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Folder ID: 1199553

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4536S

Series: Conferences, lectures and addresses

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: June 12, 2012

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McNamara Papers

International Meeting on Development Policy,  
Heidelberg, June 19, 1970 (vol. 1)

Folder 8

  
**Archives**



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International Meeting on Development Policy, Heidelberg - Correspondence 01





Heidelberg -- June 19, 1970

# I. Global Review

de Seynes - The World Economic Report this year will include a chapter on what statistical indicators would be required (social, economic, etc.) for evaluation of the world development program. Emphasis would be placed on indicators of changes in the capacity to grow.

The Preparatory Committee did not devote enough attention to the need for proper staff work (statistical gathering, analyses, etc.).

There are several ways of using the Committee for Development Planning: would there be a full- or half-time chairman; would it merely comment on or actually draft the report on development progress?

de Seynes agreed with Martin that the "review and appraisal" would examine the past but also point to problems overlooked and requiring action in the future.

Udink - The formal system of review and appraisal must have the trust of the developed and developing countries. Would a World Bank central system have maximum trust of developing nations and would keep the socialist countries out of the whole operation? The political acceptability of the formal system, particularly to the LDCs, is of primary importance in shaping the form of that system.

The system must contain indicators of future policies as well as past performance.

Will the formal system have sufficient prestige to lead national governments, in both developed and developing countries, to change their policies?

Guerrero - Must have a system which will carry political weight in the most powerful of the developed nations, but in the context of the discussions of the Preparatory Committee; and the need for support of the LDCs. How can these several objectives be met? Frankly, it requires some rearrangement of the Preparatory Committee resolution. Some changes need to be made in the Committee for Development Planning: it needs a permanent chairman; procedures for appointment of the other members and for the operations of the Committee need to be developed.

Eppler - Can't we agree on six points:

1. Any institutions dealing with review and appraisal must deal with past and future.
2. May require an agonizing reappraisal.
3. Must be done with a minimum of administrative machinery.
4. And a maximum impact on both developed and developing nations.
5. Within the UN framework.
6. And broadly within the limits of the Preparatory Committee recommendations.



van Lennep - Presumably the international review and appraisal would not report on progress of individual countries.

What can we mobilize from existing activities, not within the jurisdiction of the UN (e.g., OECD, DAC, etc.) to contribute to and be integrated within the review process?

Jolles - When we talk of global appraisals we must include appraisals of the factors which account for the situation identified by the statistics, and this is where the political problem arises. Who can do that without encountering too much resistance from the countries being scrutinized? Would it not be possible for the LDCs to scrutinize themselves (perhaps in regional organizations) as the developed do in OECD?

The appraisal can't be done except on basis of definitive country appraisals, and this is where the World Bank's new system of country reports can play a major part.

Strong - de Seynes stated [last evening] we should distinguish between information needed for global review and country coordination. But Strong said there must be some relationship between these.

Should not some "global report" go to the World Bank-IMF Governors meeting to get some kind of commitment from the nations there represented?

There are three questions:

1. To what extent can the needs for global review be met within the second development decade machinery?
2. What additional machinery is required for the global review?
3. How will the needs for greater country-level coordination be met?

Hoffman - What is to be reviewed: the whole development effort or the 20% of aid coming from external sources?

Southard - IMF sends a mission to every country every year (100+ missions) and tries to be as "critical" as they can be. This requires confidentiality, and, therefore, he doesn't see how to marry the "critical" country reviews with the global review.

McNamara - In response to Martin's request to comment, stated (a) he cringed at proposal of World Bank-centered global appraisal process; (b) "confidentiality" can be maintained while majority of data are made available for global analysis; (c) Bank will function as a "service" organization and make its data and analyses available and further accept requests for special information and/or special analyses.

Wilson - There have been two ideas of what is involved in review and appraisal: a colossal request into whatever is going on in economic affairs all over the world vs. narrower, more technical appraisal.

In some of the documents distributed for the meeting there was lack of understanding of cumulative political effect over time of the institutions of the UN system.



He doubts whether you obtain impact from annual or bi-ennial reports. Impact will come from ad hoc special reports, e.g., the Pearson Commission.

Jackson - Agrees with Wilson.

Isn't there a contradiction between what is needed for appraisal and what is politically sensitive to LDCs?

Hoffman - Introduce local targets (and compilation) to support global targets.

Tinbergen - In answer to Pearson's question as to whether he found his committee, working within the UN family, was penalized as a result, he said no -- with the exception of the Soviet representative, the experts acted independently of their governments.

Prebisch - In order to examine the global machinery, we must consider other parts of the machinery, particularly at the country level and the regional level. The country-level machinery must be strengthened -- particularly important now because the World Bank has decided (and he welcomes this) has decided to set up a system of regular, comprehensive country missions. But who will evaluate the country plan: the center will be the World Bank, but in addition, IDB, IMF, DAC, UNDP should participate. And it would be useful to integrate with experts acting independent of donor or recipient governments (I presume the "Prebisches").

And emphasis should be placed on regional machinery. CIAP is far from it. It should be in part because it lacks reports from an independent group of experts. The CIAP delegates interchange courteous words of reciprocal praise and this is not productive of anything, but if they have reports of experts this may change, and in any event, they should go to the global review committee.

The basis of the global review should be the country reports by experts of lending institutions plus independent experts. In addition, the global group can have the benefit of the UN staff.

Eppler - Seven excellent reports are worse than one excellent report. And, therefore, he has doubts about proposals to add groups or reports to the system recommended by the Preparatory Committee

What is to happen to the Tinbergen Committee can it be restructured as to membership and the job?

Tinbergen - In the global review the future can be dealt with by referring to the deficiencies or errors of the past.

The secretariat in replacing Millikan wants to choose someone who will have influence on the present U.S. Administration.

Probably isn't necessary to have full-time members of the Committee on Development Planning, but they need more full-time staff and the Committee would have to meet more often than once per year and for longer periods.

Was pleased to hear from McNamara willingness to make data and reports available to the Committee.



He believes it is important to have regional feet to stand upon. We need reinforcement of the sense of independence (from governments) of the regional secretariats.

Michanek - The matter of impact is most important.

The system to be created should be UN-centered. But should not leave out the other organizations. The real impact on governmental policies has not come out of the UN system but from the work of the Bank, Fund, and OECD and some bi-lateral donors.

Is the UN staff adequately financed and manned to do the job for the Committee for Development Planning? If not, we should arrange additional funds for it.

Sawaki - Pearson Commission Report had great impact on Japanese Government decisions on aid effort. In part, this political impact came from the specific, concrete nature of the recommendations and in part from the independence and prestige of the members.

de Seynes - The global review group should be a small group, working about the same amount of time as the Pearson Commission. Could obtain a group of seven by enlarging the Tinbergen Committee and then appointing a small group to do the work.

Michanek - The documents which have impact on Swedish Government's decisions on where to put their money are primarily from the Bank and U.S. aid -- they hope UN documents can have more influence on their policies and decisions than they have had so far.

Hannah - Some have asked about Peterson Report. In current climate in the U.S. it is best that aid not be front and center. Any decision made in this environment would not be the right decision.

It is not realistic to believe that will go suddenly from bi-lateral to multi-lateral. He hopes this will be the trend, but it won't be done fast.

The world is going to move in the direction where it is recognized that few decisions of importance will be made on the battlefield; and that the welfare of the two-thirds of the people of the world who are disadvantaged is of great importance to the other one-third.

Don't worry about the U.S.; we will come out all right in the end and there isn't anything you can do to expedite the process. We aren't going to commit to the 1%; but there will be some kind of agency, under some name, carrying on the functions -- we are better off today than a year ago. We will have more money in 1971 than in 1970; are moving in the direction of untying aid; in the end we will come out all right.

Martin - There has been agreement on Eppler's six points and, within those points, agreement on the further development of the Committee for Development Planning. It is also agreed the international organizations represented here will make information and expertise available to the process. The effectiveness of such an overall operation will depend on it not being too frequent and on an adequate base of country and regional activity to feed it.



Pearson - There seems to be no alternative to trying to work out within the UN framework a form of permanent Tinbergen Committee although he would very much have preferred something along the line of the Bowie proposal. If Tinbergen group is to be influential, it must be "independent" and this is going to be difficult if it is "in" the UN instead of "of" but outside the UN.

## II. Country Program Review and Coordination

Eppler - We are interested in obtaining information on present and planned technical assistance, external aid, and development projects in each country: for this purpose an "information center" is needed.

Hoffman - UNDP has conducted three experiments: Algeria, Lebanon, and Venezuela. At the request of the Governments, Resident Representative organized such coordination.

Is working with the Bank in a number of countries to develop such information.

Audibert - Will encounter the most difficult problems in coordination at the national level. There are two categories of aid in which we will never know what is going on: private investment; and aid from the Eastern Bloc.

We should avoid coordination outside the country concerned: we should never bypass the responsible government.

McNamara - In an answer to Martin re Bank's view on "country information center," I stated country coordination should be built on existing system where it existed: CIAP, IDB, World Bank, and UNDP for Latin America; consortium and consultative groups; plus: UNDP and Bank cooperation on pre-investment program; and Bank mission program.

Should build on what we have; fill in the gaps; and expect evolutionary, rather than dramatic advances.

de Seynes - His program of planning aid to countries is designed to supply only to small countries: a service of planners, etc., to help countries prepare their plans and even more to implement them.

Eppler - He went to Ecuador and they presented him with \$500 million of project requirements, dreamed up in anticipation of his visit, which far exceeded his own budget.

Prebisch - "McNamara, in replying to Eppler, has underlined that the problem is not to obtain information on projects but on the total development program and inserting the external investments into such a program."

Representatives of all the lending agencies and, if possible, three or four independent experts, should have the permanent task of examining the development plans of the Latin American countries. Lending agencies should not finance projects except in the context of a development plan and the ordering of priorities. The report of the experts should be made to CIAP and there should be a dialogue there based on the experts' report.



Martin - He suggested we consider there is in the process of development a satisfactory system of country coordination, and turn to India.

Wilson - Agrees with McNamara that on the whole the consortium approach is acceptable, but it shows some of the limitations. With a weak Center, controlling foreign exchange allocation, and strong States: it is bound to lead to the Best being the enemy of the Good. The Indian example on a large scale is what is going on in a large number of countries: outside nations cannot impose priorities on a country except in cases of gross misallocation.

Another problem is the danger of suffocating the patient with prescriptions from doctors who don't always know what is best for the patient.

Eppler - Perhaps I didn't make myself clear: the problem in Ecuador was there wasn't any plan and won't be any until the multi-lateral agencies start a dialogue with Ecuador and force her to develop a plan.

Strong - Feels same need as Eppler expressed. Have found can develop a network of communication (with U.S. aid, UNDP, UK, etc.) but is time-consuming. Need a "center" for each country: for one it may be the World Bank; for another UNDP, etc. Have also adopted for the countries of primary interest "the sector approach" which has been agreed on with the country -- this has been communicated to the World Bank. If could widen this approach, could look to particular donors for information on particular sectors.

Michanek - Has had the same experience as FRG and Canada. Were flooded by requests from LDCs. Consortia and consultative groups are among the best solutions and with better organized secretariats they would be ideal.

Hannah - We ought to have something better than we have but use whatever structure (co-op, consortia, consultative groups, etc.) is well adapted to particular countries instead of trying to write down a single approach applicable to every country in every situation.

Who will take the responsibility for supplying funds for a poor country which is a poor risk: the countries to whom no one could justify a loan. We should divide up these "sorry" countries where you will never get out what you put in.

Sooner or later must put the debt problem front and center: within a four-year period, on a major country, U.S. will be the only net lender and will be supplying aid to pay the interest and principle on other countries' debt.

Sawaki - Japan is not lacking information: can obtain it from World Bank, UNDP, Embassy, or a mission. What we are most frustrated by is political instability in developing countries: once the Prime Minister changes, the development and sectoral priorities change. Envy CIAP, can't effect such an atmosphere in Asia where political sensibilities are very strong. Two years ago in Ministerial Council on Asia, tried to develop something similar to CIAP but could not obtain agreement from the Asian nations.



Martin - To summarize re country coordination and programming:

1. We should distinguish between aid for technical projects and capital projects.
2. Each country is different and coordination mechanism must be flexible.
3. We should move by stages, working with most important countries and most important problems first.
4. We should seek to make progress by improving the performance of recipient countries on:
  - a. Development of an overall plan
  - b. Preparation of sound projects
  - c. Accumulation of information
5. We should seek to carry on dialogues on total plan, sectoral programs, donor programs pending the time when we can rely on the recipients' planning. In some countries, can rely on consultative groups; in others, on UNDP Resident Representative; in others, on bi-lateral donor. How do we decide which country for what approach and for which purpose? We need to work on the "organizational approach" country-by-country.

Eppler suggested a memo summarizing the conclusions be prepared.

Martin added that a meeting of DAC permanent representatives be held in Paris in July to consider what operational steps need to be taken to implement the "conclusions."



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INTERNATIONAL MEETING ON DEVELOPMENT POLICY  
Heidelberg, Hotel Europäischer Hof, 18th to 19th June, 1970

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