:
Date of evaluation:
Evaluation by:

Item	Wt.	Rating	Wt. x Rating	Rating	Wt. x Rating	Rating	Wt. x Rating	Rating	Wt. x Rating	Rating	Wt. x Rating	Rating	Wt. x Rating
FIRM:													
1. Firm's general experience in field of project													
2. Adequacy of proposed work plan and approach													
3. Personnel: (a) Head of Team													
(b) Economics													
(c) Engineering													
(d)													
(e)													
(f)													
Totals:													
Man-Months: In Field													
In Home Office													
Total													
Comments													

REVIEW OF PROCUREMENT PRACTICES AND PROCEDURES

1. Introduction: It has been the general policy of the Bank to require that procurement financed by Bank loans and IDA credits be effected on the basis of international competitive bidding. (For a recent discussion of this policy see SecM71-111, dated March 1, 1971.) This policy is currently carried out in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits. These Guidelines were first published for general use in the early 1960s and have been revised periodically since then in the light of experience. The most recent edition is dated August 1969, revised to May 1971.

2. During the past year or so there have been allegations by individual firms, trade and professional associations, and public organizations in the United States that the Bank's policies and practices relating to procurement of goods and services, through its loans for development, discriminate against consultants, contractors and equipment suppliers from the United States. The principal allegations can be summarized as follows:

a) US firms find it difficult to obtain information concerning Bank projects in sufficient time to be able to compete effectively for business.

b) The Bank has accepted changes in engineering practices which work unfairly against US manufacturing and contracting firms. (This charge is believed to refer to the Bank's acceptance, in some cases, of performance rather than detailed specifications.)

c) The Bank's procurement policies (i) favor component bidding as opposed to the turnkey approach and (ii) overemphasize price as distinct from quality. Both of these policies handicap US firms in getting Bank business.

d) Non-US Bank staff have acted improperly by providing information not generally available concerning Bank projects to consulting firms, contractors or suppliers from their country or by influencing the selection of firms for Bank-financed work in favor of firms from their country.

3. The allegations and the consequences possibly arising from them, such as lessened participation by US firms in international competition, raised questions about the effectiveness of the Bank's system of international competitive bidding, and were thus a matter of concern to the Bank and all of its members. Consequently, the Office of the Director, Projects undertook a review of the Procurement Guidelines and the Bank's procurement practices generally. As part of this review and in order to get a clearer understanding of the charges and to examine the reasonableness of the Bank's policies and practices relating to procurement, Bank staff have been

conducting a series of interviews, now practically completed, (a) with officers of borrowers, (b) with representatives of consulting firms, equipment suppliers and civil works contractors from France, Germany, Italy, Japan, the United Kingdom and the United States and with associations, both national and international, of such firms, and (c) in the United States only, with representatives of purchasers of heavy equipment such as electric power enterprises (both investor-owned and governmental) and steel companies. Bank staff concluded that an investigation in depth of attitudes in the developing countries was not needed because Bank staff have a continuing dialogue on procurement practices with representatives of these countries in the course of negotiations and project appraisal and supervision.

4. Results of the Interviews: The principal points made in the interviews are summarized below. In general, the Bank's procurement practices were approved and all who were familiar with the Guidelines, believed they were fair and reasonable and performed a useful function. At the same time, however, they believed the Guidelines could be improved in certain respects, as to both the substance of the principles set forth and the administration of procurement under those principles. Some of their suggestions and comments will be discussed below. Most of the purchasers of heavy equipment followed procedures similar to or not inconsistent with the Bank's Guidelines for the procurement of all or a large part of their equipment.

5. Availability of Information: Though a few firms or associations did not appear too concerned about the availability of information concerning Bank projects, believing this to be their problem rather than the Bank's, most of them expressed a desire for earlier and more complete information than has been available. Among the points made were the following:

a) Consultants, turnkey contractors and civil works contractors needed information concerning Bank-financed work before the loan was made. Consultants needed early information since, by the time the loan has been made, consultants often had already been engaged. Because of the character of turnkey work, turnkey contractors needed to know about projects at as early a stage as consultants. Civil works contractors needed early information because large civil works required a long lead time for planning. They all felt that tentative information, which implied no commitment on the part of the Bank to the project in question, was much better for their purposes than no information at all.

b) The information currently made available directly or indirectly by the Bank concerning projects (i.e. the press releases and the periodic operational summaries provided

to Executive Directors) did not provide the type of information really needed by equipment suppliers and civil works contractors. They needed information concerning the types of goods and services being financed.

c) The timing and quality of the information made available affected the quality of international competitive bidding. Earlier and more complete information would encourage both wider participation in bidding and more realistic bids, as would longer time intervals between advertising and bid opening. To achieve these ends, a number of firms suggested that the Bank might provide information concerning a project twice, once when it is put forward for study and again when the loan is actually approved. It was also suggested that the Bank might consider supplying such information to representative associations of such firms. A number of firms, particularly turnkey and civil works contractors, felt that inadequate time was being allowed for bidding, particularly where tenders were invited before the loan was actually approved by the Board.

d) Many of the firms and associations believed that Executive Directors from different countries (and the governments they represented) had different attitudes toward the confidentiality of the materials concerning Bank operations made available to them and the uses which could be made of these materials at home. With some significant exceptions, most firms tended to be critical of their own government's information channels and appeared to have a poor opinion of the effectiveness of government sources in transmitting information concerning Bank projects, including, for example, the advertisements of bids delivered to their embassies (or foreign offices) by the borrower. Frequently they also believed that the information services provided to foreign competitors by their respective governments were better than their own.

e) Questions were raised about the confidentiality of information concerning projects under consideration by the Bank. Was too much information classified as confidential or restricted? How much of it was really confidential, and how much was not? What was the role of Washington representatives of consulting firms, equipment suppliers and contractors in this situation? If the information was really confidential, how did they get access to it; if it was not, what was their function? Could the Bank do something to clarify this matter?

6. The Guidelines and the Administration of Procurement: Those with whom Bank staff talked believed that the guidelines were fair and performed a very useful function. Most of them did believe, however, that they could be improved in certain respects so as to increase the effectiveness of international competitive bidding, as to the principles set forth and particularly as to the administration of procurement under those principles. Specific comments and suggestions follow:

Specifications and Differences in Engineering Practices: There was general agreement that engineering practices did, in fact, differ from country to country, but there was no agreement as to how significant were the effects of these differences and what should be done about them. On the whole, while civil works contractors outside the US did not feel that they were seriously affected, equipment suppliers believed they were adversely affected either frequently or from time to time. US contractors felt handicapped in bidding on specifications prepared by consultants other than US and UK. Some of those interviewed welcomed the notion that the Bank prepare uniform international guidelines for the services to be performed by consulting engineers, others were opposed in principle and still others believed the task would be impossible. With the exceptions noted, there was agreement, however, on the following points:

a) The Bank should pay careful attention to the consultants' terms of reference to make sure that they were explicit as to the types of services to be furnished to the client and the degree of engineering detail to be provided.

b) The Bank should make every effort to make sure that the specifications were completely neutral as to various national sources of supply and open to the use of recent improvements and modern technology. Wide latitude should be given suppliers to submit alternative proposals to meet the intent of the specifications.

c) The Bank should permit or require greater use of performance specifications in cases where they were appropriate, but US suppliers and contractors were generally opposed to this view.

d) The Bank could do much more to internationalize the details of specifications to eliminate minor conflicts in the standards of the exporting countries. In this connection, the use of the phrase "or equal" was disliked; it was alleged that it placed too much of a burden on the supplier or contractor to prove that its standard was in fact equal. Emphasis should be, instead, on com-

pliance with the intent of the specification. This aspect was particularly important during project site supervision where delays frequently resulted from the insistence of the consultants' field personnel, often inexperienced, on working to the letter of the "standard" cited in the specifications.

Turnkey Contracts: Questions relating to turnkey contracts elicited differing interpretations of what constituted a "turnkey contract" and a wide variety of views concerning their usefulness and suitability. Particularly important differences were whether "turnkey" meant "lump-sum" or not and whether construction of civil works was to be included or not. In the United States consulting firms (with a few exceptions), general contractors, and suppliers (except the very large suppliers) were opposed to turnkey contracts and favored procurement by components, while engineer-contractors and the very large suppliers (at least under some circumstances) favored some form of turnkey approach. The purchasers of heavy equipment were divided in their attitude. On the whole, the turnkey approach, as defined by the Bank to include the engineering, appears to be more widely accepted in Europe than in the United States, and consulting and civil works contracting groups of the sort which, in the United States, appeared to be generally opposed to it were, in Europe, somewhat more flexible as to its use. There was a general feeling that the Guidelines give the impression that the Bank is too categorically opposed to turnkey contracts, except for certain industrial projects.

Generally, the suitability of the turnkey approach was often linked with:

a) the character of the country: i.e., the turnkey approach was particularly suited to the least developed countries;

b) the size of the project: i.e., the turnkey approach was not suited to very large projects; and

c) the type of project: i.e., the turnkey approach was suited to process-type industry and perhaps to industry more generally and perhaps to thermal power plants but not to hydroelectric schemes.

There was a relatively widely held belief among those interviewed in Europe that the turnkey approach was particularly suited to integrated agriculture projects in such fields as irrigation. Other fields where, in their view, the turnkey

approach had been successfully employed included -

a) Airports
b) Hospitals
c) Hotels
d) Schools, technical institutes and other educational facilities
e) Railway electrification
f) Urban transport (subways)

In the United States, proponents of the turnkey approach laid considerable stress on its alleged cost advantages, advantages said to be overstated or non-existent by its opponents, as well as on its technical and institutional advantages, described below. In the non-US interviews, however, considerably less emphasis was laid on cost advantages and in their view, the real advantage lay in the fact that the turnkey approach was more likely to result in a project which was completed on schedule and fully coordinated to operate as planned, than was a project executed under component bidding. This was particularly so in the less developed countries where the integrated approach tended to take care of management and training problems during both the construction and operating phases. Several other advantages of the turnkey approach were also cited by its adherents:

a) It eliminated any possible misunderstandings or gaps between the consultants on the one hand and the suppliers and contractors on the other.

b) It permitted more innovation and imagination in meeting the clients' needs by permitting more direct application of the suppliers' specialized knowledge and skills, and made it more likely that the highest quality equipment would be procured for certain elements critical to the long-term success of the project than did component procurement.

c) It made possible a wider and more meaningful performance guarantee.

It was generally agreed, however, that a turnkey approach was difficult to combine with international competitive bidding. The cost of preparing turnkey bids was high and they were difficult to compare. To encourage international competitive bidding, it might be necessary to provide some form of reimbursement for bid preparation.

There was a difference of views as to the role of independent consultants under the turnkey approach. Some believed they had almost no role at all; others believed that the client should have independent consultants to advise him until the project had been defined but that independent consultants had no role thereafter; and still others believed that the client should have independent consultants to advise him throughout the design and construction. Behind these differences lay a difference of views as to the protection afforded to the client by a responsible turnkey contractor as opposed to independent consultants. The traditional view that the client, to be fully protected, had to have independent professional advice at all stages of the project was opposed by a view that a responsible turnkey contractor provided every bit as much protection because he often had more technical knowledge of the project process and had more to lose, particularly in a situation where the client was expected to require further expansions of his facilities in the future. In some of the successful uses of the turnkey approach by US utility or steel manufacturing firms, the client had a highly competent set of engineers on his own staff, which lessened the need for independent consultants.

Packaging: There was almost universal support for large packages. The only exception was among the suppliers of specialized components such as pumps. Some of the supporters of the turnkey approach found in large packages advantages similar to those found in turnkey. Many suppliers, who were also prepared to bid on a turnkey basis as a second choice, believed that the use of independent consultants and large packages provided the most economical and effective means of carrying out projects, while other contractors and suppliers who thought the turnkey approach was disadvantageous both to them and to the client shared this view. Though their views were perhaps not so clearly defined, most consultants appeared to favor large packages as well.

Among contractors there was strong support for a single package for the civil works on the grounds that there were disadvantages to the client and the contractor in having several contractors on the site with differing labor practices and pay scales. This, however, did not preclude subcontracting parts of the work to local subcontractors. Both equipment suppliers and civil works contractors believed that, on Bank projects, there was a tendency to break down the work too much.* In their view, components and

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* These views, of course, are not shared by many contractors and suppliers in the developing countries who lack the capabilities to bid on large packages.

small packages resulting from this tendency reduced the effectiveness of the international bidding process by making it less attractive for large firms to compete and thereby increased the cost of the project; they also greatly complicated the Bank's task of supervision and the responsibilities of the borrower during construction.

Prequalification: Civil works contractors were agreed on the necessity of prequalification for civil works. Equipment suppliers were divided on the desirability of prequalification in their case, but there were suggestions that it should be considered in some cases where continuing service was an important consideration, e.g. locomotives, or where there was a likelihood of unrealistically low bids by unqualified firms.

Escalation Clauses: There was general agreement that the Bank should require greater use of escalation clauses in important contracts and make efforts to improve their scope and effectiveness. It was believed that the escalation clauses and formulae now in use were inadequate; they did not adequately take into account price movements in the developed countries and the statistical bases needed for their effective use, particularly in the developing countries, were weak. More research was needed in this area.

Bonding: In Europe there was universal criticism of the bonding practices required by the Bank on the grounds that they were based on US concepts and practices and discriminated unfairly in the case of European suppliers and contractors.

Small Orders: One organization believed that the guidelines did not provide enough guidance for the handling of small orders, say $25,000 or less. To require international competitive bidding for such items was very expensive. More guidance was needed as to how they should be dealt with outside the framework of international competitive bidding.

Bid Evaluation: US contractors and suppliers, particularly the latter, believed that, in practice, the Bank placed too much emphasis on price in bid evaluation and not enough on quality and reliability.* Some firms from other countries suggested that the guidelines should provide more detail on bid evaluation in cases where factors other than price were taken into account.

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* The Guidelines specifically provide that factors other than price should be taken into account.

General Conditions of Contract and Resolution of Disputes: The Bank was strongly urged to recommend or require the use of the FIDIC general conditions of contract in contracts between the borrower and suppliers or contractors. It was believed that while these were not perfect, they were the best available; departures from them would, in the long run, increase project costs by compelling suppliers and contractors to include larger amounts for contingencies. Particular stress was laid on the necessity for satisfactory arbitration procedures, which should not be subject to local law or approval. Because construction periods were becoming longer, arbitration of particular disputes should be permitted before completion of the whole job.

Time Interval: Most contractors and many suppliers believed that, in most cases, a minimum of 90 days should be required between advertising and bid opening.

Local Currency Financing: Both equipment suppliers and civil works contractors emphasized the value of local currency financing by the Bank. Even though provided for specifically in the project financing plan, local currency for a project was often slow to materialize when supplied from local sources. This meant that the contractor or supplier often had to exchange its own funds into local currency to meet these costs and had therefore to bear the exchange costs and risks. This in turn required the inclusion of additional contingencies in bids, thereby raising project costs. Even partial provision of local currency financing by the Bank helped in this respect. It also facilitated the obtaining of export guarantees.

15% Preference: A number of firms suggested that the guidelines should contain a clearer indication of how the preference is applied. Others said that it may cause them not to bid in cases where there is a local supplier capable of manufacturing the equipment in question or where the firm lacks local sources of supply of materials needed for the equipment in question and where such sources are available to competitors. Still others with subsidiaries in the developing countries said the preference was not large enough.

7. Cost Estimates: It was generally agreed that the Bank's recent experience of bids on some projects exceeding the cost estimates by a wide margin was not unique. A number of reasons were suggested for the inaccuracy of the estimates.

a) Consultants and borrowers might be basing their estimates on old prices. There had been sharp increases in prices in the last two years in both the developed and the developing countries.

b) Consultants might be making intentionally low estimates to improve the economic and financial justification of the project.*

c) Contractors were faced with greater and more varied risks than in the past. These risks included (i) those relating to the declining independence of consultants mentioned below, (ii) labor risks relating to the recruitment of unskilled and skilled labor from certain countries or to the rapidity and extent of changes in pay scales, and (iii) political risks of various kinds ranging from civil war or insurrection to limitations on the use of expatriates in carrying out the project.

8. Independence of Consultants: There was a feeling among virtually all of the contractors and many of the equipment suppliers interviewed (perhaps stronger among non-US firms) that consultants were no longer independent. In the past, agreements with clients gave consultants full independence and authority to supervise the execution of the project, including the approval of modifications and the adjudication of claims, to make sure that the project was completed in accordance both with the expectations of the client and with the terms of the contracts with suppliers and contractors. Today, however, their position was ambiguous; their authority appeared to be limited by their contract with the client or otherwise and they appeared no longer able to resist pressures from the client when adjudicating claims or even to persuade the client to accept their certificates of work completed and to make the payments due. Though none of the consultants interviewed referred specifically to the trend described by contractors, several observed that in the developing countries today, consultants had far more difficulties with the client during project execution than with the contractor or suppliers and that these clients did not really understand the role of consultants or how to use them.

9. According to these contractors and suppliers, this changed situation had a number of serious consequences. In the developing countries where the borrower was frequently without experience, it could lead to disastrous results for the project. In addition, it led to delays in making payments, or sometimes in a failure to make them at all, and to the referral of more and more disputes to arbitration. All this resulted in higher costs for the project in question and higher contingency allowances in future bids, or in some cases in a refusal to bid at all in certain countries.

10. Most of those interviewed recommended that the Bank could and should do more to strengthen the independence of consultants by, for example, being constantly on the alert for differences between the consultants and the borrower over project execution and strongly supporting the consultants in their traditional role. It was suggested several times that if the Bank

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* This is another reflection on the independence of consultants, see paragraph 8.

were to pay the consultants directly rather than reimbursing the borrower for his payments (even though the contract would still be between the borrower and the consultant), the consultants' position would be stronger, but others were opposed to this idea. It was also suggested that contractors be provided with the terms of the consultants' authority (though not with the financial terms of their contract). Better provision for the resolution of disputes was also frequently urged. (This point has already been discussed in connection with the Guidelines, paragraph 6.) Basing the selection of consultants solely on professional considerations was also important. (This point is discussed further in paragraph 12.)

11. Selection of Consultants: There were a number of comments and questions concerning the selection of consultants. First, there were questions about nationality. US firms believed that because of the disproportionate size of the US consulting profession, US firms were discriminated against in the selection process, particularly in making up the short list. On the other hand, non-US firms believed that US firms perhaps had an advantage in getting Bank-financed business. Japanese firms believed that they were at a disadvantage.

12. Second, it was generally believed that current selection procedures by borrowers permitted too many non-professional considerations to be taken into account. In this view, the borrower, under the Bank's current practice, was virtually free to select any firm for whatever reasons, provided that the firm was basically acceptable to the Bank. This was true whether the borrower selected the firm directly or went through the procedure of preparing a short list, of submitting that to the Bank for approval and of then inviting proposals. It was believed that the Bank should play a greater role in the selection process to ensure that consultants were selected for the right reasons.

13. In this connection, it was noted that there was tendency toward pressure on consultants to propose an unbalanced team with too many experts of the highest level and not enough lower-level professionals, technicians and draftsmen. Such teams were not in the best interest of either the client or the consultants, but were proposed because clients believed that they were getting the "best" with a team of this sort. It was suggested that the Bank make a greater effort to educate its borrowers that a balanced team was more suitable than a collection of experts.

14. Third, there was a range of questions, on the selection of consultants for both UNDP studies (where the Bank selects the consultants) and Bank loans (where the borrower selects the consultants), concerning the competence of firms, particularly various kinds of specialized competence. These questions were of major importance to recently established firms and specialist firms but were also of general interest. How could a firm make sure that the Bank was aware of its competence in particular fields?

How did the Bank make sure that the competence of any given firm in a particular field was adequately considered by the Bank or the borrower in the selection process? How did the Bank make sure that general consultants working for it or its borrowers became aware both of their shortcomings in certain specialized fields and of specific capabilities in small specialized firms to handle these fields? The implications behind these questions were (a) that existing selection practices worked in favor of large well-established firms and against recently established or specialist firms and (b) that in its own interest and that of its borrowers, the Bank should review these practices, particularly the preliminary steps leading to the establishment of the short list.

15. Related to questions of selection, was the question of the relationship of consultants from developed countries with local consultants and with counterparts. Though consultants from developed countries were prepared to accept, with varying degrees of enthusiasm, voluntary collaboration with local consultants, they were strongly opposed to mandatory associations with them. Reference was made to trends in this direction in Latin America. Some firms also referred to a tendency on the part of clients to insist on the consultants' accepting counterparts with the idea of reducing study costs. These firms believed they could not be responsible for the study under either of these circumstances.

16. Favoritism by Bank Staff and Bias Generally: The question of possible favoritism by individual members of Bank staff was raised in each of the interviews (except those with US purchasers of heavy equipment), and no one was able to cite specific instances of such wrong-doing. In addition, many of those interviewed clearly did not believe the charge. But others believed that some tendency in this direction was only natural and was to be expected. On the whole there appeared to be considerably less concern over this problem among non-American than among US firms, but even among US firms there did not appear to be a real belief that procurement of US goods and services had been significantly affected in an adverse way by favoritism on the part of Bank staff.

17. The charges by US firms and organizations referred to in the introduction reflect a feeling of bias on the part of the Bank in favor of non-US firms, but the interviews offered no specific examples of this bias, except for the Bank's acceptance in some cases of performance, as opposed to detailed, specifications. This practice was said to handicap US suppliers and contractors, particularly the latter. On the other hand, most of the European firms and organizations interviewed believed that the Bank had no general institutional bias in favor of or against procurement in any particular country. Nevertheless there was some feeling that, if any such bias existed, it was in favor of the United States. There was a feeling, for example, that US consultants had an advantage in getting Bank-financed business. Suppliers of locomotives and telecommunications equipment believed that the Bank preferred equipment of typical US design in

their fields. Those interested in the turnkey approach believed that the Bank's apparent preference for independent consultants and component procurement over the turnkey approach favored US contractors and suppliers who were more used to doing business this way. Finally the Bank's bonding requirements, being based on US practice, were said to discriminate in favor of US firms.

18. Conclusions: The interviews -

a) reveal a dissatisfaction with the availability of information concerning Bank projects and belief that improvements in this area would raise the quality of international competitive bidding (paragraph 5);

b) reveal strong general support for the Procurement Guidelines but suggest certain specific changes in their language and in procurement administration generally in such areas as specifications and engineering practices, turnkey contracts, the size of packages, escalation clauses, bonding, small orders, time intervals and the resolution of disputes (paragraph 6);

c) reveal a strong belief that the independence and authority of consultants are being weakened and a serious concern that this trend will adversely affect project costs and project execution. The Bank was urged to take measures to stop this trend and reverse it (paragraphs 8-10);

d) suggest a review of the procedures for the selection of consultants, particularly in cases where the borrower is responsible for selection (paragraphs 11-15);

e) suggest the existence of some practices in the developing countries relating to the procurement of goods and services, such as the selection and use of consultants (paragraphs 8, 9 and 12), inadequate notice of and time for bidding (paragraph 5), or departures from reasonable practices relating to general conditions of contract and resolution of disputes (paragraph 6), which may have the effect of raising project costs over the longer term;

f) reveal no evidence of specific wrong-doing by Bank staff or of significant discrimination through its procurement practices against suppliers of goods and services from any particular country (paragraph 16);

g) indicate a general belief among firms from various countries that the Bank, if it has any institutional bias for or against procurement in any particular country, has such a bias in favor of firms from another country or countries (paragraph 17). This suggests that the Bank is reasonably neutral in these matters.

19. We are now -

a) reviewing our information practices to see how the Bank can improve the quality and timing of information concerning its projects in order to improve the effectiveness of international competitive bidding. A new form of press release concerning loans and credits is already in use, which provides relatively detailed information concerning the types of goods and services being financed by the loan or credit;

b) reviewing the Procurement Guidelines and procurement administration in the light of the various comments and suggestions made. A revised edition of the Guidelines will be published early in 1972; and

c) studying the question of selection of consultants.

JAKing:lb
December 3, 1971

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Chadenet, Bernard; King, John A. Jr.; "Qu'entend-on par "projet de la Banque Mondiale" ?; extrait de Finances et Développement no 3, Septembre 1972.

Qu'entend-on par «projet de la Banque Mondiale»?

Le concept de «projet» a évolué : Les projets monolithiques à caractère technique de la fin des années 1940 et du début des années 1950 se sont mués en des projets à facettes multiples qui constituent des modèles de développement économique combinant investissements et éléments incorporels. En outre, les limites que l'on attribuait au concept des prêts consacrés à des «projets» ont été profondément assouplies.

Bernard Chadenet et John A. King, Jr.

La Banque Mondiale et sa filiale, l'Association Internationale de Développement (IDA), sont tenues, en vertu de leurs Statuts, de prêter leurs fonds pour des «projets» spécifiques, sauf en cas de circonstances spéciales. Elles doivent en outre veiller à ce que le produit de ces prêts leur soit exclusivement affecté [1]. Cependant, les Statuts ne définissent pas le sens du mot «projet». Certes, quelques indications peuvent être tirées a contrario du fait que cette restriction avait été incorporée aux Statuts pour éviter que se renouvellent certaines des pratiques fâcheuses ayant entaché les prêts internationaux du dix-neuvième siècle et du début du vingtième [2]. Mais ces indications restent fort limitées.

L'examen des types de «projets» auxquels la Banque a consacré ses fonds au cours des années définit plus clairement le sens précis de ce terme et met en lumière l'évolution de son concept : à mesure que la Banque acquiert de l'expérience et que la pensée en matière de développement économique mûrit tout en s'affinant, le concept s'assouplit pour acquérir l'une de ses caractéristiques les plus significatives : la faculté d'adaptation aux besoins de chaque situation.

Au début de l'existence de la Banque, une proportion importante de ses prêts fut consacrée à des projets d'énergie électrique et de transport, projets tantôt immenses comme le barrage de Kariba en Afrique, ou modestes telles des petites centrales thermiques construites dans de nombreux pays. Mais tous ces projets comportaient essentiellement des ouvrages de génie civil (barrages, centrales, ou ports) ou des biens d'équipement (alternateurs, locomotives et matériel roulant par exemple). Un projet consistait souvent en la réalisation d'un ouvrage nouveau constituant une unité distincte, telle qu'une centrale hydraulique, une route ou une usine. Un projet pouvait aussi porter sur l'expansion ou l'amélioration d'installations existantes : addition d'un groupe à une centrale en service, ou remise en état du revêtement et amélioration d'une route, etc. . . mais, dans tous les cas, les projets comprenaient essentiellement ou même exclusivement l'apport à l'économie d'un pays d'ouvrages ou de biens d'équipement. D'une manière générale, ces projets ne comportaient guère d'éléments «incorporels» en dehors d'améliorations d'ordre institutionnel ou administratif : création d'un

[1] Article III, section 4 vii) des Statuts de la BIRD : «Les prêts accordés ou garantis par la Banque doivent, sauf dans des circonstances spéciales, servir à réaliser des projets individualisés de reconstruction ou de mise en valeur.» Article III, section 5 b) : «La Banque prendra des dispositions en vue d'obtenir que le produit d'un prêt soit consacré exclusivement aux objets pour lesquels il a été accordé . . .»
Article V, section 1 b) des Statuts de l'IDA : «Le financement fourni par l'Association . . . sauf dans des circonstances spéciales, doit servir à réaliser des projets spécifiques.» Article V, section 1 g) : «L'Association prendra des dispositions en vue d'obtenir que le produit de tout financement soit consacré exclusivement aux objets pour lesquels il a été accordé . . .» Dans cet article, toutes références à la Banque et aux prêts de la Banque s'appliquent également à l'IDA et aux crédits de l'IDA.

[2] Cf. John A. King, *Les projets de développement économique et leur évaluation*, Editions Dunod, Paris, 1969, page 3.

organisme semi-autonome destiné à mettre en œuvre et exploiter le projet, approbation par la Banque des qualifications professionnelles du personnel de direction; ou, pour des projets comportant des recettes, imposition au nouvel organisme d'un plafond d'endettement ou d'une rentabilité minimale de ses immobilisations.

En premier lieu, le concept du «projet» s'élargit à partir de 1960 lorsque la Banque prête, au-delà de ses secteurs traditionnels de l'énergie électrique, des transports et de l'industrie; elle prête donc aujourd'hui dans les domaines aussi divers que l'éducation, la planification démographique, le tourisme, les télécommunications, les adductions d'eau, et enfin l'agriculture, où les projets sont devenus les plus nombreux (voir le tableau). Prêter pour le tourisme, la planification démographique ou l'agriculture a révolutionné le concept des projets en l'enrichissant de maintes considérations nouvelles et complexes qui tiennent compte de facteurs incorporels.

En second lieu, des modifications ont aussi été apportées au concept des projets dans les secteurs traditionnels des transports et de l'énergie électrique. Pour les routes par exemple, l'accent est mis sur leur entretien, les projets comportant d'importants éléments d'ordre institutionnel tels que la mise en place d'une structure pour cet entretien, avec directions et dépôts décentralisés par régions et centres de formation du personnel. Quant aux chemins de fer, les prêts portent sur la modernisation d'ensemble de leur réseau : coordination des transports, réorganisation de la société ferroviaire avec résorption progressive du personnel en surnombre et formation du personnel restant, fermeture de lignes, de gares et d'autres installations non rentables, ou encore révision des structures tarifaires ainsi que d'autres améliorations financières. Dans le domaine de l'énergie électrique, les projets sont moins axés sur la construction de centrales que sur le développement d'ensemble des réseaux électriques, y compris leur planification, l'amélioration des transports et de la distribution d'énergie, ainsi que la mise en place de structures tarifaires rationnelles et équitables. Dans ces deux secteurs par conséquent, les projets insistent sur une amélioration des institutions et de leurs politiques de développement qui assure un maximum d'efficacité aux investissements. Du point de vue du développement économique ce sont ces éléments incorporels qui peuvent constituer la partie la plus importante du projet.

En troisième lieu, le nombre des pays membres de la Banque a beaucoup augmenté au cours des années 1960, les nouveaux membres étant, pour la plupart, parmi les plus pauvres des pays moins développés. Une des conséquences de cette évolution a été que les projets situés dans ces pays ont dû comporter une proportion importante d'assistance technique, telle que la mise à disposition de dirigeants étrangers pour le court terme et la mise en place de programmes de formation pour le long terme, des études de factabilité et d'exécution pour les phases ultérieures de mise en valeur du secteur, etc.

En dernier lieu, le Programme des Nations Unies pour le Développement (PNUD) a promu et financé au cours des années 1960 un nombre important d'études sectorielles. Celles-ci ont joué un rôle capital dans l'élaboration du concept d'investissements insérés dans un cadre sectoriel et ont ouvert la voie aux projets actuels qui sont à facettes multiples et sont axés sur des politiques et des stratégies sectorielles. C'est beaucoup grâce à l'assise que constituent de telles études que le concept des projets de la Banque a pu ainsi évoluer.

DEFINITION D'UN PROJET

Aujourd'hui nous définirons donc un projet comme devant être *un ensemble optimal d'actions à caractère d'investissement, fondé sur une planification sectorielle globale et cohérente, grâce auquel une combinaison définie de ressources humaines et matérielles engendre un développement économique et social d'une valeur déterminée. Les éléments d'un projet doivent être définis avec précision quant à leur nature, leur emplacement et leur déroulement. Les ressources nécessaires sous forme de fonds, de matières et de main-d'œuvre, ainsi que les revenus escomptés, tels que réductions de coûts, accroissements de production et développement des institutions, sont estimés à l'avance. Les coûts et les revenus sont calculés en termes financiers et économiques ou — s'il n'est pas possible de les quantifier — définis avec une précision qui permette de formuler un jugement raisonné sur ce que doit être l'ensemble optimal de ces actions.*

Pour des raisons d'ordre administratif et de planification, chaque projet de la Banque constitue une opération distincte, avec sa propre évaluation, la négociation des conditions de son prêt, l'établissement de ses documents juridiques, sa présentation au Conseil d'Administration, ses modalités de paiement, son contrôle, etc. Selon les objectifs et les circonstances, un prêt de la Banque peut financer une fraction faible ou importante des éléments d'un projet et le projet lui-même peut être limité à une faible fraction du programme de développement du secteur ou couvrir au contraire l'essentiel de ce programme. Il s'agit là d'une définition très condensée qu'il convient de développer.

Planification sectorielle globale

Les projets de la Banque s'appuient de plus en plus sur des études sectorielles qui analysent les priorités économiques des investissements envisagés et couvrent l'organisation, la direction et les politiques sectorielles. Ces études fournissent donc la base d'une solide stratégie sectorielle tout en assurant l'identification, la sélection et la formulation rationnelles des projets à financer. Ces analyses sont parfois effectuées par le personnel de la Banque ou, dans le cas de l'Agriculture ou de l'Education, par les équipes de la FAO ou de l'UNESCO qui opèrent dans le cadre des Programmes de Coopération de la Banque avec ces organismes; pour les transports, l'énergie et certains autres secteurs, ces études sont faites par des sociétés d'engineering

financées par le «PNUD», pour lequel la Banque agit souvent comme agence d'exécution. A titre d'exemple, la Banque prête actuellement d'importantes sommes pour les Transports et l'Energie Electrique du Brésil; tant les projets financés par la Banque que l'ensemble des investissements brésiliens ont eu leurs priorités déterminées par des études sectorielles effectuées à partir de 1963 par des sociétés d'engineering travaillant sous contrôle de la Banque.

Ensemble optimal d'actions

Un projet doit consister en un ensemble d'actions prioritaires souvent fondées sur une étude sectorielle du type mentionné plus haut et les éléments de cet ensemble doivent se renforcer mutuellement. La Banque se doit de faire bénéficier son emprunteur de ce que son intervention peut avoir d'avantageux par rapport à d'autres sources de financement, du fait de son expérience ou de son influence. La Banque ne pouvant financer qu'une faible part des programmes d'investissement des pays emprunteurs, chacun de ses projets doit être composé de façon à exercer un effet de catalyse ou de démonstration qui prolonge son effet au-delà des seuls investissements. Les divers éléments composant le projet peuvent ainsi constituer la base de décisions majeures des pouvoirs publics et introduire des réformes qui viennent à bout des obstacles au développement; ils peuvent aussi démontrer l'efficacité de méthodes nouvelles pour le pays sur les plans de la technologie ou des institutions; certains peuvent enfin constituer une assistance technique qui assure la mise en œuvre des autres éléments du projet ou la préparation de projets futurs. Cet ensemble optimal combine donc des éléments tant matériels qu'immatériels.

Actions à caractère d'investissement

La Banque ne finance en principe que des investissements, à l'exclusion des frais de fonctionnement. Toutefois, certains éléments qui ont l'apparence de dépenses d'exploitation — tels que l'apport de personnel étranger et la formation de personnel local nécessités par le démarrage d'un programme ou la mise en service de nouvelles installations — ont un caractère d'investissements et sont compris dans les projets.

Prêts de la Banque Mondiale et de l'IDA par secteurs de l'économie, exercices 1967-1971

	1967		1968		1969		1970		1971	
Secteur	Montant (millions de dollars)	Nombre de projets	Montant (millions de dollars)	Nombre de projets	Montant (millions de dollars)	Nombre de projets	Montant (millions de dollars)	Nombre de projets	Montant (millions de dollars)	Nombre de projets
Agriculture	87,00	10	172,50	12	367,30	27	412,88	31	419,10	36
Transports	238,40	14	247,30	14	474,52	30	660,75	30	651,10	30
Energie électrique	334,65	15	268,45	11	369,80	17	537,25	15	500,90	16
Education	51,80	6	24,20	5	81,80	10	79,90	11	107,90	14
Sociétés financières de développement	75,00	3	159,00	10	193,00	8	216,00	12	253,00	10
Adduction d'eau et système d'égouts	1,75	1	22,00	2	34,60	5	32,50	3	188,70	9
Télécommunications	40,20	3	27,00	3	80,70	5	84,60	6	195,50	6
Développement général	240,00	2	—	—	125,00	1	75,00	1	110,40	3
Population	—	—	—	—	—	—	2,00	1	7,80	2
Industrie	60,00	2	32,50	2	48,00	2	76,50	4	32,00	1
Tourisme	—	—	—	—	—	—	—	—	10,00	1
Irrigation	—	—	—	—	7,50	3	—	—	4,00	1
Préparation des projets	1,49	2	0,55	1	4,03	3	8,58	6	—	—
TOTAL	1.130,29	58	953,50	60	1.784,25	111	2.185,96	120	2.480,40	129

Combinaison définie de ressources humaines et matérielles

Chaque projet de la Banque et les éléments qui le composent doivent être définis avec précision afin d'éviter de disperser sur des objectifs imprécis ou trop ambitieux des ressources en argent et en experts forcément limitées. Une définition précise s'impose pour plusieurs autres raisons : respecter l'esprit des Statuts, fournir la base des décisions d'investissement, établir les conditions fondamentales de la bonne exécution et du contrôle efficace du projet et réaliser les effets catalytiques ou de démonstration escomptés. Aux stades de l'identification, de la formulation et de l'évaluation d'un projet proposé par les pouvoirs publics, il arrive fréquemment que la Banque suggère que ses dimensions et sa portée soient modifiées en vue d'améliorer ses chances de réussite et d'assurer au secteur et à l'économie des effets plus durables, plus étendus et plus profonds que ceux qui résulteraient de seuls apports matériels.

Les ressources, tant humaines que matérielles, que nécessitent les projets de la Banque proviennent de différentes sources : le Gouvernement emprunteur ou ses institutions et la Banque en fournissent habituellement la majeure partie; les aides bilatérales et les Banques régionales contribuent à l'apport des fonds et du personnel requis, tandis que les Agences spécialisées des Nations Unies sont à même de fournir l'assistance technique.

Le projet doit comporter un plan permettant d'identifier tous les éléments essentiels à sa bonne exécution et un programme assurant la mise en place de chaque élément au moment opportun. L'expérience montre qu'il est beaucoup plus facile d'identifier et de mettre en œuvre les éléments matériels des projets (travaux de génie civil, équipements, etc.) que leurs éléments incorporels tels que des modifications de politiques sectorielles ou la création d'organismes d'exploitation dotés de directions compétentes et de personnels bien formés.

Calcul des coûts et des revenus

Avant d'être soumis au Conseil d'Administration de la Banque, un projet est évalué sous plusieurs aspects — technique, institution, organisation et gestion, économie et finances — cela afin de juger s'il offre une chance raisonnable d'atteindre ses objectifs tout en s'assurant que ces derniers représentent les meilleurs que l'on puisse viser dans le secteur à ce moment [3]. Cette évaluation comporte l'estimation soigneuse des coûts et des revenus des projets, car leurs rentabilités économique et financière constituent des facteurs essentiels de leur justification. On mesure les effets sur ces taux de rentabilité de fluctuations d'hypothèses de base telles que coûts de construction, demande de biens ou de services à fournir par le projet, cours mondiaux, etc. et l'on s'efforce d'évaluer les risques inhérents au projet. Les éléments d'un projet qui ne peuvent être mesurés tels que les réformes de son institution ou de ses politiques devront être décrits avec une précision suffisante pour permettre aux responsables de porter des jugements bien fondés.

Unités d'œuvre du Groupe de la Banque

Chaque projet de la Banque constitue une unité d'œuvre ayant son propre cycle d'évolution. Fondés toujours sur un dialogue continu et intime entre la Banque, le Gouvernement et l'emprunteur, les projets ont des évolutions très variées entre leur conception, leur exécution et leur exploitation, et ils présentent des caractéristiques et des difficultés qui leur sont propres. Néanmoins, tous les projets vivent les phases suivantes au cours de leur évolution : la première est leur Identification — c'est-à-dire la pré-sélection de projets prioritaires susceptibles d'être financés par la Banque. La seconde phase, qui peut être longue, est la Préparation du projet; elle doit couvrir tous les facteurs nécessaires à la justification du projet, notamment des points de vue technique, économique et financier. La troisième phase, l'Évalution, a déjà été mentionnée. La quatrième phase est la Négociation du prêt, au cours de laquelle l'emprunteur et la Banque cherchent à se mettre d'accord sur les divers éléments du projet et sur les conditions indispensables à sa bonne exécution. Cet accord conduit à des obligations juridiques qui sont exprimées dans un Accord de Prêt. Le dernier stade est celui du Contrôle du projet que la Banque exerce au cours de sa construction et de sa mise en service; l'objet de ce contrôle est d'assurer que le projet est exécuté comme prévu ou modifié pour s'adapter à l'évolution de la situation pour réaliser ses objectifs de développement [4]. Une importante caractéristique du cycle des projets est qu'un projet engendre souvent son successeur [5].

Financement d'une fraction faible ou importante

Pour déterminer son financement dans un secteur donné, la Banque doit considérer trois ensembles liés : les éléments du projet directement financés par la Banque, le projet lui-même et le programme sectoriel; les éléments financés par la Banque ne constituent généralement qu'une fraction du projet et le projet lui-même ne forme habituellement qu'une partie des investissements à réaliser dans le secteur. Mais la combinaison de ces ensembles est souple, le projet pouvant même englober tout le programme sectoriel dans des cas tels que les télécommunications, l'énergie électrique ou les chemins de fer.

[3] Pour un examen général de l'évaluation, voir John A. King, *op. cit.*, pages 5–14.

[4] Pour plus de détails sur le cycle des projets, se référer à l'article de Warren C. Baum, intitulé « Le cycle des projets » paru dans *Finances et Développement*, juin 1970.

[5] En prolongement du contrôle qui vient d'être décrit, la Banque a institué récemment une procédure de « post-évaluation » ayant pour objet d'évaluer les effets à long terme de ses projets sur l'économie.

Voici quelques exemples de ces combinaisons : pour le réseau routier brésilien dont il a été question plus haut, la Banque a financé à concurrence de 100 millions de dollars les éléments du deuxième projet routier (1970) qui coûta 255 millions de dollars. Le projet lui-même ne constituait qu'une fraction faible du programme routier qui s'élevait à 3,3 milliards de dollars. Le dosage était différent pour le dixième crédit consenti en 1969 aux chemins de fer indiens, où l'IDA n'a financé que les importations nécessaires au projet, lequel couvrait, par contre, tous les investissements des deux premières années du programme quinquennal ferroviaire (1969/70-1973/74); en d'autres termes, tandis que le «projet» coïncidait avec deux années du programme ferroviaire, lequel se montait à 700 millions de dollars, les éléments financés par l'IDA ne représentaient que 55 millions de dollars, soit 8 pour cent du coût du projet-programme.

Pour déterminer les trois ensembles : secteur-projet-éléments financés, la Banque tient compte de plusieurs facteurs; elle cherche souvent à définir le projet d'une façon extensive qui lui permette d'embrasser une grande partie du programme sectoriel, afin que les améliorations souhaitables de politiques et de stratégie sectorielles soient couvertes par les obligations juridiques que contracte l'emprunteur pour le projet. Mais cet avantage est compensé par le risque de dispersion d'efforts et de dilution d'influence mentionné plus haut. Quant aux éléments du projet que finance la Banque, ils sont soumis à certaines contraintes : la Banque doit souvent limiter son financement aux coûts en devises des éléments du projet; parfois, l'emprunteur préfère recourir à des prêts bilatéraux ou au PNUD pour financer le coût en devises de certains éléments du projet et la Banque accepte ces arrangements s'ils sont dans l'intérêt de l'emprunteur [6]; c'est d'ailleurs souvent le cas pour certains types d'assistance technique qui sont fournis à titre gracieux par des sources bilatérales ou le PNUD. Dans certaines catégories de projets, notamment l'agriculture, l'éducation et la planification démographique, les coûts en devises peuvent ne constituer qu'un montant insuffisant pour introduire les changements de politiques ou d'organisation que la Banque juge essentiels. La Banque financera alors une partie des coûts du projet en monnaie locale, à condition que la situation économique du pays satisfasse aux conditions requises [7].

En somme, les projets actuels de la Banque, s'ils visent assurément à doter ses emprunteurs d'investissements à hauts rendements économiques, leur procurent par surcroît d'importants revenus incorporels, tels que transferts de connaissances et d'expérience, améliorations d'institutions et de leur fonctionnement, enrichissements en ressources humaines par la formation ou l'expérience. D'autre part, les caractéristiques des projets de la Banque et les exigences qui y sont attachées tendent à leur conférer une position privilégiée et peuvent paraître détourner à leur profit les rares ressources du secteur ou de l'économie, telles que personnel de direction et main-d'œuvre qualifiée; on accuse donc parfois la Banque de prendre à Pierre pour donner à Paul. Mais, nous sommes convaincus qu'une concentration d'efforts sur un projet exerce à long terme sur le secteur intéressé des effets de catalyse ou de démonstration dont les bienfaits dépassent de beaucoup le coût à court terme.

QUELQUES EXEMPLES

Les observations précédentes ont besoin d'être éclairées par des exemples; nous avons résisté à la tentation de les choisir dans les nouveaux secteurs d'activité de la Banque tels que la Planification Démographique ou le Tourisme, leur préférant des projets appartenant aux secteurs traditionnels : deux projets routiers au Brésil (1968 et 1970), le projet d'entretien routier au Kenya (1970), le projet de colonisation des Terres Neuves au Sénégal (1970) et un projet mexicain d'énergie électrique (1970). Ces exemples donneront un aperçu de la souplesse et de la faculté d'adaptation qu'ont acquis les projets, ainsi que de l'importance de leurs éléments incorporels.

Projets routiers au Brésil

En 1964, une mission économique de la Banque conclut que le réseau des transports brésilien se heurtait à de graves difficultés et que des améliorations devaient être apportées d'urgence à sa planification, son exploitation et sa gestion. En conséquence, le Gouvernement fut d'accord pour qu'une vaste étude du secteur des transports soit effectuée en deux étapes par des consultants, sous contrôle de la Banque. Comme condition à cette étude, le Gouvernement convint d'un programme initial d'amélioration de ses transports. Les deux phases d'études, qui durèrent de 1965 à 1970, furent financées par le Brésil, le PNUD, l'Agence Américaine pour le Développement International (AID) et la Banque. La première phase portait sur les transports routiers dans quatre Etats, les transports ferroviaires, la navigation côtière et l'exploitation des trois principaux ports du Brésil. La seconde phase portait sur les transports routiers dans quatorze autres Etats. Au cours de l'une et l'autre phases, l'organisation des Services Routiers des Etats fut étudiée et des programmes élaborés pour leur réorganisation.

[6] Dans quelques cas, des projets ont été l'objet de financements joints entre la Banque et les principaux pays fournisseurs de matériel d'équipement. Voir plus loin le projet mexicain d'énergie électrique.

[7] Le financement des dépenses en monnaie locale est un sujet complexe que les auteurs de cet article ne se proposent pas de traiter à fond. Leur objet n'est pas non plus de décrire comment sont déterminés les coûts en devises d'un projet. On doit noter, cependant, que la Commission Pearson a recommandé aux organisations d'aide (dans le cadre de son étude du financement des dépenses en monnaie locale) «de se montrer généreuses en ce qui concerne les dépenses locales». Voir *Vers une action commune pour le développement du Tiers Monde* (le Rapport Pearson), Editions Denoël, Paris, 1969, page 242.

Le premier projet routier, approuvé par le Conseil de la Banque en octobre 1968, prolongea directement la première phase de ces études. Il comporta la construction de trois routes revêtues d'une longueur totale de 165 km et le revêtement de quatre routes sur 264 km, ainsi que l'établissement de plans de construction et la surveillance de ces travaux. Les éléments importants liés au projet étaient :

a) Les premières mesures de réorganisation du Service fédéral des Routes — laquelle avait été étudiée séparément par des Conseillers en gestion brésiliens — et des Services Routiers de quatre Etats;
b) L'application des charges limites d'essieux et des recommandations des conseillers pour améliorer la programmation et l'exécution de l'entretien routier dans les mêmes quatre Etats.

Le prêt de la Banque, d'un montant de 26 millions de dollars, couvrit le coût en devises du projet.

Lorsque le second projet routier fut évalué en 1969, ces réorganisations avaient fait des progrès remarquables : la nouvelle structure du Service fédéral des Routes avait acquis sa base juridique tandis que sa réorganisation et sa décentralisation se poursuivaient comme convenu. La réorganisation des Services Routiers des quatre Etats progressait simultanément et les normes routières adoptées pour le premier projet avaient été légalement étendues à l'ensemble du pays. En outre, des sociétés d'engineering brésiliennes qui s'étaient développées au contact des sociétés d'études étrangères, chefs de file de l'étude sectorielle des transports, s'étaient établies dans presque tous les Etats et avaient effectué les études de construction pour presque toutes les routes sélectionnées pour ce nouveau projet.

Le second projet routier, qui résultait donc des deux phases de l'étude des transports, comprenait :

a) La construction dans cinq Etats de 872 km de routes revêtues et l'amélioration et le revêtement dans sept Etats de 1.267 km de routes, avec surveillance de ces travaux.
b) L'exécution de plans détaillés de 2.290 km et les études de justification économique de 3.814 km de tronçons routiers — tous choisis à partir de l'étude de transport pour améliorer la planification du Service fédéral des Routes et les méthodes de contrôle de travaux par les Services Routiers des Etats. Cet établissement de plans d'exécution et d'études de justification économique amorçait le processus continu de préparation de projets destinés à être financés ultérieurement par la Banque.

Ce projet poursuivait aussi la réorganisation du Service fédéral des Routes, grâce notamment à une nouvelle étape de délégation des travaux d'entretien aux Services Routiers des Etats, lesquels étaient devenus capables d'assurer ces fonctions; cette réorganisation améliorait aussi les procédures de la Direction fédérale des Routes pour les appels d'offre et les passations de marchés en s'inspirant de l'exécution du premier projet routier; elle prévoyait enfin la réorganisation des Services Routiers des Etats, laquelle n'avait été entamée que pour quatre Etats dans le cadre du premier projet. Pour un projet d'un coût total de 255 millions de dollars, le prêt de la Banque, d'un montant de 100 millions de dollars, finançait un coût en devises de 53 millions de dollars environ, et quelque 47 millions de dollars de dépenses en monnaie locale [8].

Un prêt pour un troisième projet routier et fondé sur les études effectuées dans le cadre du second projet a été approuvé en mars 1972. Aux améliorations physiques du réseau routier il associe également des améliorations d'ordre institutionnel et poursuit le processus de préparation de projets futurs. Ce projet comporte l'assistance au Service fédéral des Routes pour un centre de formation où les techniques acquises au cours des dernières années seront enseignées aux nombreux ingénieurs du Service fédéral et des Services Routiers des Etats.

En résumé, en contribuant d'abord au financement d'une étude sectorielle, puis d'une fraction de projets limités eux-mêmes à une faible fraction du programme sectoriel issu de cette étude, la Banque aura aidé le Brésil à améliorer l'efficacité de ses transports, grâce notamment à des améliorations d'ordre institutionnel ayant des effets particulièrement durables.

Projet d'entretien routier du Kenya

La rapidité de la croissance économique du Kenya au cours des dernières années a mis ses transports à rude épreuve. Or, l'agriculture, qui fournit plus d'un tiers du produit intérieur brut (PIB) et le tourisme qui constitue la plus importante source de devises exigent un réseau routier qui soit sûr et utilisable par toutes saisons. Mais vers 1970 et en dépit d'importants investissements routiers — dont quelques-uns financés par la Banque — bon nombre de routes desservant d'importantes zones agricoles et touristiques ne pouvaient être utilisées en toutes saisons et se détérioraient. Les insuffisances d'entretien résultaient en partie de ce que la structure du Ministère des Travaux Publics était dépassée. La Banque s'était adressée à ce problème dans son projet routier de 1969 — axé principalement sur la construction et la reconstruction de routes principales et de routes d'accès — en y prévoyant l'étude des fonctions du Ministère des Travaux Publics en matière de routes.

[8] Le projet faisait partie d'un programme sectoriel prévoyant des dépenses totales de quelque 3,3 milliards de dollars.

Le projet d'entretien routier de 1970 fut conçu pour résoudre ces problèmes en renforçant le siège central et les échelons régionaux du Département Routier du Ministère des Travaux Publics et en fournissant les moyens, dans le cadre d'un programme quadriennal, d'améliorer l'entretien des 19.000 km de routes les plus importantes pour l'économie du Kenya. Un tel projet fournit donc un exemple de renforcement des institutions et il comprend en particulier :

a) La réorganisation du Département Routier selon les recommandations de l'étude de gestion, avec un programme de recrutement et de formation répondant non seulement aux besoins immédiats mais assurant à terme le remplacement du personnel étranger par de la main-d'œuvre kenyane.
b) L'acquisition de matériel d'entretien routier et de machines-outils, avec pièces de rechange.
c) La construction et l'amélioration d'ateliers, de bureaux et de centres d'entretien régionaux.
d) La formation du personnel d'entretien à tous niveaux, avec agrandissement d'un centre de formation, acquisition de matériel et recrutement de ses cadres. Des experts étrangers, indispensables pour lancer la programmation des cours et assurer l'enseignement initial, devaient former leurs homologues kenyans. Mille deux cent cadres, conducteurs d'engins et mécaniciens devaient ainsi être formés pendant les quatre années d'exécution du projet.
e) L'utilisation de consultants pour introduire les méthodes de comptabilité analytique, de contrôle budgétaire et de contrôle de gestion.

Le coût total du projet était d'environ 18,1 millions de dollars. Un crédit de 12,6 millions de dollars de l'IDA et un don de 400.000 dollars du Royaume-Uni ont couvert ses coûts en devises. Le Gouvernement du Kenya s'engagea à prendre en charge les dépenses locales se montant à 5,1 millions de dollars ainsi que les dépenses de fonctionnement, estimées à 34 millions de dollars, pour le programme quadriennal.

Projet de développement rural des Terres Neuves au Sénégal

Depuis quelques années, l'IDA a financé un certain nombre de projets de développement rural. Ces projets sont conçus pour améliorer l'agriculture et la vie rurale grâce à une concentration d'efforts, des innovations d'ordre technique et institutionnel et une assistance technique massive [9]. Au Sénégal, l'IDA a financé deux projets présentant ces caractéristiques et destinés à améliorer le sort des cultivateurs dans la région des arachides. Les fermiers de cette région et le Sénégal en général souffrent, en effet, de leur dépendance excessive vis-à-vis des arachides, lesquels assurent 75 pour cent du revenu de cultures marchandes et 80 pour cent des exportations. En outre, la région des arachides est caractérisée par un excès de population, avec sous-emploi, malnutrition et des taux élevés de mortalité infantile, tandis que d'autres régions du pays sont sous-peuplées.

Le premier effort de l'IDA, approuvé en 1969 à une époque de baisse du cours des arachides, consista en un projet de crédit agricole destiné à soutenir les revenus agricoles et les recettes fiscales de l'Etat grâce à des prêts aux agriculteurs accompagnés d'une importante assistance technique. La moitié environ du crédit de l'IDA fut consacrée à cette assistance qui visait à améliorer les institutions ainsi que les méthodes de culture [10].

La seconde opération de l'IDA porte sur le transfert, étalé sur trois ans, de 300 familles d'agriculteurs de la région des arachides à six villages créés à l'est du Sénégal. Ces villages doivent disposer d'écoles et d'équipements d'hygiène fournis par les pouvoirs publics. Afin de réussir ce transfert, le projet comprend les éléments suivants :

a) la création, le recrutement du personnel et l'équipement de la Société des Terres Neuves (STN), Société d'Etat chargée de mettre en œuvre le projet;
b) le relevé cadastral détaillé de la région d'accueil;
c) le forage de puits, la construction de routes d'accès et d'entrepôts;
d) la mise à disposition des colons du projet et des quelque 250 familles d'agriculteurs ayant déjà émigré dans la région de services d'animation agricole, avec approvisionnement en semences, engrais et insecticides;
e) la mise à disposition des colons de crédits de campagne et de prêts à moyen terme grâce à un fonds renouvelable géré par la STN;
f) la création d'un parc central dont le matériel sera loué aux agriculteurs du projet;
g) l'étude prospective du programme de colonisation permettant de déterminer l'importance, la portée et les méthodes d'approche de ses phases ultérieures.

Malgré son montant modeste (1,35 million de dollars), le projet des Terres Neuves constitue l'amorce des mesures destinées à empêcher que des migrations incontrôlées transfèrent à des régions nouvelles les difficultés de la région des arachides telles qu'absence d'un régime foncier adéquat, cultures non contrôlées, morcellement des propriétés et monoculture. Le projet doit atteindre cet objectif par la mise en valeur contrôlée des nouvelles terres, l'introduction de nouvelles méthodes de culture et la diversification des récoltes; outre des arachides, l'assolement comporte du coton pour l'exportation ainsi que du maïs et du sorgho pour la consommation intérieure. Les études que comporte ce projet-pilote préparent un projet plus vaste portant sur la réinstallation de 2.500 familles à partir de 1973.

[9] Un très bon exemple de ce genre d'effort est le programme d'aménagement de Lilongwe au Malawi pour lequel l'IDA a effectué deux crédits, l'un de 6 millions de dollars en février 1968 et l'autre de 7,25 millions de dollars en mai 1971. Ce projet est décrit dans *Finances et Développement*, juin 1971, «Lilongwe : Une révolution silencieuse», par Thomas A. Blinkhorn.

[10] Ce projet est décrit d'une façon plus détaillée dans *Finances et Développement*, mars 1972, page 36.

Ce projet, qui affecte directement l'existence de familles d'agriculteurs, exige un effort intense, non seulement pour planifier et améliorer les institutions et les techniques, mais aussi pour donner à des familles des raisons valables de désirer leur migration; nous voici donc loin du financement d'un projet à caractère purement technique tel qu'une centrale thermique.

Projet mexicain d'énergie électrique

Les prêts de la Banque pour l'énergie électrique du Mexique illustrent un aspect de l'évolution conceptuelle des projets. Le premier prêt, effectué en 1949 aux débuts de la Banque, s'élevait à 24,1 millions de dollars et finança les coûts en devises nécessaires pour accroître d'un tiers environ les quelque 1.000 MW de puissance alors installée. Le projet portait sur la construction ou l'achèvement de 7 centrales hydrauliques, 4 centrales thermiques, 32 centrales diesel, des extensions de plusieurs centrales hydrauliques et thermiques ainsi que des réseaux de transport et de distribution correspondants. Le projet était entièrement d'ordre technique et n'abordait ni les politiques ni l'organisation des sociétés concessionnaires.

Depuis 1949 la Banque a financé au Mexique neuf autres projets d'énergie électrique. Un des plus récents, qui fut l'objet en février 1970 d'un prêt de 125 millions de dollars, se distinguait à plusieurs égards du premier projet : 1) le projet couvrait les années 1970 et 1971 du programme continu à horizon décennal de développement de l'énergie électrique [11]. Le projet consistait en installations de toutes sortes : centrales thermiques et hydrauliques, lignes de transport, réseaux de distribution et équipements annexes. 2) Le projet fut financé conjointement par la Banque et les principaux pays fournisseurs d'équipement; conformément à l'accord de financement conjoint, la Banque et ces pays se partagent, selon une formule convenue, le financement des commandes d'équipement obtenues par concurrence internationale. 3) Le projet comportait plusieurs éléments d'ordre institutionnel dont les plus importants portaient sur l'unification des fréquences des réseaux ainsi que sur une planification et une direction mieux coordonnées des deux sociétés concessionnaires.

MAXIMISATION DE L'IMPACT DES PROJETS

Un «projet», tel que la Banque le conçoit aujourd'hui, comporte donc bien plus qu'un apport de ressources financières ou qu'un simple complément aux équipements d'un pays emprunteur. La Banque ne pouvant financer qu'une menue fraction des investissements des pays sous-développés doit faire en sorte que ses prêts aient un maximum d'impact. Pour cela ses apports «matériels» doivent se combiner avec des éléments incorporels tels qu'assistance technique, réformes institutionnelles, améliorations de politiques d'entreprises, tous ces facteurs se renforçant mutuellement. Ainsi, les «projets» se sont mués au cours des années en des instruments souples et capables d'atteindre les objectifs du développement : ils stimulent en effet des changements de politiques, en démontrant l'efficacité d'innovations dans les domaines technologique, institutionnel ou social et ils augmentent la quantité et la qualité des ressources humaines. Pour réaliser ces objectifs, les projets doivent pouvoir s'adapter aux circonstances, en couvrant tantôt l'ensemble d'un secteur ou en se limitant à quelques-uns de ses éléments. Mais tous projets doivent être définis clairement et viser des objectifs leur assurant les effets de catalyse ou d'exemple qui donnent au transfert de ressources leur sens profond et durable. C'est bien grâce à ces effets que les projets sont plus que la somme de leurs éléments.

[11] Les deux projets précédents pour lesquels des crédits de 90 millions et de 16,16 millions de dollars ont été octroyés respectivement en juin 1968 et décembre 1965 portaient également sur des tranches du programme de développement du secteur énergétique. Un projet similaire concernant une nouvelle tranche du programme est à l'étude.

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What is "A World Bank Project"?

by ***Bernard Chadenet and John A. King, Jr.***

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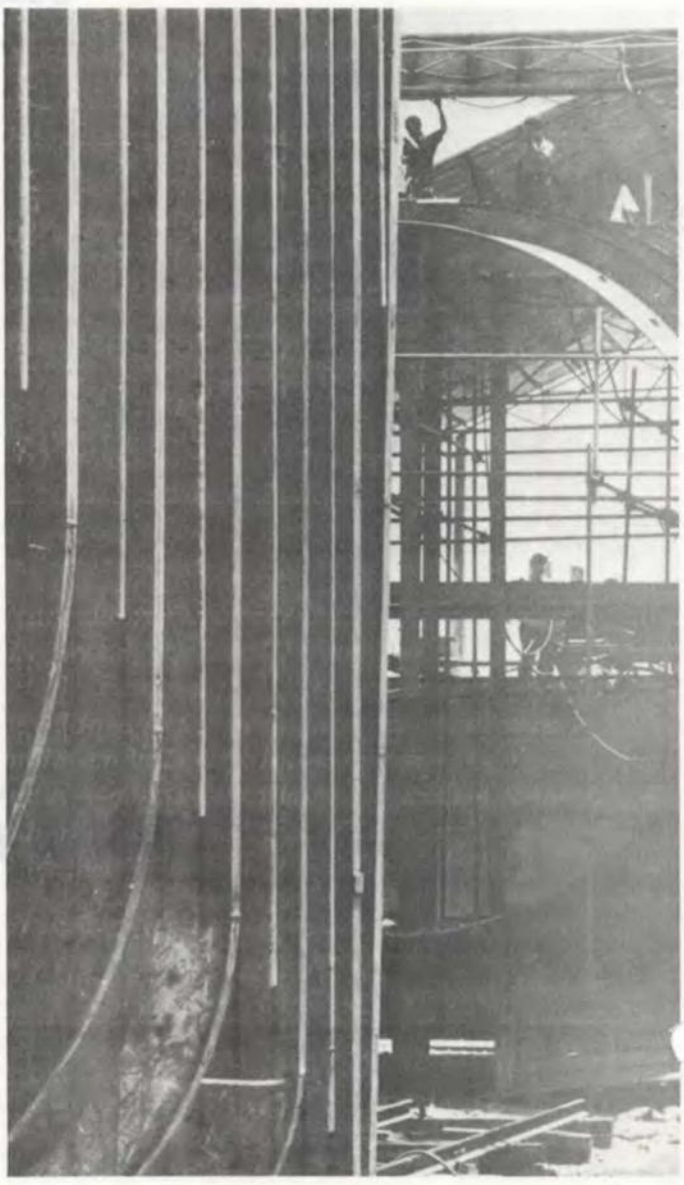
From the monolithic, engineering-oriented projects of the late 1940s and early 1950s the concept of a "Bank project" has developed to the multifaceted, oriented to policy-and-demonstration projects of today—and the limitations supposed to be inherent in the concept of lending for "projects" have been greatly modified.

Bernard Chadenet and John A. King, Jr.

What is "A World Bank Project"?

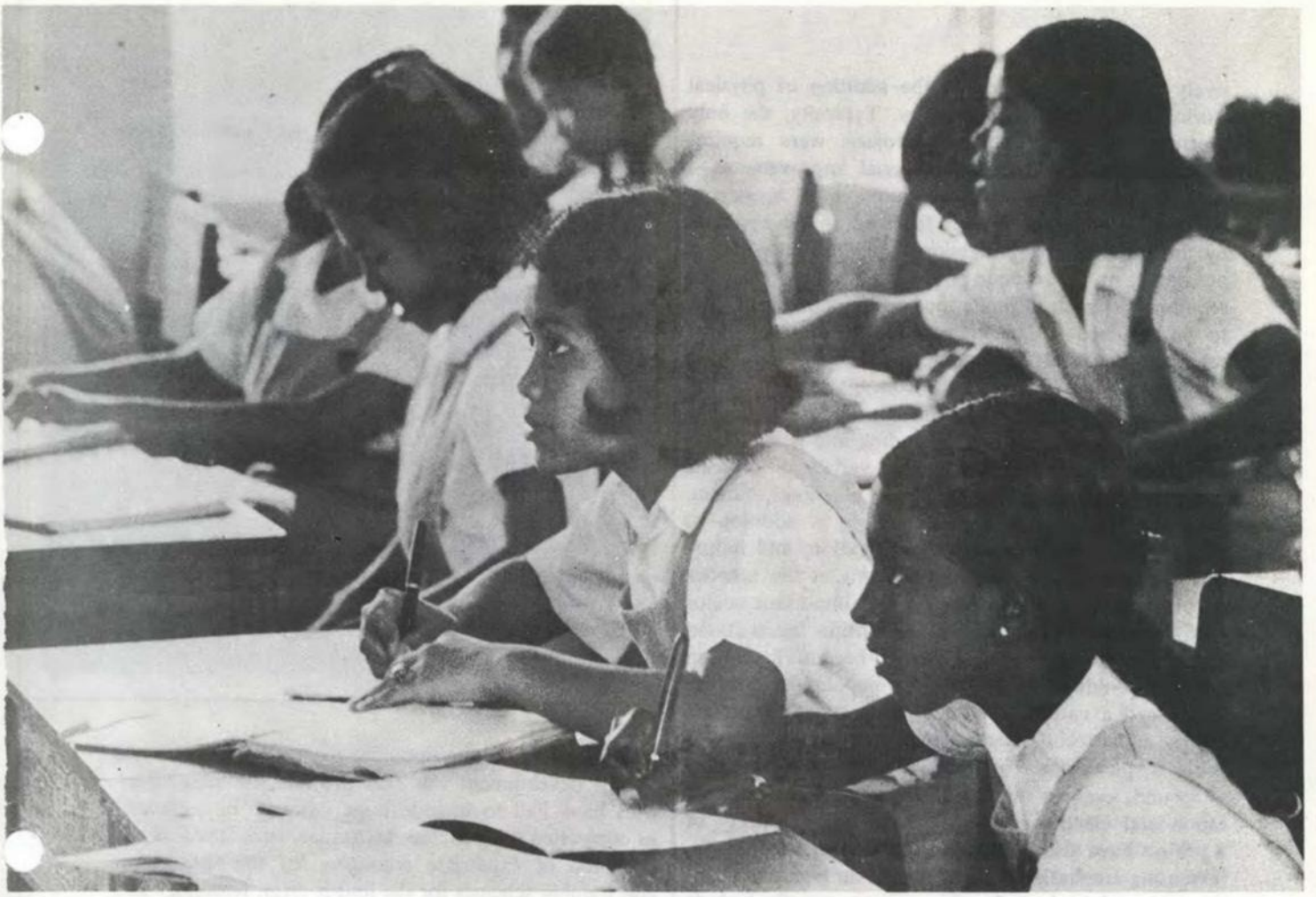
Under their Articles of Agreement, the World Bank and its soft-loan affiliate, the International Development Association (IDA), are required to lend their funds, except in special circumstances, for specific "projects" and are also required to ensure that the proceeds of these loans are used for this purpose.[1] The Articles, however, do not define what is meant by a project. Some negative indications of its meaning can be drawn from the fact that this requirement was one of several included in the Articles to prevent a recurrence of some of the unsound practices characterizing international lending in the nineteenth and early twentieth centuries,[2] but these indications provide only limited guidance.

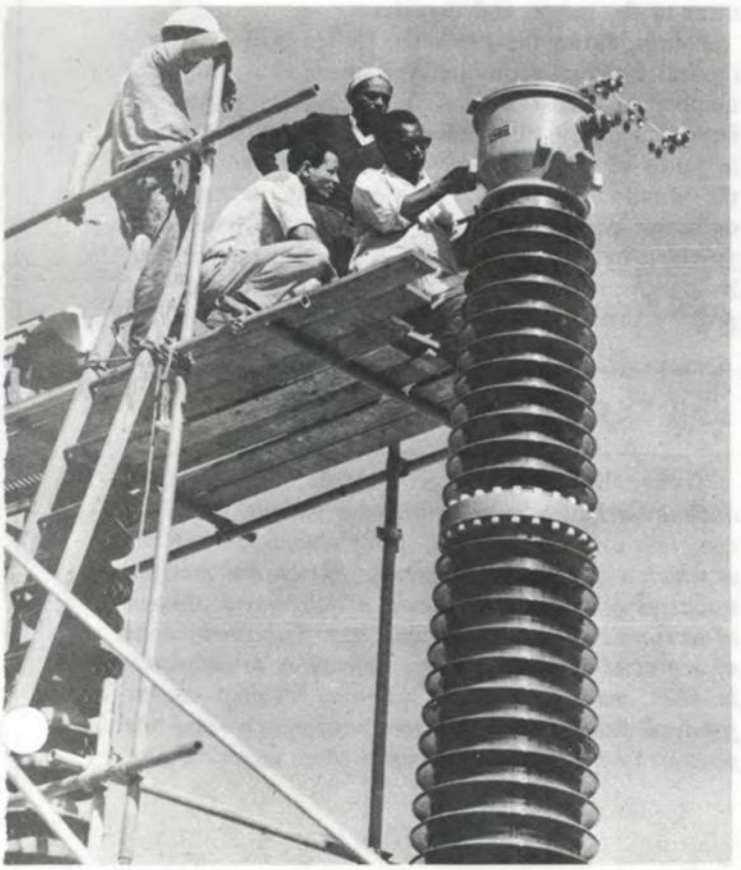
The real meaning of the term must be found by examining the kind of projects for which the Bank has lent its funds over the years. This examination reveals some interesting changes in the concept of a project. Over the years, as the Bank acquired more experience, and as thinking about economic development has become more mature and more sophisticated, the concept has evolved and broadened and has taken



[1] IBRD Article III, Sec. 4(vii) "loans made or guaranteed by the Bank shall, except in special circumstances be for the purpose of specific projects of reconstruction or development." Article III, Sec. 5(b) "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted. . . ."
IDA Article V, Sec. 1(b) "Financing provided by the Association . . . except in special circumstances, shall be for specific projects." Article V, Sec. 1(g) "The Association shall make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided. . . ." In this article all references to the Bank include IDA and all references to bank loans include IDA credits.

[2] See John A. King, *Economic Development Projects and their Appraisal,* (The Johns Hopkins Press, 1967), p. 3.





In its early years, most of the Bank's lending was for "hardware" projects that simply added physical works or goods to the economy—such as dams (left) and power plants (below). Today, Bank lending is frequently for "software": this school (above) typifies the Bank's move into all kinds of synergistic projects that can achieve development objectives by bringing about policy changes.

on, as one of its most significant characteristics, flexibility to adapt to the needs of the particular situation.

In its early years, a large proportion of the Bank's lending was for electric power and transportation projects. These projects varied in size from, say, the Kariba Dam in Central Africa, a large project by any standard, to small thermal power stations in many countries, but they all consisted primarily of extensive civil works such as dams or harbors or the supply of manufactured equipment such as electric generators or locomotives and rolling stock. Frequently the project called for the construction of something entirely new, quite specific and virtually a unit in itself such as a hydroelectric scheme, a new highway, or a new industrial plant. Equally well, the project could be for the expansion or improvement of existing facilities, such as adding a generator to an existing power plant or resurfacing and upgrading an existing road. In both examples, however, the project consisted primarily or exclu-

sively of the introduction or the addition of physical works or goods to the economy. Typically, the only "software" included in these projects were requirements for institutional or managerial improvements—such as the creation of a semiautonomous agency to own and operate the project facilities or the approval by the Bank of the professional qualifications of key personnel; or, in revenue-producing projects, financial requirements such as limitations on the amount of debt to be incurred or an undertaking to earn a stated return on net assets in operation.

By the 1960s, however, the concept of a "project" had already widened. First, starting in the late 1950s, the Bank began expanding its lending into new sectors; today, the Bank lends for a wide variety of projects in agriculture, education, population planning, tourism, telecommunications, and water supply in addition to projects for electric power, transportation, and industry. And agricultural lending, in terms of the number of projects, is now the single most important sector (see Table). By itself, this expansion necessitated changes in the concept of a project, because lending in agriculture, education, tourism, or population planning introduced a variety of new considerations in project design and execution and added new complexities to projects, particularly in their nonphysical dimensions.

Second, even in the traditional sectors of transportation and electric power, changes in the concept of a project have also occurred. In highways, for example, increasing emphasis has been placed on highway maintenance, and projects for this purpose usually include important institution-building elements such as the establishment of a highway maintenance organization, including the necessary decentralization to regional headquarters and depots and the training of maintenance staff. In railways, loans have emphasized modernization of the whole system, in which physical improvements may have less importance than such elements of the project as transport coordination; reorganization of the railway enterprise itself by the reduction of staff and training of the remaining staff, by the closing of uneconomic lines, terminals, or other facilities, and by the modernization of services; or revisions of tariff structures and other financial changes. In power, projects are focusing less on construction of discrete power plants and more on system development, including the development of system planning, improved transmission, distribution and interconnection, and economically sound and equitable tariff structures. In these sectors, therefore, the projects are placing more and more emphasis on policy and institutional changes to make sure that the capital investment part of the project can be as effective as possible; in terms of economic development these elements can be the most important part of the project.

Third, the 1960s saw a vast increase in the membership of the Bank, particularly among countries at the poorer end of the development scale. One consequence of this development was that projects for these countries have had to include large amounts of technical, as contrasted with capital, assistance, such items as the provision of expatriate managers for the short term and training schemes for the longer term, feasibility and engineering studies for the next phases of the development of the sector, and the like.

Fourth, during the 1960s the United Nations Development Program sponsored and financed a substantial number of sector studies. These studies played an important part in developing the concept of investment in terms of the whole sector and paved the way for the multifaceted project of today with its emphasis on sector policy and strategy. Without the foundation provided by these studies, the Bank would have been handicapped in applying the broadened concept of projects that has been evolving during this period.

A cathedral is far more than the sum total of the blocks of stone forming it. It is geometry and architecture. The stones do not define the cathedral; it is the cathedral which gives the stones their meaning. The stones are illuminated by being the stones of a cathedral. The greatest variety of stones support its unity.

Antoine de Saint-Exupéry,
Pilote de Guerre, (authors' translation)

DEFINING A PROJECT

Today, therefore, a project, ideally, consists of *an optimum set of investment-oriented actions, based on comprehensive and coherent sector planning, by means of which a defined combination of human and material resources is expected to cause a determined amount of economic and social development. The components of a project must be precisely defined as to character, location, and time. Both the resources required—in the form of finance, materials, and manpower—and the generated benefits—such as cost savings, increased pro-*

World Bank and IDA Lending by Sectors of the Economy, Fiscal Years 1967–71

Sector	1967		1968		1969		1970		1971	
	Amount $ million	Number of Projects	Amount $ million	Number of Projects	Amount $ million	Number of Projects	Amount $ million	Number of Projects	Amount $ million	Number of Projects
Agriculture	87.00	10	172.50	12	367.30	27	412.88	31	419.10	36
Transportation	238.40	14	247.30	14	474.52	30	660.75	30	651.10	30
Electric Power	334.65	15	268.45	11	369.80	17	537.25	15	500.90	16
Education	51.80	6	24.20	5	81.80	10	79.90	11	107.90	14
Development Finance Companies	75.00	3	159.00	10	193.00	8	216.00	12	253.00	10
Water Supply and Sewerage	1.75	1	22.00	2	34.60	5	32.50	3	188.70	9
Telecommunications	40.20	3	27.00	3	80.70	5	84.60	6	195.50	6
General Development	240.00	2	—	—	125.00	1	75.00	1	110.40	3
Population	—	—	—	—	—	—	2.00	1	7.80	2
Industry	60.00	2	32.50	2	48.00	2	76.50	4	32.00	1
Tourism	—	—	—	—	—	—	—	—	10.00	1
Technical Assistance	—	—	—	—	7.50	3	—	—	4.00	1
Project Preparation	1.49	2	0.55	1	2.03	3	8.58	6	—	—
TOTAL	1,130.29	58	953.50	60	1,784.25	111	2,185.96	120	2,480.40	129

duction, and institutional development—are estimated in advance. Costs and benefits are calculated in financial and economic terms or defined (if quantification is not possible) with sufficient precision to permit a reasoned judgment to be made as to the optimum set of actions.

For administrative and planning convenience, each Bank project constitutes a discrete unit of operation, with its own appraisal, negotiation of terms and conditions, legal documents, Board presentation, disbursement procedures, and supervision. Depending on the objectives and circumstances, the Bank loan may finance a minor or a major part of the items packaged in a project, and the project itself may be limited to a small fraction of the development program for the sector or embrace the whole program. This is a close-packed definition and further explanation may be useful.

Comprehensive Sector Planning

Bank projects are based increasingly on a study of the sector which analyzes the needs for various types of facilities and determines their economic priority. The analysis also covers policy questions relating to the organization and management of the sector. These studies provide the basis, therefore, for a sound sector strategy and for a rational identification, selection, and design of projects. These sectoral analyses are sometimes carried out by Bank staff, or in agriculture or education by staff from the FAO-IBRD or UNESCO-IBRD cooperative programs, respectively; but in transportation, power, and some other sectors, they are more often conducted by firms of consultants financed through UNDP studies for which the Bank is Executing Agency. For example, the Bank is currently making substantial loans to Brazil for transportation and electric power, loans which constitute only a small fraction of the country's total current investment in these sectors; both the Bank's projects and the country's investment as a whole are based on priorities determined by comprehensive studies made in the late 1960s in these fields by consultants working under Bank supervision.

Optimum Set

The project should be made up of a set of actions which have a high priority, often determined as a result of a sector study of the type mentioned above. The elements making up the set should be mutually reinforcing. The Bank should be in a position where it enjoys a comparative advantage in financing and supervising the project. Because the Bank can finance only a small fraction of the investment program of any country, each Bank project should preferably be made up of elements that give it special significance and have catalytic or demonstration qualities that make the project as a whole much more important than the capital input itself. These elements could be a requirement for key decisions on the part of the government, the introduction of institutional or legal changes to remove constraints on development, the creation of opportunities for demonstrating technology or institu-

"Bank projects are based increasingly on a study of the sector which analyzes the needs for various types of facilities and determines their economic priority."

tional approaches new to the country, or the provision of technical assistance to make possible or improve the implementation of other elements in the project in question or to prepare the way for future projects. The optimum set, therefore, is made up of tangibles and intangibles.

Investment-Oriented

Projects, in principle, finance only capital expenditure as contrasted to current operating costs. In some instances, however, some of what appear to be current operating costs should be treated as capital costs—for example, the costs of expatriate staff and training local staff associated with starting a new program or bringing new facilities into production—and be included in the project.

Defined Combination of Human and Material Resources

Each Bank project, and its component elements, must be precisely defined in order to avoid dispersing the relatively limited amount of funds and staff at the disposal of the Bank and its borrowers over targets which are imprecise or too ambitious. Such precise definition is necessary for many reasons—to comply with the spirit of the Articles of Agreement, to provide the basis for the decision to invest, to achieve the basic understandings on which successful project execution and effective supervision depend, and to realize the catalytic or demonstration effects sought as part of the project. The latter can be realized only if they are clearly defined and understood. During the work on project identification, design, and appraisal, Bank staff frequently cause the project to be changed in size and scope from what was originally conceived and proposed by the government or its agencies, in order to increase the project's likelihood of success and its potential to achieve effects within the sector and the economy more lasting, more widespread, and more profound than those of the physical inputs.

The resources, human and material, come from many sources. For a Bank project, the Bank and the government or its agencies are usually the major contributors, but bilateral aid programs may provide both funds and people, and the regional banks may contribute money and the Specialized Agencies technical assistance. The project must provide a plan whereby everything that is needed for the successful execution of the project is identified and provision is made for supplying each element at the appropriate time. Experience suggests that it is a good deal easier to identify and provide the tangible elements of the project—the civil works, the equipment and the funds needed to pay for them—than the less tangible project elements such as the adoption of policy changes or the creation of an operating entity with a well-trained staff and a competent management.

Calculation of Costs and Benefits

Before a project is presented to the Executive Directors of the Bank, it is appraised from several aspects—technical, institutional, organizational and managerial, and economic and financial—in order to determine whether it has a reasonable chance of achieving its objectives and whether these objectives constitute the best set of objectives available in the sector at the time.[3] In this appraisal, economic and financial costs and benefits are estimated, and the economic and financial rates of return are key factors in making the judgments involved. Efforts are made to determine the sensitivity of these rates to changes in the basic assumptions underlying them, such as those relating to construction costs, demand for the goods or services to be provided by the project, world prices, and the like, and to evaluate the risks inherent in the project. Some of the elements of a project, however, such as policy or institutional changes, may be so intangible as to defy quantification; in such cases, every effort should be made to define the crucial elements with sufficient precision to make possible reasoned judgments.

Discrete Unit of Bank Group Operations

Within the Bank each project is a unit with a life cycle of its own. Though each project always is based on close collaboration at all stages between the Bank, the government, and the borrower, projects follow a wide variety of paths from their conception to completion and operation and all have their individual characteristics and problems. Nevertheless, projects do go through common stages in the course of their life cycle, and at each of these stages the Bank treats each project as a separate identity. The first stage is identification—the process of identifying in a preliminary way which projects are of high priority and might be suitable for Bank financing. The second stage, which

[3] For a general discussion of appraisal see John A. King *op. cit.*, pp. 5–14.

Transplanting oil palms in the Jengka Triangle, Malaysia: in terms of the number of Bank Projects, agricultural lending is the largest sector.

may take a long time, is preparation; this covers all the steps necessary to bring a project to the point where its technical, economic, and financial feasibilities have been established and it is ready for appraisal. The third stage, appraisal, has already been mentioned. The fourth stage is negotiation. Here the Bank and the borrower endeavor to agree on the various elements making up the project and the measures necessary to ensure its successful implementation. These agreements must then be converted into legal obligations, which are set out in the loan documents. The final stage is supervision during the period of construction and subsequent operation. The purpose of supervision is to ensure that the project is executed as planned, or modified because of changed circumstances, so that the development objectives are achieved.[4] An important feature of the project cycle is that frequently one project engenders another.

Financing Part of the Items in a Project

In determining what the Bank finances in a given sector, three interrelated sets must be considered—the elements of the project to be financed by the Bank, the project itself, and the sector investment program. Often, the elements financed by the Bank are only a fraction of the project, and the project itself is usually only a part of the investment in the sector. But the combination is flexible and, in some instances, typically in telecommunications and sometimes in power or railways, the project comprises the whole sector program. For example, in the case of the Brazilian highways mentioned above, the Bank financed $100 million of the second (1970) highway project's estimated cost of $255 milion and the project was only a small part of the highway sector program which projected expenditures of about $3.3 billion during the four-year construction period of the project. For the 1969 IDA credit for railways in India, the Bank Group's tenth railway project in India, the mix was different. IDA limited its financing to part of the foreign exchange costs of the project. The project, however, consisted of the first two years of the railways' five-year investment program under India's Fourth Five Year Plan (1969/70-1973/74); in other words, the "project" and the sector program for railways, or the first two years of that program at least, were synonomous. Under these arrangements the items financed by IDA amounted only to $55 million or 8 per cent of the estimated cost of the two-year program/project of about $700 milion.

In deciding the relationship between these three sets, the Bank takes a number of factors into consideration. Often, it seeks a wide definition of the project, and a close correlation between the project and the sector program, in order to get wide application of the policy changes and sector strategy it is advocating. By defining the project broadly, the legal obligations undertaken by the borrower have a wider potential impact. But this objective must be balanced against the dangers of dispersion of effort and impact mentioned above. In determining how much of the project the Bank will finance, a number of other factors have to be considered. Frequently, the Bank finances only the foreign exchange costs of the items making up the project. Sometimes the country or the borrower may prefer to seek financing for the foreign exchange costs of certain project items from bilateral sources

[4] For a fuller exposition of the project cycle, see Warren C. Baum, "The Project Cycle," *Finance and Development*, (June 1970).

or the UNDP, and the Bank, if it agrees that such arrangements are in the best interest of the borrower, accepts them.[5] This is often so with certain types of technical assistance that are available on a grant basis from bilateral sources or the UNDP. In some kinds of projects, notably in agriculture, education, and population planning, the foreign exchange costs may not constitute a large enough proportion of the project to provide the basis for introducing the policy or organizational changes which the Bank considers essential to the project, and the Bank may then finance some local currency costs of the project, provided that the general economic situation of the country makes it eligible for local cost financing.[6] In conclusion, the amount of the project which the Bank will finance will be determined by the circumstances of that project, by its relation to the sector program, and by the country's economic position.

A Bank project is thus designed today to provide the borrower and the member country wih a capital investment which will contribute directly to economic development by providing an adequate rate of return but which will also provide such other benefits as the transfer of knowledge and experience through the introduction of new technology, institutional and policy changes, or social and human development through training or demonstration. As noted above, these characteristics tend to give Bank projects a special status in the sector of the economy, and they may appear to require for their implementation disproportionate amounts of scarce resources, such as managerial or technical staff, skilled manpower, or the attention of the government at a high level. As a result, the Bank is sometimes accused of selfishness and of robbing Peter to pay Paul. But we are convinced that, over the longer term, this concentration of effort produces an impact on the sector that brings catalytic or demonstration benefits that outweigh the short-term costs.

SOME EXAMPLES

The points made above are best illustrated by examples. Many recent Bank projects could be chosen; we have avoided the obvious choice of projects in sectors which are new to the Bank, such as population planning or tourism, and have instead selected four projects in more traditional sectors—the 1968 and 1970 Brazilian Highway projects, the 1970 Kenya Highway Maintenance Project, the 1971 Senegal Resettlement Project, and the 1970 Power Project in Mexico. These examples give an insight into the flexibility and adaptability of projects today and into the importance of their nonfinancial elements.

Brazilian Highway Projects

In 1964 a Bank Economic Mission concluded that Brazil's transportation system faced serious problems and that changes and improvements were needed urgently in its planning, operation, and administration. As a result, the Government agreed that a study of the transport sector should be undertaken, in two phases, by consultants under the supervision of the Bank. As a precondition to both phases, the Government agreed with the Bank on certain specific steps to improve the performance of the transportation system. These two phases were carried out with financing from Brazil, UNDP, the U. S. Agency for International Development, and the Bank in the period 1965–70. Phase I covered highway transport in 4 states, railway transport, coastal shipping, and port operation in Brazil's three main ports. Phase II covered highway transport in 14 other states. In both phases the organization of the state highway departments was studied, and plans for their reorganization developed.

The first highway project, approved in October 1968, grew directly out of Phase I. It called for the

[5] In a few instances projects have been financed jointly under special agreements between the Bank and the principal equipment-supplying countries. See the Mexican electrical power project described later.

[6] Local currency financing is a complex subject and this paper does not attempt to deal with it comprehensively. Nor does it attempt to describe how the foreign exchange costs of a project are determined. It may be noted, however, that the Pearson Commission recommended that aid agencies "take a generous view of local costs" in its discussion of local currency financing (*Partners in Development,* Praeger, 1969, p. 177).

The older characteristic Bank loan, for massive projects such as harbors (left) and mining (above) had few requirements for "software" except for institutional or managerial improvements.

construction of three paved highways totaling 165 km., the paving of 264 km. of four highways and the associated detailed engineering and supervision of construction. Important elements associated with the project were

(a) The first steps in the reorganization of the Federal Highway Department, which had been studied separately by Brazilian management consultants, and of the highway departments of four states.
(b) Enforcement of the weight regulations on highways and implementation of the consultants' recommendations for improvement in the programing and execution of road maintenance in the 4 states.

The Bank's loan of $26 million covered the estimated foreign exchange costs of the project.

When the second highway project was being appraised in 1969, considerable progress had been achieved in these reorganizations. The new structure for the Federal Highway Department had been legally established and its reorganization and decentralization were proceeding along the lines agreed. At the same time, progress was being made in the reorganization of the four state highway departments. Design standards, agreed for the first project, had been legally adopted as general design standards for the whole country. In addition, local consultants, whose capabilities had been developed through working with the foreign consulting firms having primary responsibility for the transport study, had become established in nearly all states and had carried out the studies for all but one of the highways proposed for the second project.

The second highway project, which grew directly out of both phases of the transport study, included

(a) The construction of 872 km. of paved highways in five states and improvement and paving of 1,267 km. of highways in seven states, including the related supervision.
(b) Additional consulting services to carry out detailed engineering for 2,290 km. of road sections and to make feasibility studies for 3,814 km. of road sections, all chosen on the basis of the transport study, to strengthen the planning activities of the Federal Highway Department, and to improve methods and procedures for the supervision of construction in the state highway departments. The engineering and feasibility studies were the first steps of a continuing process to prepare further projects suitable for Bank lending.

The project continued the reorganization of the Federal Highway Department, including further delegation of maintenance functions to state highway departments that had become capable of accepting such delegation; improvements in the Federal Highway Department's procedures for bidding and contracting along the lines begun in the first highway project; and reorganization of the state highway departments (already begun for four states in the first project). The Bank's loan of $100 million was intended to cover the estimated foreign exchange costs of about $53 million and about $47 million of local expenditures of a project whose total cost was $255 million.[7]

A loan for a third highway project based on the studies made in the second was approved in March 1972. This project followed the same pattern of combining physical improvements of the highway system with institutional improvements, and continues the preparation process for future projects. It includes some assistance to the Federal Highway Department in developing a highway training center to impart the techniques acquired over recent years to the large engineering staffs of the federal and state highway departments.

In short, by helping to finance a sector study and a part of projects limited to a small fraction of the sector program derived from that study, the Bank helped Brazil to achieve significant improvements in the effectiveness of the transport sector, including institutional improvements which promise to have a lasting impact.

[7] The project was part of a highway sector program with estimated expenditures of about $3.3 billion.

Kenyan Highway Maintenance Project

The rapid pace of Kenya's economic growth in recent years has placed heavy demands on its transport sector. Agriculture, which provides more than a third of gross domestic product (GDP), and tourism, the largest single earner of foreign exchange, require a reliable system of all-weather roads. But by 1970, despite substantial investments in the road network, including some Bank projects, many of the roads serving important agricultural and tourist areas did not provide all-weather service and their condition was deteriorating. The maintenance problems resulted in part from an organizational structure in the Ministry of Works which was no longer suitable. The Bank had already started work on this problem by including in its 1969 highway project, which was primarily concerned with the construction and reconstruction of both trunk and feeder roads, provision for a management study of the Ministry's highway transport functions.

The 1970 highway maintenance project was designed to deal with these problems by strengthening the headquarters and field organization of the Roads Branch of the Ministry of Works and by providing the means for carrying out a four-year program of improved maintenance for 19,000 km. of the roads that are most important to Kenya's economy. What we have here, then, is an example of an institution building project. Specifically, it included the following:

(a) The reorganization of the Roads Branch, according to the recommendations of the management study, through a staffing and training program that would not only meet immediate operational needs but would also provide training for Kenyan counterparts.

(b) Purchase of road maintenance and workshop equipment including spare parts.

(c) Construction and improvement of regional workshops, offices, and road maintenance camps required by the reorganization.

(d) Training of maintenance personnel at all levels, including the staffing of an expanded training center, construction of new facilities for it, and the purchase of training equipment. Initially, expatriates would be required for curriculum planning and instruction, but Kenyan counterparts were to be trained to take over these responsibilities. Twelve hundred supervisors, operators, and mechanics were to be trained over the four-year life of the project.

(e) Consultant services to introduce cost accounting techniques, budgeting, and management control procedures.

The estimated cost of the project was $18.1 million. The IDA credit of $12.6 million, together with a U.K. grant of $400,000, covered the foreign exchange costs of $13 million. The Government of Kenya undertook to meet the local costs estimated at $5.1 million and the recurring expenditures required to carry out the four-year maintenance program estimated at $34 million.

African Rural Development Projects

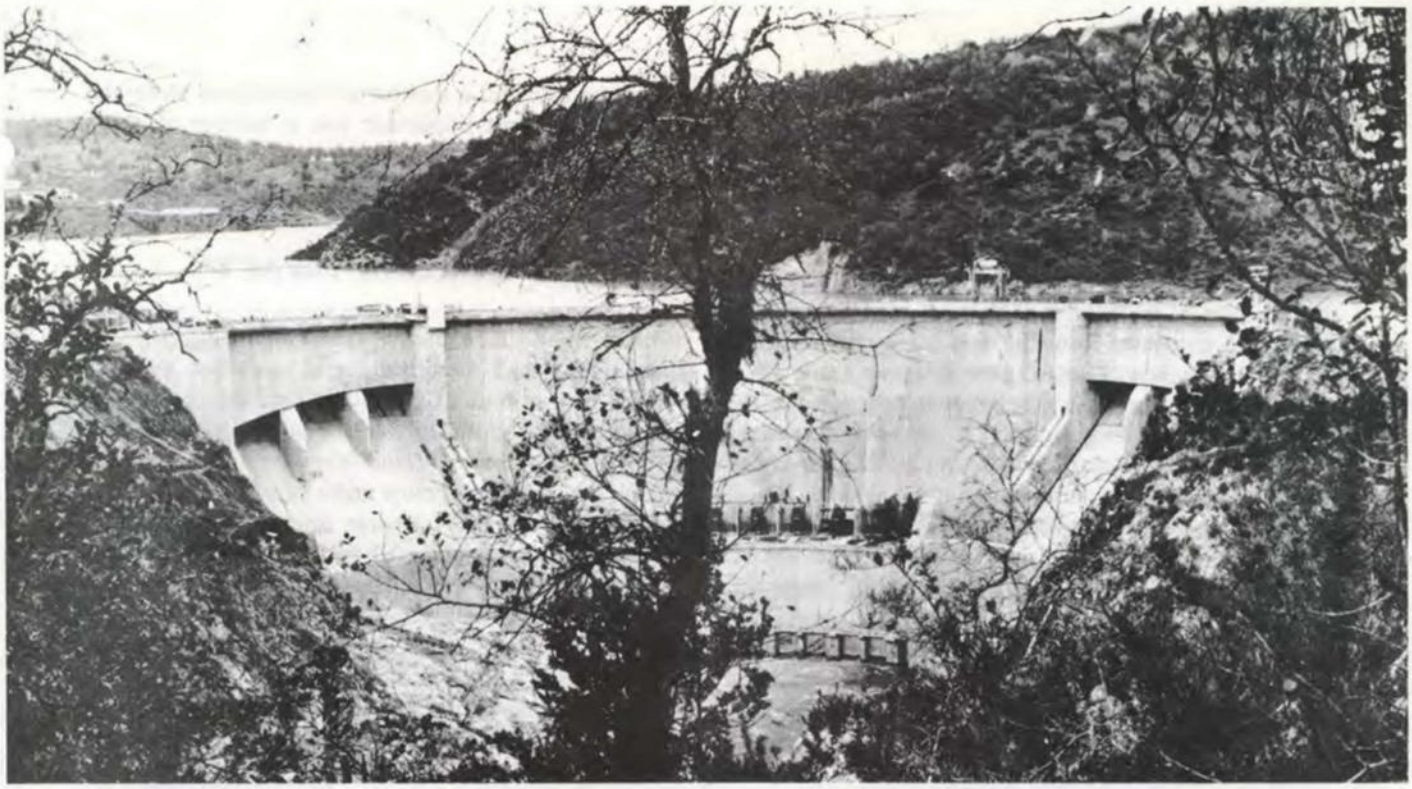
In recent years, IDA has helped to finance a number of agricultural development projects which are intended to have a significant effect on agriculture and on rural life through a concentration of effort, technical and institutional innovations, and large amounts of technical assistance.[8] In Senegal, IDA has helped finance two projects having these characteristics, designed to improve the lot of farmers in the Groundnut Basin. These farmers, in particular, and Senegal, in general, suffer from an overdependence on groundnuts, which account for 75 per cent of the cash crop income for farmers and 80 per cent of the country's exports in terms of value. In addition, the Groundnut Basin is characterized by overpopulation, underemployment, malnutrition, and high rates of infant mortality, while other regions in the country are underpopulated.

IDA's first effort was an agricultural credit project, approved in February 1969, with the objective of increasing farmers' incomes and government revenues during a period of declining export prices for groundnuts, through the provision of credit and substantial amounts of technical assistance. About half of IDA funds are intended for the technical assistance aspects of the project, which are directed at institutional changes and improved farming techniques.[9]

The second effort is a resettlement project, approved in June 1971, for which IDA granted a credit of $1.35 million. The project calls for recruiting 300 farm families in the Groundnut Basin and transporting and settling them over a three-year period in a designated area in Senegal's Eastern Region in six villages to be located and developed under the project. These villages are to

[8] One very good example of this kind of effort is the Lilongwe Development Program in Malawi for which IDA has made two credits, one of $6 million in February 1968 and one of $7.25 million in May 1971. It is described in *Finance and Development*, June 1971, "Lilongwe: A Quiet Revolution," by Thomas A. Blinkhorn.

[9] This project is described in greater detail in *Finance and Development*, March 1972, p. 34.



The new Rapel River dam in Chile: the Bank continues to lend for "hardware" projects but great changes in the concept of such projects have occurred.

have schools and health facilities provided by the Government. To achieve this objective the project includes

(a) creating, staffing, and equipping the Société des Terres Neuves (STN), the state corporation charged with executing the project;
(b) surveying the project area in detail;
(c) constructing wells, feeder roads, and warehouses;
(d) providing extension services both to project settlers and to the approximately 250 farm families who have already migrated to the area, including the provision of seeds, fertilizers, and pest control;
(e) providing seasonal and medium-term credit to both groups through a revolving fund to be operated by STN;
(f) providing a central pool of equipment for hire to project farmers; and
(g) conducting the studies needed to evaluate the prospects of the settlement program and to determine the size, scope, and approach for its subsequent phases.

Though small, the project is intended as the first step in preventing uncontrolled migration which is tending to reproduce in the new areas the problems which bedeviled the Groundnut Basin—lack of suitable land tenure, uncontrolled cropping, fragmentation of holdings, and excessive concentration on groundnut production. The project is to achieve this through controlled development of new land, introduction of new methods of cultivation, and diversification of cropping patterns. The crop rotation would include groundnuts, but would add cotton for export and maize and sorghum for domestic consumption. The studies are designed to prepare a sound basis for a much larger project, the settlement of 2,500 families planned to begin in 1973.

This project directly affects the whole life of individual farm families and requires an intensive effort not only in planning and introducing institutional and technical changes but also in motivating these people to adopt these changes. It is a far cry from a simple engineering-oriented project like a new thermal power plant.

Mexican Electrical Power Project

The Bank's lending for power in Mexico illustrates one aspect of the evolution of the Bank's concept of a project. The first loan in 1949, early in the Bank's lending operations, provided $24.1 million to finance the estimated foreign exchange costs of increasing Mexico's installed generating capacity of about 1,000 Mw by a third. The project consisted of the complete construction, or the completion of works already under way, in 7 specified hydroelectric schemes, 4 thermal stations, and 32 diesel stations, plus additions to

several existing hydroelectric and thermal stations, together with the related distribution and transmission systems. The project was entirely physical in character with no policy, institutional, or demonstration characteristics.

The Bank has helped to finance 9 more power projects in Mexico. The last of these, for which the Bank made a loan of $125 million in February 1970, was of a different character from the first in several respects. First, the project was, in fact, the first two years, 1970 and 1971, of a ten-year development program for the power sector, a rolling program reviewed and updated each year.[10] The project consisted of a wide variety of physical facilities—generating plant of various kinds, transmission and distribution lines, and related equipment. Second, the project was jointly financed by the Bank and the main equipment-supplying countries. Under the joint-financing agreement, the Bank and these countries share, according to an agreed formula, in the financing of equipment orders placed on the basis of international competitive bidding. Third, the Bank loan was not allocated to specific contracts but rather was available to help meet the Bank's share of the joint financing, as determined by the agreed formula on the basis of international competitive bidding, of items in the sector program. The specific amounts could not, of course, be determined until after the bidding. Fourth, the project included a number of institutional elements, of which the most important was a number of steps leading toward unification of frequencies in the system and toward more unified planning and management.

[10] The two preceding projects, for which loans of $90 million and $16.16 million were made in June 1968 and December 1965, respectively, were also for a time-slice of the development program for the power sector. A similar project for the next tranche of the sector program is currently under consideration.

MAXIMIZING IMPACT

In the Bank's view today, therefore, a project is certainly more than a mere transfer of resources, a simple addition to the stock of productive facilities in the borrowing country. Because Bank lending can meet only a very small fraction of the investment needs of the developing countries, it must make sure that these transfers have the greatest possible impact. The transfers, therefore, must be combined with other elements such as technical assistance, institutional reform, or policy decisions that will be mutually reinforcing, into a "project" to have this impact. A "project," therefore, has become a flexible tool for achieving development objectives by bringing about policy changes, by introducing technological, institutional, or social innovation and by demonstrating their effectiveness, or by increasing the quality and quantity of human resources. To do this, projects must be flexible and adaptable; they can cover an entire sector or they can be limited to discrete components of the sector as the circumstances dictate. Yet they must also be clearly defined and focused on the objectives to be achieved in order to have the catalytic or demonstration effects which give meaning and continuing significance to the transfer of resources, and which make projects more than the sum of their parts.

Bernard Chadenet

Bernard Chadenet, a Frenchman, was educated at the Sorbonne and the Ecole Supérieure d'Electricité in Paris, and later attended the Advanced Management Program of the Harvard Business School. He was Manager of NEYRPIC AFRIQUE, Algiers, from 1947 until 1954, when he joined the staff of the Public Utilities Division in the Bank. In 1958 he returned to NEYRPIC in Grenoble, rejoining the Bank in 1964, where he is now Deputy Director in the Office of the Director, Projects.

John A. King, Jr.

John A. King, Jr. graduated from Harvard College in 1940 and from Harvard Law School in 1948. He joined the World Bank in 1963 and worked first at the Economic Development Institute preparing a casebook on project appraisal, Economic Development Projects and Their Appraisal. *Subsequently, he served in the Development Services Department as a Policy Planning Officer. Since March 1970 he has been Training Adviser in the Office of the Director, Projects, working on the training and institution-building aspects of Bank projects.*

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BERNARD CHADENET
Vice-Président de la Banque Mondiale

ESPOIRS AU TIERS MONDE ?

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1829-1973

La Revue des deux mondes, *créée en 1829, est la plus ancienne et la plus jeune revue littéraire française. Elle joue, en raison de son indépendance et de son libéralisme, un rôle d'importance majeure dans tous les milieux littéraires, politiques, diplomatiques, universitaires et économiques.*

Dès 1831 elle devint célèbre sous la direction du Savoyard François Buloz. Tous les jeunes romantiques tinrent à faire publier leurs œuvres dans cette revue d'avant-garde : de Musset, Hugo, Vigny, Balzac, George Sand, Alexandre Dumas. Elle eut l'audace de publier en 1855, dix-huit poèmes des Fleurs du Mal *de Baudelaire. Elle fit connaître le* Port-Royal *de Sainte-Beuve, des œuvres de Michelet, Théophile Gautier, Stendhal, Mérimée, Nerval, Renan, Gobineau, José Maria de Heredia, Leconte de Lisle. Après 1870, elle participa activement à la réforme intellectuelle et morale souhaitée par Taine, Renan et Berthelot.*

Elle ne devait pas tarder à devenir la plus renommée des revues littéraires et politiques où collaborèrent Maurice Barrès, Anna de Noailles, Henri de Régnier, Pierre Benoit, François Mauriac...

Elle avait su s'assurer le concours d'hommes politiques comme Raymond Poincaré, Louis Barthou et Léon Bérard et de romanciers et historiens qui devinrent rapidement célèbres : Jérôme et Jean Tharaud, André Maurois, Emile Henriot, Jean-Louis Vaudoyer, Jérôme Carcopino, Jules Romains, Henri de Montherlant. Elle a publié depuis la guerre des textes du maréchal Juin, de Maurice Genevoix, Joseph Kessel, Jacques de Lacretelle, le duc de Broglie, Wladimir d'Ormesson, Paul Morand, Roger Caillois, Marcel Achard, André Roussin, René Clair, des ducs de Mirepoix et de Castries, Jean Guitton, Etienne Gilson, Jacques Rueff, Etienne Wolff, Marcel Brion, René Huyghe, André Chamson, Maurice Druon, Pierre-Henri Simon, Jacques Chastenet, du cardinal Daniélou et de Me Izard de l'Académie française, de Robert Sabatier et de Bernard Clavel de l'Académie Goncourt, du professeur Robert Debré, de Pierre Messmer, Jacques Chaban-Delmas, Michel Debré, Jacques Duhamel, Antoine Pinay, Jean Lecanuet, du père Riquet, de la princesse Bibesco, de Geneviève Tabouis...

La Revue des deux mondes *publie régulièrement la chronique diplomatique de François Seydoux et les* Portraits par un inconnu *qui ont suscité une très vive curiosité.*

BERNARD CHADENET

ESPOIRS AU TIERS MONDE ?

Tant de reportages décrivent échecs, famines et apocalypses, tant de nuages assombrissent l'avenir du Tiers Monde que le moment paraît venu d'examiner les principaux obstacles qui s'opposent à son développement et d'évaluer nos espoirs de les vaincre. Car, c'est bien de nos espoirs à tous qu'il s'agit, et il serait irréaliste de croire que puissent longtemps voisiner en paix, dans un monde que condense la rapidité des communications et que tend la révélation des privilèges d'autrui, un milliard d'habitants de plus en plus prospères face à une marée montante de déshérités. Un développement économique équitable est la condition primordiale d'une harmonie durable sur notre planète, et les immigrations illégales sont un signe avant-coureur des risques que son absence ferait courir à nos descendants.

Si depuis peu des « objecteurs de croissance » dressent des obstacles mythiques sur la voie du développement, celui-ci se heurte à des obstacles bien réels, parmi lesquels les plus redoutables sont sans doute l'alimentation insuffisante du Tiers Monde, l'explosion démographique, le dilemme entre croissance et justice, les termes défavorables des dettes et des échanges, et l'insuffisance de l'aide. En face de chacun de ces obstacles s'élèvent certains espoirs, assez concrets pour s'opposer au paralysant défaitisme actuel, et plus de dix ans au service du Tiers Monde à la B.I.R.D. (1) m'incitent à en témoigner.

Au seuil de ces tentatives de prévision, gardons-nous en tout cas des illusions exponentielles, dont les croissances éclatantes s'humilient inexorablement par inflexions, ruptures ou mutations. Ainsi l'écu d'or que notre ancêtre gaulois aurait placé à 5 % n'a pas accaparé tout l'or

(1) La B.I.R.D. (Banque Internationale pour la Reconstruction et le Développement), ou Banque Mondiale, fut fondée en 1946. Elle a 122 pays comme actionnaires, dont les plus importants sont les Etats-Unis, la Grande-Bretagne, l'Allemagne, la France et le Japon. Son siège est à Washington, et depuis 1968 elle est présidée par R.S. McNamara. Elle finance essentiellement des projets productifs au Tiers Monde, et prêta 14 milliards de francs pendant l'exercice 1972-1973. Plus de la moitié de ce total fut prêté à 7,25 % d'intérêt pour 18 ans en moyenne, le solde étant des crédits « doux », accordés aux pays les plus pauvres, sans intérêt et pour 50 ans, par l'intermédiaire de la Société Internationale de Développement (I.D.A.).

du monde par ses intérêts composés, et le baron Haussmann projetant à cent ans l'avenir de Paris aurait pu démontrer que la capitale serait paralysée par le transport de l'avoine et du crottin, exigés et produits par le nombre exponentiel de chevaux résultant de la croissance de la ville et de l'enrichissement de sa population.

FAUX OBSTACLES

Faut-il vraiment, par crainte de la pollution et de l'épuisement des ressources naturelles, bloquer la croissance économique quitte à sauvegarder l'opulence des pays riches et à maintenir les pays pauvres dans leur misère ? Cette thérapeutique, préconisée par le Club de Rome, s'appuie sur un diagnostic dont seule l'explosion démographique constitue un symptôme sérieux. Le plafond de la pollution ? C'est un problème grave, mais il ne touche guère les pays pauvres, et dans les pays riches un réveil récent de l'opinion exige enfin la mobilisation de dispositifs de protection de l'environnement qui se révèlent déjà efficaces, comme en témoignent l'atténuation des brumes de Pittsburg et de Londres ainsi que le retour des poissons en Tamise. Quant aux échappements automobiles, principaux facteurs de pollution atmosphérique, ils seront purifiés sur les voitures livrées dans deux ou trois ans. De plus, ces remèdes sont relativement peu coûteux, 2 % pour les centrales thermiques, 10 % pour les automobiles et 5 % pour les produits industriels : qui renoncera à l'achat de son journal lorsqu'il faudra le payer un centime de plus pour épargner aux rivières les liqueurs noires que déversent les usines ? Au Tiers Monde, peu industrialisé, où il suffit de prévenir sans avoir à guérir, on constate que le coût des protections est presque insignifiant.

L'inventaire des matières premières, dont le Club de Rome prévoit l'épuisement rapide, est souvent trop pessimiste ; c'est ainsi que d'après lui les ressources mondiales de fer ne seraient que quintuplées au cours des cent prochaines années, tandis qu'une telle croissance a été atteinte au cours des douze dernières années, et qu'une augmentation des prix de vente du minerai de 30 % permettrait de doubler immédiatement les ressources économiquement exploitables. L'inventaire néglige les ressources sous-marines en nodules de cuivre, nickel, plomb, cobalt, fer, etc., probablement exploitables d'ici la fin du siècle pour une fraction du coût des exploitations minières actuelles.

Même la préoccupante crise de l'énergie n'est pas insurmontable à terme car de nouvelles ressources apparaissent, tandis qu'un gaspillage prodigieux enfle la demande : pourquoi deux tonnes de métal et un moteur gargantuesque pour véhiculer un ou deux passagers ? Pourquoi, dans une civilisation où les loisirs s'allongent, dilapider de l'énergie à chauffer du vent pour gagner dangereusement quelques minutes ? Le confort exige-t-il que climatisation et chauffage soient réglés pour que l'on grelotte l'été et étouffe l'hiver ? Du côté des ressources, les centrales nucléaires, et notamment les réacteurs surgénérateurs à consommation négligeable d'uranium et le relai de la fission par la fusion constituent des mutations techniques encourageantes. Si les réserves exploitables de pétrole plafonnent à trente années de consommation, les réserves en charbon — lequel sera utilisé sous forme solide, gazeuse ou liquide — leur sont trente fois supérieures et l'Amérique, principal consommateur d'énergie, possède dans son sol d'énormes gisements

de pétrole schisteux que l'enchérissement des prix rendra économiquement exploitables. C'est justement l'intervention du mécanisme des prix, négligée par l'ordinateur du Club de Rome, qui réduira les gaspillages, rentabilisera les récupérations et provoquera des mutations techniques. C'est ainsi que les moteurs consommant 30 litres aux cent kilomètres disparaîtront à mesure que le prix de l'essence augmentera et qu'ils apparaîtront à nos petits-enfants comme d'archaïques extravagances.

OBSTACLES REELS

1) *INSUFFISANCES ALIMENTAIRES*

Les insuffisances alimentaires constituent le premier des cinq obstacles réels qui obstruent la voie du développement et le niveau actuel des ressources alimentaires du monde est particulièrement préoccupant : tandis que la production mondiale de céréales, de 1 200 millions de tonnes en 1971, aurait dû augmenter de 40 millions de tonnes en 1972, une combinaison exceptionnelle de sécheresse et de gel, notamment en Russie et en Chine — principaux producteurs de blé après les Etats-Unis — et une mousson médiocre en Inde et au Pakistan, réduisirent la production d'autant. Ce manque à produire de 80 millions de tonnes, aggravé par une très mauvaise saison de pêche au Pérou — premier producteur mondial de farine de poisson pour bétail — a entraîné des achats massifs de céréales aux Etats-Unis, réduisant les stocks au plus bas niveau depuis 1950 (1) et enfiévrant les prix de plus de 50 %. Les récoltes de riz au Bangla-desh et en Indonésie furent également médiocres tandis que de graves inondations détruisirent des moissons aux Philippines. Peu après, la plus grande sécheresse du siècle annihile la moitié des récoltes, décime les troupeaux et affecte cruellement les 25 millions d'habitants des six pays du Sahel africain.

Ces catastrophes s'inscrivent cependant dans un accroissement annuel moyen de 3 % des ressources alimentaires mondiales, soit un doublement chaque génération. Ce rythme de croissance serait satisfaisant s'il n'était étalonné par l'explosion démographique et si d'ores et déjà un milliard d'habitants n'étaient sous-alimentés. Aggravant cette carence quantitative, de graves déficits en protéines handicapent le développement mental et physique des jeunes enfants et minent l'énergie des adultes. Pour pallier ces insuffisances la F.A.O. estime qu'il faudrait rapidement accélérer d'un tiers la croissance annuelle de la production alimentaire, tout en améliorant ses qualités nutritives.

Quels sont les germes d'espoirs que nous voyons poindre dans ce domaine ? A la fois obstacle grave, comme nous le verrons plus loin, mais potentiel considérable de production agricole supplémentaire, les nombreuses populations rurales pauvres, que le développement a jusqu'à ce jour laissées à l'écart, devront désormais y participer et en bénéficier par l'amélioration de leur productivité.

(1) Epoque à laquelle la population du monde n'était que les deux tiers de sa population actuelle.

D'autre part la révolution verte, mise en doute par certains, est bien vivante et grâce à ses nouvelles semences les récoltes de riz, de blé et de maïs ont doublé ou triplé en zones irriguées. Il faut donc rapidement trouver des semences adaptées aux deltas à eaux profondes et aux très vastes zones semi-arides, et il faut aussi étendre ces progrès à d'autres plantes telles que féculents et légumineuses.

L'étonnante modicité des dépenses consacrées aux recherches qui ont abouti aux semences miracles, comparée aux immenses gains de production qui en découlent, augure bien de la poursuite et de l'extension de telles percées agronomiques. Grâce à un effort international qui, sous l'égide de la F.A.O. et de la B.I.R.D., mobilise et conjugue les efforts financiers et techniques d'une douzaine de pays engagés dans ces problèmes, les ressources nécessaires à l'intensification de la recherche agricole commencent à se dégager.

Quant à la qualité de l'alimentation, et notamment sa teneur en protéines si essentielles à la formation des cellules cérébrales des jeunes enfants, il semble qu'elle puisse être améliorée à coût relativement faible par l'addition de protéines aux aliments ou par le développement de nouvelles cultures telles que celle du maïs lysiné. L'aquaculture est un domaine encore peu exploité et la même évolution qui a permis à nos lointains ancêtres de passer de la chasse à l'élevage devrait nous permettre de passer de la pêche — fut-elle au radar — à des élevages à haut rendement, en lacs, bassins et rivières, et au long des milliers de kilomètres de lagunes qui longent tant de bordures de continents. Il faut enfin citer les nourritures de synthèse dont l'avènement se rapproche.

2) *EXPLOSION DEMOGRAPHIQUE*

L'explosion démographique constitue, et de loin, l'obstacle le plus redoutable sur la voie du développement. Du premier homme jusqu'à l'ère chrétienne la population du globe a atteint lentement deux cents millions d'habitants ; environ 1 300 ans l'ont accrue de deux cents millions d'habitants ; au siècle dernier deux cents millions d'habitants s'ajoutaient en trente ans à la population du globe, qui s'accroît actuellement de deux cents millions de nouveaux venus chaque trois ans ! Nous sommes donc 3,8 milliards aujourd'hui sur la planète Terre, nous serons 6 à 7 milliards vers l'an 2000, et si les taux de natalité se maintenaient nos enfants cohabiteraient avec 15 milliards d'autres personnes.

Une des causes de cet éclatement exponentiel, l'élan démographique, est inéluctable : la pyramide des âges est telle que même si tous les couples du monde limitaient dès demain leurs familles à deux enfants, se perpétuant sans s'accroître, la population mondiale atteindrait néanmoins près de 5 milliards d'habitants vers l'an 2000, pour se stabiliser un siècle plus tard seulement, aux environs de 6,5 milliards. Or un tel taux de renouvellement sera long à s'établir et, les taux de natalité actuels doublent la population en trente ans (1), conduisant aux chiffres explosifs indiqués plus haut.

Ces chiffres ne sont pas dus à un soudain accroissement des taux de natalité mais à la baisse de mortalité assurée par les récents progrès de la médecine, de l'hygiène et de l'alimentation. L'esprit,

(1) Dix-sept ans en Amérique latine.

tout en se révoltant à l'idée de renoncer à ces victoires de notre civilisation, s'indigne tout autant devant les souffrances de populations que leur croissance énorme voue à la misère. Car l'espoir est vain qu'elles trouvent à vivre sur les quelques terres vierges encore disponibles, leur accroissement épuisant justement en nourriture, soins, vêtements, enseignement, etc., les ressources qui devraient servir à développer ces espaces.

Devant cet obstacle formidable, on ne peut encore parler d'espoirs, mais de débuts d'espoir. De plus en plus, les parents du Tiers Monde désirent éviter les naissances très nombreuses autrefois indispensables pour que survivent les quelques enfants qui assuraient leur postérité, fournissaient leur main-d'œuvre et protégeaient leur vieillesse. Et les gouvernements du Tiers Monde, qui hésitaient en raison de tabous, d'habitudes de pensée ou d'illusoires ambitions politiques, à admettre les graves dangers de la surpopulation, engagent maintenant des programmes de limitation des naissances, qui respectent d'ailleurs la liberté de décision de leurs citoyens ; deux pays avaient en 1960 adopté officiellement une telle politique, ils sont maintenant 27, tandis que 24 autres patronnent des activités privées de planning familial et l'ensemble de ces pays groupe les cinq sixièmes de la population du Tiers Monde.

Si la volonté politique de combattre l'explosion démographique s'est ainsi récemment affirmée, les moyens offerts aux familles pour limiter leurs naissances sont encore très inadaptés. Les connaissances scientifiques des phénomènes de reproduction sont encore extrêmement rudimentaires, les recherches ayant été pratiquement inexistantes jusqu'à ces dernières années et la distribution des moyens anticonceptionnels souffre, dans le Tiers Monde de réseaux médicaux trop grêles et de transports aléatoires. La limitation des naissances est enfin handicapée par les caractères mêmes du sous-développement, que sont l'insuffisance de la santé publique, de l'alimentation, du logement, de l'enseignement, de l'emploi et de la sécurité sociale, la distribution inéquitable des revenus et la situation inférieure des femmes ; le franchissement de ces obstacles freinera sans doute plus l'explosion démographique que les seuls moyens anticonceptionnels.

Bien que les programmes de limitation des naissances soient récents, des lueurs d'espoir se dessinent, les recensements de 1970 et de 1971 ayant enregistré une population moins nombreuse que celle que les Nations unies avaient prédite, plus particulièrement dans les pays d'Amérique latine. Il est difficile d'établir si ces résultats proviennent des programmes antinatalistes ou des progrès économiques, mais ils sont encourageants, et une meilleure connaissance de l'incidence des facteurs sociaux sur la limitation des naissances, ainsi que les moyens anticonceptionnels mieux adaptés aux contraintes du Tiers Monde, auxquels devrait conduire l'intensification des recherches médicales, rendent moins utopiques la prévision par des démographes optimistes d'une stabilisation de la population mondiale aux environs de 9 milliards d'habitants d'ici un siècle.

3) *CONFLIT ENTRE CROISSANCE ET JUSTICE*

Le troisième obstacle sur la voie du développement, le conflit entre la croissance et la justice, constitue un redoutable paradoxe ; tandis que depuis dix ans la croissance économique de l'ensemble

du Tiers Monde atteint le taux remarquable de 5 % par an, soit un doublement chaque quatorze ans, cette croissance est fort mal répartie : dans les pays gros producteurs de pétrole, où ne vivent qu'une centaine de millions d'habitants, ce taux dépasse 8 % par an, tandis que l'économie stagne dans les 25 pays les plus pauvres, peuplés de 150 millions. La plupart des pays et des habitants du Tiers Monde se situent entre ces deux extrêmes mais, décevant les espoirs des économistes et des planificateurs, la croissance économique, au lieu de se diffuser dans l'ensemble des populations, se cristallise sur ses secteurs les plus modernes et ne bénéficie qu'à ses habitants déjà privilégiés, sans ruisseler sur les autres.

Une inéquité pernicieuse de la distribution des fruits de la croissance économique s'établit donc au sein des populations du Tiers Monde, dont les éléments les plus pauvres, et notamment une large fraction des masses rurales, restent à l'écart du développement. La croissance économique aboutit ainsi au paradoxe redoutable que le déséquilibre social s'aggrave d'autant plus que le développement est plus dynamique.

Une répartition plus juste des fruits du développement est donc indispensable pour enrayer ce redoutable phénomène d'appauvrissement relatif et, dans certains pays, d'appauvrissement absolu. Mais une telle politique, outre qu'elle exige courage et abnégation de la part des gouvernements et des assemblées élues, ne risque-t-elle pas de paralyser la croissance économique en décourageant l'esprit d'entreprise, en amenuisant les taux d'épargne et en freinant la modernisation par l'utilisation de technologies désuètes ?

Des études récentes par la B.I.R.D. de ce problème complexe et encore mal compris fournissent quelques éléments d'espoir : le classement de 40 nations selon les écarts de revenus de leurs populations montre que la croissance économique des pays où la distribution est la plus équitable est aussi vigoureuse que celle des pays où les plus grands écarts sévissent.

Les ressources d'épargne telles qu'impôts sur les revenus et bénéfices seraient certes réduites par une distribution plus équitable des fruits du développement, puisque les classes privilégiées auraient moins à épargner et que les classes pauvres pourraient consommer davantage ; mais, les effets de cette réduction sur l'ensemble du pays seraient limités, car la croissance économique conduit dans de nombreux pays du Tiers Monde à une véritable dualité économique : d'un côté un secteur moderne, prospère et clos, essentiellement urbain, où les investissements ne profitent qu'à sa faible population, seule capable d'acheter les biens coûteux qu'ils produisent tels que climatiseurs, réfrigérateurs et voitures particulières, et de l'autre un immense secteur pauvre, isolé par sa misère et essentiellement rural, dont les populations ne sont pas touchées par les investissements du secteur moderne.

L'effet de frein à la modernisation résultant de l'utilisation de techniques considérées comme désuètes dans les pays industriels est souvent illusoire et le transfert au Tiers Monde, où la main-d'œuvre est bon marché et le capital cher, de technologies conçues pour les pays industriels, où le coût relatif des facteurs de production est inverse, conduit à des perversions économiques redoutables.

C'est ainsi que, par souci de « modernisation », de nombreux pays pauvres, victimes pourtant de sous-emploi, subventionnent des biens d'investissements conçus dans les pays industriels pour minimiser l'emploi de main-d'œuvre. Ces subventions consistent en privilèges fiscaux, taux de change surévalués et taux d'intérêts bonifiés, et il arrive même que l'emploi de main-d'œuvre soit sanctionné par des impôts sur les salaires. Créer pour le Tiers Monde des techniques industrielles nouvelles est sans doute irréaliste, mais l'adaptation aux conditions du Tiers Monde des procédés de fabrication modernes permet d'optimaliser à la périphérie, manutentions par exemple, la combinaison de main-d'œuvre et de mécanisation ; un tel optimum est d'ailleurs délicat à déterminer et il fait l'objet d'études systématiques par la B.I.R.D. (1).

Des espoirs sérieux existent de régler l'ensemble de ce redoutable conflit entre la croissance et l'équité : il faut d'abord que s'accélère la prise de conscience de ce phénomène par les pouvoirs publics ; acquérir des bases statistiques plus sûres et une meilleure compréhension des mécanismes du développement est aussi indispensable qu'urgent pour éveiller la volonté de réforme des dirigeants politiques, issus pour la plupart du secteur prospère, et les encourager à distinguer de leurs intérêts à court terme l'intérêt à long terme d'un développement équitable, garant de paix sociale.

Les gouvernements du Tiers Monde doivent rapidement étendre les fruits du développement aux populations pauvres par des mesures concrètes telles que réformes fiscales, monétaires, bancaires et agraires ; ils doivent réorienter une fraction substantielle des dépenses publiques vers les zones rurales en y intensifiant l'éducation, en finançant des routes de dessertes de villages et des travaux de petite irrigation utilisant la main-d'œuvre locale ; ils encourageront le travail industriel à plusieurs postes et donneront priorité aux transports en commun sur les transports individuels (2) ; ils utiliseront pour préparer leurs programmes d'investissements les « taux-ombres » (shadow-rates), ou taux de références qui attribuent aux éléments de dépenses des valeurs économiques réelles, distinctes de leurs valeurs transactionnelles ; ces taux-ombres diminuent le coût de la main-d'œuvre sans emploi et augmentent généralement celui des biens d'investissement importés.

4) *TERMES DEFAVORABLES DES DETTES ET DES ECHANGES*

Le caractère défavorable des dettes et des échanges constitue le quatrième obstacle sur la voie du développement. Afin de se procurer les biens et les services indispensables à leur développement, et pour servir leurs dettes, les pays du Tiers Monde ont besoin de devises étrangères et disposent pour se les procurer de deux moyens seulement : emprunter auprès des pays développés et exporter. Or, tandis que l'endettement du Tiers Monde, qui s'élève à 350 milliards de francs, augmente de 14 % par an, le service annuel de cette dette augmente au même rythme, et les exportations s'accroissent de

(1) Sur un chantier de terrassement, par exemple, le chargement manuel des camions entraînerait paradoxalement, par suite d'attentes, l'utilisation de plus de matériel que leur chargement à la pelle mécanique.

(2) Une étude de la B.I.R.D. montre que dans 20 pays sous-développés dix fois plus de devises sont consacrées à importer des voitures que des autobus !

7 % par an seulement. Pour corriger ce déséquilibre, il faut alléger ses causes par des dons ou des conditions de prêts plus « douces » — intérêts réduits et durées de remboursement allongées, ou dons — il faut surtout dégager les voies de l'exportation par le Tiers Monde des obstacles historiques qui les encombrent.

L'exportation de pétrole ne pose certes aucun problème au Tiers Monde et cette manne constitue une nouvelle « donne » économique, avec des exportations croissant de 30 à 250 milliards de francs par an d'ici 1985 pour le seul Moyen-Orient. Mais ces revenus sont concentrés sur de faibles populations — dont certaines vont devenir les plus riches du monde — et il est prématuré de prévoir la répartition de cette richesse entre les besoins propres des pays producteurs, leurs placements dans les pays riches et l'aide qu'ils apporteront au Tiers Monde, mais on peut espérer que jouera une tradition de générosité de ces pays, dont le Fonds de Développement de Kuwait est un témoignage.

Par contraste avec le pétrole, l'exportation des produits agricoles n'a augmenté en valeur que de 4 % par an car la demande des pays riches est limitée par leurs propres productions, souvent protégées et subventionnées et, en dehors des années de disette qui provoquent une flambée des prix, la tendance des cours est au déclin.

Quant aux exportations de minerais, elles se sont accrues de plus de 8 % par an, rythme qui doit s'accroître naturellement puisque les trois quarts de la demande proviennent des pays industrialisés tandis que le Tiers Monde dispose des trois quarts des ressources mondiales. En outre, l'amélioration des inventaires miniers, conséquence de l'avènement de techniques nouvelles telles que photographies polarisées prises de satellites, et la mise au point de formules de concession équilibrant mieux les intérêts des parties en présence, doivent accélérer l'accroissement de ces exportations.

L'exportation de produits manufacturés par le Tiers Monde s'est accrue depuis vingt ans de 14 % par an, doublement quinquennal d'autant plus remarquable qu'il s'est effectué malgré les tarifs douaniers, quotas, licences et autres barrières élevées par les pays industriels. Des préférences généralisées en faveur des pays du Tiers Monde, décidées récemment par la Communauté européenne, les pays scandinaves et le Japon constituent une étape très importante vers la suppression de discriminations qui limitent les exportations du Tiers Monde et l'on peut espérer que cet exemple sera bientôt suivi.

5) *INSUFFISANCE DE L'AIDE*

La rapide croissance économique des pays du Tiers Monde, de 5 % par an depuis 1960, soit deux fois et demie celle de l'Europe entre 1850 et 1950, est d'autant plus remarquable qu'elle a été financée à 85 % par les pays pauvres eux-mêmes. L'aide internationale publique, qui se monte à 75 milliards de francs par an, ne constitue donc qu'un appoint de financement pour des investissements annuels de 500 milliards de francs, mais un appoint essentiel pour fournir au Tiers Monde les devises nécessaires au service de ses prêts et à ses importations. Pour certains pays cette aide est temporaire, ainsi le Japon qui empruntait à la B.I.R.D. jusqu'en 1966 est devenu son principal prêteur. Pour un plus grand nombre de pays elle devra se poursuivre encore plusieurs décades tandis que pour une vingtaine

de pays très pauvres l'aide devra s'étendre sur une très longue période tant leurs ressources sont limitées.

Pour accélérer son décollage la croissance économique du Tiers Monde devrait passer de 5 à 6 % (1) par an et c'est en vue de cet objectif que la plupart des pays riches se sont engagés à porter leur aide publique à 0,7 % de leur produit national entre 1970 et 1980. Or les estimations récentes indiquent que cet objectif ne sera réalisé qu'à moitié. Exemples de générosité, la Hollande, les pays scandinaves, la Belgique et la France fournissent à l'aide le montant fixé, mais l'Allemagne et le Japon fournissent moins de 0,4 %, les Etats-Unis et la Suisse moins de 0,3 %, et l'Italie moins de 0,2 %. Comment expliquer de la part des pays aussi prospères une telle insuffisance de leur aide ? L'égoïsme et l'indifférence n'en sont guère responsables mais, plus probablement, un certain scepticisme sur l'emploi efficace de l'aide, l'ignorance des efforts et des réalisations des pays sous-développés, et pour ceux qui les connaissent un certain découragement devant l'immensité de la tâche à accomplir. Pourtant les Etats-Unis, en consacrant après la guerre au relèvement de l'Europe près du double de l'objectif que proposent aujourd'hui les Nations unies pour l'aide au Tiers Monde, ont montré le niveau auquel pouvait s'élever une générosité éclairée.

Les raisons d'espoir les plus concrètes découlent des faits eux-mêmes : l'aide fonctionne et l'ère des palais somptueux et des grands travaux de prestige touche à sa fin ; la connaissance des phénomènes complexes du développement par tous les pays, pauvres ou riches, s'approfondit constamment ; les programmes nationaux et internationaux d'aide sont mieux coordonnés et, en coopération avec les pays assistés, s'appuyent sur des études économiques nationales et sectorielles soigneusement établies, les projets financés étant ainsi mieux sélectionnés ; l'aptitude du Tiers Monde à mener ses projets à bien s'améliore d'année en année, comme en témoigne par exemple l'expérience de la B.I.R.D., actuellement le plus grand organisme d'aide avec 14 milliards de francs de prêts par an, qui a d'ailleurs toujours été remboursée par ses emprunteurs : le rendement économique des projets qu'elle finance est rarement inférieur à 10 % et approche en moyenne 20 % ; sur 700 projets en cours d'exécution, dont beaucoup fort complexes, une très grande majorité (85 %) se réalise sans difficultés sérieuses, et cela malgré les conditions très rigoureuses pour lesquelles la B.I.R.D. est réputée, conditions qui l'aident d'ailleurs à emprunter chaque année plus de cinq milliards de francs sur les marchés financiers du monde ; les difficultés que rencontre la minorité des projets sont résolues en un an pour la moitié d'entre eux, le solde constituant pour beaucoup des cas de force majeure (fermeture du canal de Suez par exemple), couverts d'ailleurs par la garantie des pays emprunteurs.

Un autre élément d'espoir est la charge dérisoire qu'entraînerait pour l'économie des pays riches une élévation de l'aide au niveau recommandée par les Nations unies : car il ne s'agit pas de diminuer les niveaux de vie dans les pays riches, mais de transférer au Tiers

(1) Recommandations de la Commission Pearson et des Nations unies.

Monde une part minime (1,5 %) de leurs accroissements de prospérité. Par ailleurs le contraste est frappant entre les 75 milliards de francs consacrés chaque année au combat contre la pauvreté du Tiers Monde et les mille milliards de francs dépensés pour les armements.

Un puissant élément d'espoir provient enfin d'un changement d'attitude de l'opinion parce que la jeunesse, qui participe de plus en plus à des actions de coopération comme enseignants ou experts, est choquée par le contraste entre les besoins réels dont elle est témoin et les excès d'une civilisation de prospérité qui tend à consacrer à des gadgéteries dérisoires ses excédents de richesse.

CONCLUSION

Déduire de ces quelques réflexions les chances d'essor du Tiers Monde serait présomptueux et, tandis que naissent d'autres espoirs, d'autres obstacles l'entravent. L'explosion urbaine, par exemple, est deux fois plus violente dans le Tiers Monde que celle de sa population et d'ici trente ans quels problèmes redoutables poserait un Calcutta de cinquante millions d'habitants ! L'éducation, un des trois piliers du développement de la main-d'œuvre et les investissements, reste très insuffisante malgré les remarquables efforts de l'U.N.E.S.C.O. puisque le monde compte 800 millions d'analphabètes ; l'éducation est aussi trop coûteuse par rapport au nombre d'élèves formés et elle aggrave souvent les iniquités sociales aux dépens des masses rurales, en concentrant sur une minorité urbaine des ressources éducatives déjà beaucoup trop limitées.

Mais des espoirs apparaissent, face aux cinq obstacles cités. Sur le plan alimentaire l'intégration au développement économique des nombreuses masses rurales pauvres dont l'activité a jusqu'ici été laissée en jachère doit accroître la production agricole, tandis que l'intensification des recherches agronomiques étendra la révolution verte et améliorera la teneur en protéine des aliments. Le ralentissement de l'explosion démographique qui apparaît timidement doit être intensifié par les politiques antinatalistes que viennent d'adopter de nombreux pays du Tiers Monde, ainsi que par les recherches médicales et sociologiques qui sont en cours : une population mondiale plafonnant à neuf ou dix milliards d'habitants devient du domaine du possible. Quant au délaissement des populations pauvres par la croissance économique, la claire compréhension de ce danger et la ferme volonté d'y pallier deviennent, dans un monde tendu par la révélation des privilèges d'autrui, des conditions essentielles de survie gouvernementale. Le remplacement par des préférences généralisées des discriminations traditionnelles contre les exportations du Tiers Monde est extrêmement encourageant.

Quant au volume de l'aide, on peut espérer qu'il sera accru par l'assurance de son bon emploi, la connaissance des efforts et des réussites du Tiers Monde et l'appréciation de la part minime de prélèvement du surcroît de revenus qu'il comporte pour les pays riches. La modicité de l'aide au regard des dépenses d'armement doit inciter à des réflexions sur les priorités d'emploi des ressources publiques, et jamais dans l'histoire un aussi faible effort de solidarité n'aurait des effets aussi importants sur le futur équilibre du monde.

Outre ces espoirs répondant à chaque obstacle, il y en a qui découlent d'une appréhension plus vive de la solidarité des habitants de notre planète et qui apportent au développement un renouveau d'inspiration : « *Nous souhaitons que les frontières qui isolent tant d'hommes puissent tomber, que les idées puissent circuler, que les marchandises puissent s'échanger et qu'entre les Etats, à l'affrontement succède le dialogue. Mais à quoi ces dialogues serviraient-ils s'ils s'établissaient entre des mondes définitivement inégaux, et si les peuples riches devenaient chaque jour plus riches, et les peuples pauvres chaque jour plus pauvres ? Aussi, dans tout projet qui peut être formé, dans toute proposition qui peut être faite, la France ne manquera jamais de rappeler que la véritable dimension de telles entreprises ne se trouvera que dans une œuvre de coopération, de concours, de soutien aux peuples les plus déshérités qui aspirent seulement à sortir de leur condition par leur travail, par leur talent, à condition qu'on leur permette de le révéler* (1). »

BERNARD CHADENET

(1) Discours prononcé le 19 juin 1973 par M. Michel Jobert, ministre des Affaires étrangères, devant l'Assemblée nationale.