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appendix

**ACTIVITIES IN THE FIELD
OF AGRICULTURE**

**International Bank for
Reconstruction
and Development (IBRD)**

**By Pierre Courbois
Bank Staff, Agricultural Division of the
Bank's Projects Department**



The World Bank group consists of three institutions which share the common purpose of providing and promoting a flow of capital into productive projects and programs.

The Bank makes long-term loans to either public or private borrowers under the guarantee of the government, at conventional interest rates for many kinds of projects. Most of them are of a large scale.

The older of the Bank's two affiliates is the International Finance Corporation (IFC) which began operations in 1956. IFC works exclusively with the private sector and it concentrates its efforts on the development of industry.

The newest of the World Bank group is the International Development Association (IDA). IDA lends for much the same kind of projects as the Bank, but deals with a rather different group of customers; its particular mission is to lend to countries not fully able to bear the burden of loans

made on conventional terms, and its credits are made very long term and free of interest.

To a great extent, the three organizations are cooperatives; they derive their resources from their members including borrowings from capital markets, and they operate for the benefit of their members.

During the early years of its existence, the Bank financed reconstruction of some of the war-damaged economies of Europe, it then turned its attention by degrees to the financing of economic development. Most of the Bank development lending has been for basic utilities which, in underdeveloped countries at least, generally do not attract private investment; i.e., power, transportation, especially railways, roads and ports (about two-thirds). Most of the rest has gone to heavy industry and agriculture.

The agricultural loans have generally been for comparatively large schemes and especially for irrigation and flood control. Other purposes include land development and settlement, agricultural credit, comprehensive agricultural projects, agricultural machinery imports and grain storage.

The share of agriculture has been quite modest if consideration is taken of the importance of agriculture in the economy of the less developed countries.

This was given considerable attention by the Bank management and about two years ago Mr. G. Woods, President of the Bank, suggested that "the Bank needs to put more emphasis than heretofore on a scheme for improvement of agricultural production."

Practical measures followed promptly. These consisted of (1) the adoption of more flexible criteria regarding local currency financing, and (2) financing of extraordinary inputs of services or supplies to get a new institution or program underway; for the purpose of financing this can be regarded as of a capital nature providing longer disbursement and grace periods.

I emphasize that there has been no relaxation of the requirements that projects be adequately justified in terms of their contribution to economic development, nor does the Bank finance normal current expenditures.

1965 workshop proceedings

The Bank, in order to be able to develop its activities in the field of agriculture, has considerably strengthened the staff of its agricultural division, and developed a most important agreement with FAO to enlist the cooperation of this Agency in providing needed technical and management assistance in certain aspects of Bank/IDA operations. As a result of these measures, the Bank/IDA activities in agriculture are gaining momentum. The number of projects suitable for immediate financing and implementation, however, is not too numerous. The Bank experience has given evidence that capital has been more easily found than sound projects.

In most countries a major effort in project preparation is needed and has to be intensified to increase the number of projects which meet the Bank/IDA criterions. This is why assistance of and cooperation among international organizations in this unfavored field of agriculture is so valuable.

I would not like for you to forget that the Bank itself has its problem of finance. Its sources of finance are the funds that are provided by the member countries, its borrowing operations and the sale of maturities of its loans.

A small portion of the members' subscription has been called; eighty per cent cannot be called for lending, but if needed must be used to meet losses on the Bank's own obligations.

In fact, the Bank goes to the investment market, and the uncalled capital subscriptions are a backing to its borrowings; so are the high standards of its lending operations and its well-established reputation which have permitted the selling of its bonds in some forty countries. The last source of lending funds for the Bank is the sale of parts of its loans to other investors. This type of transaction has come to have a great deal of importance.

There is another important aspect of the Bank activities that should be mentioned. The Bank is rendering considerable technical assistance in the form of development planning missions, sector studies, and project identification and training. It also

maintains in some countries senior staff members to serve as advisors.

This is a very broad and incomplete picture of the World Bank group activities. I have been silent about IFC which is concerned with industry. It may, however, play a significant part in financing agricultural processing industries.

I would like to terminate my expose by conveying my deep and sincere appreciation to the Government of the Republic of Korea and the AID of the United States Government for their invitation to the Bank to participate in this session of the Far East Agricultural Credit and Cooperative Workshop.

Unfortunately, the circumstances have not been favorable enough to permit me to be here in due time and have some useful participation. My short stay here is not, however, time wasted; it has given me opportunity to get acquainted with this country and the most gracious hospitality of its inhabitants, to renew or continue relations with a number of old friends and to make new ones.

I know that the Workshop has accomplished significant work. I am confident that it will generate the interest and practical development that this work merits.

