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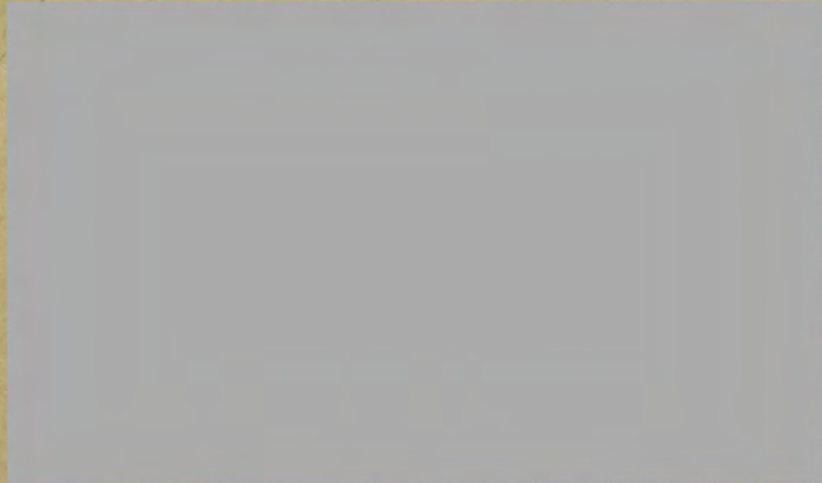


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LENFANT



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Mr Lenzant, Bangkok  
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Paper on World Bank Group's Role in the Development of Human Resources for  

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the Bangkok Session of UNICEF Conference

General

One clearly discernible trend in discussions of the development process is the increasing recognition among economists of the important role of human resources in economic growth. This attitude toward investment in human resources is a healthy revival of the concept expressed by some of the great classical economists -- by Adam Smith, for instance, -- that the acquired knowledge and skills of a society constitute a part of its capital.

A scarcity of such acquired abilities unquestionably is a grave obstacle to economic progress in underdeveloped countries.

Mr. George D. Woods, President of the World Bank and of its two affiliates, the International Development Association (IDA), and the International Finance Corporation (IFC), has pointed out that "the lack of trained manpower is today one of the critical bottlenecks in the development process. The most serious shortages in most countries are of administrators, entrepreneurs, teachers and technicians -- the upper and middle level manpower without which no development program can be successfully carried out."<sup>1/</sup>

It is commonly assumed that the Bank's operations have little to do with the development and utilization of human resources. This is a misconception.

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<sup>1/</sup> George D. Woods, Address to the Economic and Social Council of the United Nations, New York, March 26, 1965

In its financing operations, to be sure, the Bank has placed main emphasis on basic facilities essential to economic growth. Roughly one third of the Bank's and IDA's lending has been devoted to the improvement of means of transportation -- roads, railways, inland waterways, and ports. Another third has helped finance the production and transmission of electric power -- thermal, hydro and nuclear. The balance has been lent for the development of industry, agriculture, communications, water supply and sewerage, and education.

Investments in a national power system or an integrated rail network are primarily intended to make directly productive activities possible. But this is not the sole purpose or result. An electric grid system not only supplies power to productive industries; it also helps to alleviate living conditions in rural areas by the introduction of power, light and radio. The establishment of schools is facilitated and isolated villagers are enabled to participate more effectively in the national development effort. Railways, highways, roads and ports serve not only to ease the transport of raw materials to factories and finished goods to consumers at home and abroad, but also help to break the isolation of villages and small towns, give easier access to educational and cultural institutions and governmental administrations.

One major contribution that infrastructure improvement can make is to help break down the social and economic stagnation which prevails in many parts of the world. In its assessment of a project's feasibility and priority, the World Bank group usually employs the hard figures of expected economic or financial returns, but it recognizes that the ultimate test is the impact which its investments will have on the lives of human beings.

In the various stages of its project investigations and loan administration, the Bank may also make a considerable contribution to the development of human resources in the countries concerned. Economists, engineers and other experts from the Bank staff are constantly called upon to advise and assist its clients in dealing with technical, managerial or financial problems connected with development projects, in defining terms of reference for consultants or in the review of their findings, in arranging for the training of national personnel, etc. One of the most important areas of such assistance is the help given by the Bank and IFC in organizing and training staff for national development finance companies, which are increasingly significant catalytic agents for industrialization in a number of developing countries.

Preinvestment studies of major economic sectors, undertaken by the Bank either on its own account or as executing agency for the UN Special Fund, often lay major stress on institutional development and training of key personnel. Some examples are the ~~planning and management~~ assistance provided to the East Pakistan Inland Water Transport Authority, the current review of the Gezira Scheme in the Sudan, assistance in the planning of schools in Tunisia and in the organization of the electric power administration in Ecuador and of road construction and maintenance work in Somalia. Advisers have also been provided to work with the national planning agencies of a number of countries. In all these cases, national counterpart personnel are closely and continuously associated with the foreign consultants and advisers, to encourage full interchange of local experience and foreign expertise and assure continuing benefit from the latter after the advisory services are ended.

In addition to these activities incidental to its financial and technical assistance operations, the Bank conducts general training programs in fields broadly relevant to economic development. The most important of these is the Economic Development Institute, established in 1955 as a staff college for senior officials responsible for development, planning and administration. In its first several years the EDI offered only a single six-months course, given once a year in English. More recently, several new courses, including some in French and Spanish, have been added. In 1965 the EDI <sup>accommodated</sup> ~~is accommodating~~ some 145 participants. It has also compiled and donated to member countries extensive reference libraries on economic development problems in English, French and Spanish; and has provided other teaching to regional and national training institutes in the underdeveloped world.

The significance of these services of the World Bank group cannot be measured in monetary terms. Undoubtedly they have contributed to the expansion and better utilization of human resources in many developing countries, and should continue to yield increasing dividends in future years.

Our host country today, Thailand, might serve as an example of the World Bank group's activities in one country. The Bank itself has lent over \$192 million. Three loans have been made to rehabilitate and modernize the railway system; four more have financed irrigation projects; two have helped to increase the capacity of the Port of Bangkok; one is improving the country's highway system; three are meeting part of the cost of the Yanhee multipurpose scheme, one of the largest projects in Asia. The power plant at Bhumiphol Dam will generate power for the central part of Thailand and for the City of Bangkok, reduce floods in the Central Plain, make possible the double cropping

of 250,000 acres in the Chao Phya Plan, improve salinity conditions in the river particularly around Bangkok, and assist transport on the Ping and Chao Phya Rivers. One loan, made jointly with an investment by IFC, is adding to the resources of the Industrial Finance Corporation of Thailand, providing medium and long-term finance for industry in the country. As executing agency for the UN Special Fund, the Bank is carrying out a study of the long-range development of the Port of Bangkok. Several years ago it organized a comprehensive survey mission to assess the potential and the most promising lines for development of Thailand, and subsequently provided a number of advisers to the Government's economic planning agencies. Several Thai officials have participated in training courses of the EDI.

#### The Bank/IDA and Education

This summary of the Bank group's activities makes only passing mention of direct financial support of the educational sector which is what springs naturally to mind when one talks of the development of human resources. In truth, only a relatively small fraction of the group's financing so far has gone into this sector, and only in the past three years. The Bank's first educational loan, to the Agricultural College of the University of the Philippines, was made as recently as 1964; IDA extended its first credit for education and training two years earlier, and has financed educational projects in Afghanistan, <sup>Morocco</sup> ~~Tunisia~~, Nigeria, Pakistan, <sup>and Tunisia</sup> ~~and~~ Tanzania. The present trend is sharply upward, although Bank and IDA's educational investments are not likely very soon to rival those in transportation or power development.

The Bank recognizes the existence of two schools of thought in regard to the nature and objectives of education. One, the humanistic or ethical



approach, lays great stress on the basic human right of people to receive the benefits of education, and on the consequent cultural and social improvement of the individual and society. The other, the more mundane approach of the economists, lays emphasis on investment in education as one means of accelerating the process of economic growth. In actual practice, there need be no conflict between the two approaches to the objectives of education. Sustained economic growth and higher productivity can generate and release enough physical resources to be applied to social and cultural advancement as well. Since economic growth and social progress are interrelated and since the level of education has a positive bearing on productivity, it would be wrong to emphasize one approach to the total exclusion of the other.

There is abundant evidence, however, that the drive for universal literacy and education has led to a tragic misuse of scarce resources in many countries, which has contributed to the Bank's somewhat cautious entry into this field. The Bank always demands that a project in which it invests should rate high on the list of priorities in a country and be so recognized not only by the Bank itself but also by the government concerned. A prerequisite therefore for Bank or IDA financing is that a project or a sector is given priority consideration in a country's development plan as demonstrated by the investment allocated by the country itself.

The President of the World Bank and IDA has made it perfectly clear that increasing attention will be given to the educational sector. As a step toward such an intensification of its educational efforts the Bank has established a cooperative program with the United Nations Scientific, Educational and Cultural Organization (Unesco). Unesco is making available

technical and appraisal services to countries desiring help in identifying their priority educational needs and in the designing of projects for which they might wish to request Bank or IDA financing. The costs of these services are shared by Unesco and the Bank. The Bank has also joined Unesco in establishing an International Institute of Educational Planning in Paris where educational planning techniques and methods are being developed. All this shows the Bank's belief in the importance of education to a balanced development program and also in the necessity of applying scientific planning methods in this field just as much as in the development of physical assets.

For the moment, the Bank and IDA are putting considerable emphasis on assistance to secondary education. It is felt that the most noticeable and serious gaps to be filled are found at this level, both in educational systems and in resultant trained manpower. Similarly there is a need for developing high level entrepreneurial and technical leadership in selected areas of higher training. On the other hand, although the human rights target of universal primary education has not yet been achieved, primary enrollments have expanded over the past decade out of proportion with other levels of education and often beyond the country's ability to train teachers, and properly meet recurrent costs.

#### Examples of Bank/IDA Educational Lending

A few illustrations of educational projects which have received Bank and IDA support so far are given below.

##### Afghanistan -- Vocational Schools

In November 1964, IDA extended a credit of \$3.5 million to Afghanistan to help finance the construction and equipment of seven vocational schools

at the secondary level. The new schools will increase Afghanistan's facilities for training teachers and agricultural and industrial technicians, and so provide qualified manpower essential to the country's economic and social development. The seven schools to be built with IDA assistance are an academy for training teacher educators and a technical teacher-training school in Kabul, the capital; an agricultural, an industrial and a teacher-training school in Kunduz in northern Afghanistan; an agricultural and an industrial school in Herat in western Afghanistan.

The project is part of the current five-year program of the Ministry of Education. The new schools will make it possible to increase the output of agricultural technicians by about 100%, of skilled mechanical workers by about 50% and of primary school teachers by 30% above the levels otherwise scheduled for 1967, when the Second Plan ends. In the long run, the academy and the technical teacher-training school at Kabul will provide the staff required to double the primary teacher and mechanical education training programs in the next ten years. Of equal importance will be improvement in the quality and effectiveness of the country's educational program.

The locations of the schools are also well adapted to manpower and other needs of the three areas of Kabul, Herat and Kunduz. For example, both Kunduz and Herat, where the mechanical and agricultural schools will be located, are important agricultural centers, and besides having considerable potential for industrial development, already urgently need technicians at various levels.

#### Pakistan -- Agricultural and Technical Education

In Pakistan, IDA is meeting about half the cost (\$13 million) of expanding and improving certain agricultural and technical educational facilities

including two agricultural universities, 14 technical institutes and three technical teacher-training colleges. Considerable progress has been made by Pakistan during the past 15 years in expanding and modernizing its educational system, but facilities are still far short of the country's needs. For example, agriculture accounts for three-quarters of total employment in Pakistan and contributes nearly half the national income, but only 2% of the students enrolled in higher education are now specializing in agriculture; the number graduated in 1960 was only about 200. The low productivity of agriculture throughout the country, complicated by such factors as water-logging and salinity over much of the agricultural land in West Pakistan and the problems caused by intense seasonal flooding in East Pakistan, points to the acute need for professionally trained personnel for research, training and extension services in this important sector of the economy. The agricultural training program, of which the two agricultural universities being assisted by IDA are the major part, aims at an annual output of 570 agricultural graduates by 1965 and 840 by 1970.

There is also need for many more trained technicians in industry; lack of technical skills among the labor force is one of the reasons why output per man in industry failed to show any increase over the last few years. The estimated annual output of technicians required by 1970 is about 7,000. The six technical institutes in West Pakistan and eight institutes in East Pakistan being assisted by IDA will contribute about 1,700 of the total.

The agricultural universities being assisted by the IDA credit are situated at Lyallpur in West Pakistan and at Mymensingh in East Pakistan. The success of the technical institutes depends on the supply of qualified

teachers. For this reason, the training programs will be expanded at the Technical Teacher Colleges at Karachi, Rawalpindi and Dacca. The project is scheduled for completion by 1968.

Philippines -- Higher Agricultural Education

In October 1964, the Bank made a loan of \$6 million to help finance a project in higher agricultural education in the Philippines. The loan will benefit the College of Agriculture of the University of the Philippines, which is currently engaged in a Five-Year Development Program designed to improve the quality of agricultural education and research. The program is a vital part of a comprehensive effort being undertaken by the Philippine Government to raise the level of agricultural production. It was singled out for support by the Bank because it promises to help give agricultural extension and research services in the country the strength that is needed to exploit fully the existing potential for a higher level and accelerated growth of output.

The proceeds of the loan will cover about half the cost of constructing and equipping 16 buildings required to carry out the College's Development Program, and of renovating three others.

Conclusion

Bank or IDA financed projects for the development of human resources must meet the same strict criteria of planning, preparation and appraisal, and give the same assurance of competent execution that are required for investments in other sectors. Educational systems throughout the developing world tend to be marked by waste and inefficiency, high rates of "drop-out", declining quality, and misdirected investment.

The contribution of the Bank and IDA in relation to the country's own expenditures and as a sector within the Bank will remain relatively modest. "But," as Mr. Geoffrey Wilson, a Vice President of the Bank and IDA has stated, "we hope and believe that we can help to point the way by financing and providing technical assistance for carefully selected pilot projects that will fill strategic gaps in the educational systems of member countries. We also hope that we can encourage and assist our members in the formulation of sound policies. In addition, we can exercise some influence in the realm of administrative discipline by applying in our educational financing the same high standards of project preparation, appraisal and inspection that we insist upon in other fields."1/

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1/ Geoffrey M. Wilson: Education and the World Bank; Talk to the Canadian National Commission for Unesco, Montreal, March 11, 1965.

*Sept. 1965 March 1966 - Jernant Bangkok*