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Hollis B. Cheney papers — McNamara Discussions 1976 (Jan-Jun)



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Hollis B. Cheney Papers - McNamara Discussions - Notebooks / Memoranda - 1976  
(January - June)



WORLD BANK GROUP

ROUTING SLIP		DATE	June 25, 1976
NAME		ROOM NO.	
McNamara			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
COMMENT		PER OUR CONVERSATION	
FOR ACTION		PER YOUR REQUEST	
INFORMATION		PREPARE REPLY	
INITIAL		RECOMMENDATION	
NOTE AND FILE		SIGNATURE	
REMARKS			
<p>Attached is Keesing's note on manufactured exports, from which the statements in your speech draft are taken. It should be substituted for the preliminary version which you have.</p>			
FROM		ROOM NO.	EXTENSION
Hollis B. Chenery		E1239	3665

*McN Notebook*

## OFFICE MEMORANDUM

TO: Robert S. McNamara  
FROM: Hollis B. Chenery *HBC*  
SUBJECT: Urban Research

DATE: June 25, 1976

In answer to your question: Yes.

Jaycox and Churchill were involved in all stages of preparation and Jaycox cleared this final version.

Attachment

HBC Chenery:nff

cc: Messrs. Jaycox  
Churchill

*6/25*



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: June 11, 1976

FROM: Attila Karaosmanoglu *AK.*SUBJECT: An Agenda for Urban Research

1. Please find attached "An Agenda for Urban Research", prepared by Mr. Ardy Stoutjesdijk, following the recommendation of the Urban Poverty Task Group. It has been discussed by DPS staff, the Urban Poverty Task Group, and the Bank's External Research Committee, and represents as nearly as possible a consensus of opinion.

2. The Agenda will serve as a background document for the Research Committee, and as an organizational framework for a Bank-sponsored research effort in the area of urban poverty. Although the main emphasis is placed on research that is directly supportive of the Bank's urban poverty lending program, it contains a recommendation that a gradually increased proportion of research resources be devoted to attempts at improving our understanding of the urban poverty problem, and the appropriate policies toward its alleviation.

3. Following Mr. Chenery's suggestion, the Agenda is sent to you for your information.

Attachment

cc: Mr. Knapp  
Mr. Baum  
Mr. Chenery, o/r

AKaraosmanoglu:di

An Agenda for Urban Research

1. Introduction.

The Draft Action Program and Interim Report of the Urban Poverty Task Group (hereafter, The Action Program) included among its recommendations the development of an urban research program, for submission to the Bank's Research Committee in May or June, 1976. This paper presents an orientation for such a program, covering the full range of research on urban problems, but stressing within this field the matters affecting poverty. The paper is designed to serve as a background against which individual and more detailed research proposals can be drawn up, and evaluated in terms of their relative importance.\*/

The organization of the paper is as follows. After a brief introductory statement regarding the urban poverty problem, an orientation for a Bank-sponsored urban research program is presented. Against this background, a research program is drawn up consisting of two main components, one that is directly related to and supportive of The Action Program, and one that addresses itself to the question of alternative strategies of poverty alleviation. In a final section, a research strategy is suggested that represents a balanced portfolio of components of the research program. No attempt has been made in this paper to suggest an assignment of Departmental responsibilities for the execution of the research program.

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\*/ This paper has benefited from discussions with colleagues from CPS and DPS Departments, as well as from suggestions made by the Urban Poverty Task Group and the Bank's Research Committee. Moreover, the documents produced by the Urban Poverty Task Force have been used as background material.

2. Urban poverty and the Bank's potential role.

Most of the developing countries have experienced unprecedented rates of urban population growth over the past few decades, both due to migration from the rural areas and to natural growth of the urban population. Generally, the growth rate of the urban labor force has been higher than the growth rate of productive job opportunities in the urban areas, and open unemployment and widespread low productivity employment prevail. As a result, a proportion of the urban population, widely varying by city, lives in absolute poverty, as exhibited by such characteristics as malnutrition, low life expectancy, inadequate housing conditions, and poor educational standards.

Most LDC cities have not been able to generate the resources that are required to provide a minimum standard of urban infrastructure and basic public services to the entire urban population. Available evidence suggests that it is primarily the urban poor that lack adequate access to such basic services. The latter further depresses real income levels of the poor; moreover, it quite possibly limits the scope for improving their income-earning potential by its negative effects on productivity (e.g. poor health, poor educational background) as well as on mobility (poor public transport).

Against this background, the Bank has decided to initiate a lending program that is specifically designed to contribute to the alleviation of the urban poverty problem in LDCs, thus complementing action previously initiated to achieve similar objectives in the rural areas. A set of recommendations for Bank action in the immediate future in this regard is contained in The Action Program. This entails shifts in the lending program,



with lesser emphasis being placed on transportation and power projects, while increasing the share of total lending to education and urban projects, as well as to DFC operations. Moreover, within sectors, greater emphasis is proposed to be placed on projects and project design that directly or indirectly benefit the urban poor. A summary of the main points of The Action Program is given in an annex to this paper.

3. An orientation for an urban poverty research program.

The Action Program has been drawn up in the knowledge that it is not entirely clear at this stage which types of projects and policies are the most appropriate in any given set of circumstances, and which priorities should be attached to certain forms of action. It is quite clear, however, that the objective of alleviating urban poverty in LDCs has become one of the explicit targets of Bank Group policy, and that changes of emphasis in the lending program should result. The Action Program outlines the general direction of these changes which have been accepted by the Bank's management.

Under these circumstances, a Bank-sponsored research program must serve a dual purpose. *First*, it must be supportive of the types of action that have been identified in The Action Program as appropriate elements of an urban development strategy for the Bank. *Second*, it must attempt, through improvements in our understanding of the nature and scope of urban poverty, to improve upon the formulation of policies and programs to alleviate urban poverty.

The *first* component of the program includes research on issues that emerge as elements of The Action Program are being implemented.

This involves analytical work which is closely related to the design, appraisal and implementation of specific elements of the urban lending program; as the need for such research will be generated in the course of the Bank's operations, it is not possible to anticipate the precise contents of this part of the research program. In addition to the implementation research, The Action Program itself requires research both with respect to the potential of the urban economy to generate productive and remunerative employment opportunities, and with respect to the need to develop the analytical tools that can assist in the design and formulation of coherent programs of urban infrastructure and public services which benefit the urban poor.

The second component of the research program, which explicitly addresses the strategic issues in relation to urban poverty alleviation, should initially place emphasis on improving our empirical knowledge of urban poverty and its contributing causes. This will provide the basis for research which facilitates the introduction of the urban and spatial dimension into ongoing sector and macro-economic work thus permitting the formulation of integrated antipoverty strategies (urban as well as rural). This part of the research effort should clearly be closely related to ongoing research on development, most notably to research on income distribution and employment, improved country models, and rural development.

It should be noted that it is neither possible nor desirable to isolate the various components of the research program, as there are obvious and strong inter-relationships. As elements of the action program are implemented, more will become known about the effectiveness of specific projects and policies, and this knowledge must influence research on the more strategic questions. Similarly, research on antipoverty strategies

will influence action programs, and it is quite conceivable that priorities will have to be modified as the experience with antipoverty programs grows. Consequently, the research program drawn up below uses a categorization of research in the urban area only as an organizing device with respect to the main topics that should receive some priority; a later section on research strategy suggests the proper mix among them.

Research focusing on the design of alternative antipoverty strategies will underline the need to think in terms of typologies of urban center. Quite clearly, what may be appropriate for Sao Paulo is not necessarily appropriate, or even feasible, in Dacca or Calcutta. Even within countries, characteristics among cities may be sufficiently different to dictate different forms of action. As the need for typologies is most apparent while discussing alternative antipoverty strategies, we shall return to this issue while discussing strategic research.

4. Action Program - related research.

The Action Program necessitates research of two kinds. First, the implementation of the lending program is likely to generate the need for a substantial amount of operational research. Second, several components of The Action Program itself require further research.

a. Implementation research. With regard to this category of research, it is difficult to anticipate the precise nature of the research questions that may come up, but they are likely to relate to problems of priority setting for Bank lending within and among sectors of



the urban economy, and to the design, appraisal and implementation of specific projects, programs and policies. Typically such analytic work should be financed out of operational budgets associated with the projects concerned; however, in terms of staff input, it competes to some extent with research needs of a less directly operational character.

Important aspects of implementation are evaluation and monitoring. There are two aspects to analytic work in these areas. First, the Bank is in a good position to experiment in the design of projects and programs if conventional design is considered unsatisfactory in meeting given objectives. Careful evaluation of the results of such experimental project and program design adds considerably to our knowledge of feasible alternatives, and justifiably plays a major role in the Bank's operational work program. The recent emphasis on the urban poor necessitates renewed efforts to innovate on the part of operational staff. It should be noted that the research community may make a considerable contribution in this area by a well-designed research effort which focuses on the experience in countries around the world with specific projects and policies that were designed to alleviate poverty. For example, what has been the experience with low-cost housing schemes? Self-help projects? Low-cost public urban transportation? Food subsidy policies? Discriminatory public utility pricing policies? Both within the Bank, as well as in other organizations (such as the I.L.O.'s World Employment Program) a substantial amount of accumulated expertise is available but not readily accessible. A research effort designed to systematize this information, and an analysis under which such projects and policies can be successfully implemented, may be of considerable benefit in their future design and implementation.

b. Research on components of The Action-Program. As stated above, The Action Program was drawn up against a background of knowledge regarding the urban poverty problem, and the functioning of the urban economy, which is far from perfect. Even though the strategy in its broad outlines has been accepted as a basis for action in the near term, therefore, a substantial research effort is required to elaborate upon the characteristics of the major components of the strategy, and to clarify the forms which their implementation may take.<sup>\*/</sup>

The core of The Action Program is the objective of increasing the efficiency of the urban environment in LDCs in meeting certain welfare objectives. This involves improving the access of the urban poor to basic urban services and infrastructure and enhancing the ability of the urban economy in providing productive and remunerative employment opportunities.

*The efficiency of urban systems.*

With respect to the former objective, procedures need to be established for the identification and formulation of urban project packages. As in the overall economic framework, interdependencies among urban projects and policies are of importance and should be taken into account in the design and appraisal of action programs if a full measure is to be obtained of costs and benefits. The problem is that, in general, interdependencies have proved to be extremely difficult to capture, and it is only through the formulation of large-scale mathematical planning systems that some insight into their importance and effects has been obtained. Research focusing on

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<sup>\*/</sup> This research may result in modifications of the strategy, and consequently, ties in closely with research focusing explicitly on alternative anti-poverty strategies (see next section).



*urban* interdependencies, as a basis for project and program design, will therefore require a substantial effort that will have to be organized carefully. The latter must be considered outside the scope of this paper, and it is consequently proposed that the formulation of the urban planning methodology itself is included among the research projects to be undertaken. The excellent review of urban planning models by Rakesh Mohan might be taken as a starting point for this research effort.\*/

Once it has been established that the problem of urban interdependencies is researchable at the level of disaggregation considered necessary for urban project design, the planning methodology can be tested within a specific urban environment. This will involve a major effort in terms of data collection, analysis and data processing, as well as organization, with both research and operational components. It will necessitate focusing on such diverse but inter-related issues as urban land use policies and management, the supply characteristics of urban services, including questions of appropriate technology and standards, delivery systems and pricing, the effective demand for urban services in terms of the ability and willingness to pay, particularly on the part of the target groups, and a range of issues associated with urban public finance and taxation. The sheer magnitude of this research task, in the light of the limited research resources available, would make it the major new research effort to be undertaken as a result of the recent emphasis on the urban poor.

Urban employment.

Research focusing on an increased ability of the urban economy in providing productive and remunerative employment opportunities may focus on the conditions under which urban small scale producers operate, again

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\*/ Rakesh Mohan, "Toward Modelling Poor Cities: A Review of Urban Economic and Planning Models", November, 1975 (mimeo).



following the major thrust of The Action Program in this regard.

Research in the area of small scale production may take the form of attempts to identify the constraints on productivity increases in small scale establishments in specific situations, as a basis for Bank action. Such constraints may include lack of adequate access to credit facilities, resulting in interest rate discrimination in comparison to large scale establishments, economies of scale in production, insufficient training of both workers and managers, lack of access to adequate sites and services, problems in procuring raw materials, as well as marketing and distribution problems for final output. In any given situation, the combination of factors responsible for low productivity may vary, and situation-specific measures will therefore be called for.

In addition to the operational research effort in the area of small scale production, a more general research effort is necessary. The latter may address itself to the following issues:

- (i) An analysis of the role that small scale establishments have played in a number of selected countries in the development process, both in terms of employment and value-added generation, and in terms of technology choice and the efficiency of resource use in comparison to larger-scale establishments.
- (ii) The identification of incentive systems that may improve the performance of small scale establishments; particular emphasis should be placed here on price distortions within the economy that constitute biases against small scale production.
- (iii) Methodological research that may provide the analytical tools that assist in the identification of lines of

production that are particularly suited for small-scale production, and that can be used to formulate attractive projects and programs.

In this connection, The Action Program's recommendation that Bank lending to the industrial sector should be directed to a greater extent toward branches of industry that provide greater scope for direct employment generation raises a number of questions that are researchable. First, which are these branches of industry, and why is it that Bank lending to these industrial activities needs special encouragement? Second, to what extent are the activities in this category directly competitive with small scale establishments? If so, which criteria can be formulated to appraise individual projects in this category?

The research questions mentioned above can be related to another issue brought up in The Action Program, i.e. the justification of investments in large-scale, capital intensive productive sector activities which, in addition to their contribution to growth, have substantial indirect employment effects. The first issue is whether the indirect employment effects ought to be one of the criteria in appraising projects in these sectors. Second, what are the indirect employment effects, and how should these be measured? The question of indirect effects of projects has perhaps received inadequate attention in the project analysis literature, and deserves some elaboration.

##### 5. Strategic research.

So far, the research suggestions have been drawn up closely following the forms of action proposed in The Action Program, thus taking the implied anti-poverty strategy components as given. The underlying rationale is that there is little that any research effort can do to change the strategy in the short run. However, it must be recognized that the present

strategy is very much the reflection of the current state of knowledge, which is very limited. A proportion of research resources should therefore be allocated to research that focuses explicitly on alternative or modified anti-poverty strategies.

The first question that will need to be addressed is that the most appropriate mix of projects and policies will vary depending on the situation, and that consequently some typology of urban centers and the environment in which they are located will be necessary. At this stage it is not possible to define the characteristics of the typology that is required to make generalizations with respect to the most appropriate anti-poverty strategy in differing circumstances; as the research on urban poverty proceeds, and as components of The Action Program are being implemented, such a typology will logically emerge. For the time being, to focus ideas in this respect, the typology proposed in one of the Urban Task Force background papers could be adopted.\*/

This typology is based on countries rather than cities, and distinguishes among four types of countries, referred to as Type I to IV countries.

Type I countries. Here, the urbanization process is well underway. More than 50 percent of the population is urban, and urban as well as rural incomes are relatively high (among LDCs). Before the end of the century the urbanization process can be expected to be completed, with most of the population living in the cities. Type I

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\*/ The Task Ahead for the Cities of the Developing Countries, World Bank Staff Working Paper No. 209, July 1975.



countries are primarily located in Latin America.

Type II countries. Type II countries are less well off than Type I countries, and both urban and rural incomes are lower. Urbanization is of more recent date, but due to pressures on the land, proceeding rapidly. Urban poverty is more substantial. The countries have a fairly well developed industrial base. Countries in this category include Algeria, Korea, Malaysia.

Type III countries are mainly located in Africa. Cities are still relatively small, but growing extremely rapidly. Agricultural land is usually plentiful, and the economy is heavily dependent on agricultural production. In these countries, rural development programs may be considered as part of an urban strategy to slow down migration to the cities.

Type IV countries. These countries are extremely poor. Most of the population is rural. Population growth rates are high. Rural-urban migration is expected to continue for the foreseeable future. Both urban and rural incomes are low, and the number of absolute poor is very high in relation to total population. The Type IV countries are mainly located in Asia (e.g. India, Indonesia).

Crude as the typology outlined above may be, it draws attention to a number of aspects of the urban poverty problem that need to be taken

into account while designing action toward its alleviation, and, therefore, in drawing up strategies. Among these are:

- in some countries, action programs that emphasize productive employment generation in urban areas deserve priority over those that give emphasis to the provision of urban infrastructure;
- in others, urban poverty may be alleviated by effective income distribution policies; the provision of basic urban services to the poor may be an efficient instrument for real income transfers;
- in some countries, urban poverty may be alleviated, or prevented, by rural development programs that slow down migration to the cities;
- in other countries, poverty (rural and urban) is so widespread, and resources available for its alleviation are so limited, that substantial improvements can not be expected in the near future; the main emphasis here might have to be placed on population control measures, combined with policies that promote equitable economic growth.

In the light of these questions, it would appear that research on the strategic issues associated with urban poverty policies should focus first of all on obtaining a better understanding of the nature and scope of urban poverty in LDC's; not only would this more detailed insight into the urban poverty problem be necessary to formulate more precise objectives and identify

the most effective instruments for poverty alleviation, but also it would provide a basis for comparison with the dimensions of poverty elsewhere in the economy, thus enabling the establishment of national priorities.

Research addressing itself to this issue must assume a household orientation; specifically, it should address itself to the urban poor as consumers and as producers.

Research focusing on the urban poor as producers should shed light on the way incomes are generated, in both the formal and the informal sector, and the potential for increased earning capacity, were opportunities available. Insight into the skill and age structure of the urban poor is of obvious importance in this respect, as is their access to complementary factors of production. Similarly, empirical information on the structure of wages and incomes by sector, skill class and age, and the functioning of the urban labor market, is important. In this connection, special attention should be paid to the informal sector, and its role within the urban environment. One thing that is not clear in this context is whether a clear picture of the urban poor as producers can be obtained in isolation of the rest of the urban economy, or whether a more comprehensive description of the production side in the entire urban area is necessary.

Similarly, greater knowledge of the urban poor as consumers is necessary for policy design. The consumption patterns of the urban poor are an obvious starting point for the design of subsidy and price policies that aim at improvements in standards of living, and/or changes in consumption patterns. They also provide a basis for quantifying the scope of the poverty problem by comparing actual consumption levels by category to some reference



consumption basket reflecting the policy objective of adequacy. It should be emphasized that the reference consumption basket should include marketed as well as non-marketed consumption items; the latter include services provided by the government at no direct cost to the consumer. Relative deficiencies by consumption category (e.g. nutrition, housing, education, health) may then permit the establishment of priorities.

Research in this area should be closely linked with ongoing research efforts in the area of income distribution. A substantial body of data has been built up on the size distribution of income, household expenditure patterns, and a variety of labor force characteristics. This may provide a good starting point for descriptive work aimed at providing a better picture of the urban poor.

The data intensive nature of this research effort dictates the need for an organizational framework for the information to be collected, and an analytical framework. Recently initiated research on social accounting matrices (SAM's)<sup>\*/</sup> as well as the research on improved models for country analysis, may provide the bases for the macro-economic analysis of these data needs. The former is in a more advanced stage of preparation, appears

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<sup>\*/</sup> SAM's are a framework for the organization of variables and data, on the basis of an organizing principle which is essentially not different from the one underlying macro-models. They differ from traditional national accounts in a number of important respects. First, they provide a more comprehensive description of the economy under consideration. Secondly, in representing the accounting framework that should underlie any macro-model, they are more convenient as a basis for analytical work. Thirdly, the consistency of facts which is imposed by a SAM framework logically leads to a consistency of theorising regarding the economic relationships revealed by the observations. Fourthly, and most importantly, SAM's trace in detail production and consumption processes within the economy, and the mechanisms that underlie these processes. By introducing greater or lesser detail, SAM's can be used for regional analysis, urban analysis, as well as macro-economic analysis, the latter with an explicit representation of rural-urban interactions.

easier to use, and might therefore initially be the more attractive framework for data organization and analysis. As the research on improved economy-wide planning models proceeds, the formulation of an urban module within this model system is contemplated, and eventually the choice of appropriate analytical tool will obviously have to be reviewed.

6. Research strategy.

The research strategy suggested below is drawn up with two considerations in mind. One is that it is probably desirable to have a balanced portfolio of urban research, containing components of all categories that have been identified. Initially, the emphasis should perhaps be placed on research associated with the implementation of The Action Program, with a gradual increase in the effort on strategy research. The second consideration is that the resources available for urban research are limited, and that it will be necessary to set priorities for research within each of the categories. To indicate some order of magnitude, one would probably have to assume that not more than 10 man/years, and between \$1.5 and 2 million of Research Committee funds for the next three years, will be available for the research program. This would be complemented by operational resources, including those available for the design, appraisal and implementation of specific projects and programs.

A complete consensus of opinion on research priorities and resource allocation will be hard to reach, and opinions are likely to diverge both in terms of topical priorities and with respect to the empirical



environment in which various approaches, projects and policies should be tested and implemented. However, on the basis of the discussions that have taken place on this subject so far, it would appear that the following approach to priority setting may be acceptable to most.

On a priori grounds, it would appear that research directly related to the implementation of the lending program as outlined in The Action Program deserves highest priority. As this component of the research program follows from operational needs, the issue of geographical priority does not come up.

As a complement to this highly operational analytical effort, it would appear that very high priority should be attached to the study of urban interdependencies in the context of a city. The approach that could be adopted is to focus on important components of the urban system separately, and to attempt to combine these at a later stage into a comprehensive systems study of the urban economy. The testing of this framework should initially be carried out in the context of a medium-sized city in a Type I or Type II country,<sup>\*/</sup> on the basis of a detailed empirical investigation of the nature and scope of urban poverty in that city. The rationale for this preference is that an explicitly urban focus appears to make more sense in the case of such countries than in the case of either a Type III or Type IV country. Not only does the urban poverty problem appear more tractable and manageable in the former types of country, but also it is a large part of the total development problem. Moreover, the alleviation of urban poverty appears feasible in terms of resource availabilities if only the countries in these categories were to attach greater priority to this objective. To

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<sup>\*/</sup> See previous section for description of typology.



the extent the Bank is limited to playing the role of catalyst, therefore, focusing on these countries may be expected to have a relatively high payoff.

In contrast, an explicitly urban focus in the case of the Type III and IV countries appears less promising, at least in the short run. In the case of the Type IV countries, it is not clear what can be done to alleviate widespread urban poverty, in the light of even more substantial rural poverty and very limited resources available for its alleviation. The poverty problem in these countries should probably continue to be dealt with in the context of overall economic policies designed to lead to more equitable growth rather than in the form of undertakings with a specific urban focus. Moreover, research mentioned in the area of productive employment generation may have to be re-emphasized with regard to these countries.

The Type III countries (and perhaps to some extent also the Type II countries) could benefit considerably from research focusing on rural-urban interactions, designed to improve our understanding of the motivation for migratory flows, and the capacity of the urban economy to accommodate migrants, in terms of productive employment opportunities, and the provision of basic urban infrastructure and services. This research may result in the design of policies that can influence the form these rural-urban interactions may take. However, as a considerable amount of research in this area is currently underway, it would appear to deserve a somewhat lower priority than the issues mentioned above.

Other priority subjects, not identified above as deserving of

special emphasis in the program, are mostly research topics that are already incorporated in the Bank's research program. Although in many cases, the urban dimension could be more explicitly incorporated into the research design, nothing precludes this reorientation, and it was therefore felt that no special attention to such research ought to be drawn at this stage. As our understanding of the urban poverty problem grows, as a result of both operational work and research, the desirability of a more comprehensive reorientation of the research program will become clearer.

Action Program and Interim Report of Urban Poverty Task Group:A Summary

The Action Program draws a distinction between Bank lending to the productive sectors and Bank activities in the infrastructure sectors. The former include mainly the work of the industrial units of the Bank Group (NDP, DFC, and IFC), while the latter involve urban projects, transportation and power, as well as education, nutrition, and population.

Regarding the productive sectors, The Action Program proposes that lending to large capital-intensive industrial projects should continue to receive strong support because of the alleged positive indirect employment effects of such projects. Moreover, the Bank should increase its lending to the more directly labor-absorptive branches of industry, i.e. those that have flexibility as to the technology that can be employed, and those that usually absorb large numbers of unskilled labor. Examples of the former are textiles, metal working, food processing; among the latter, transportation, construction and assembly are mentioned. Particular attention is drawn to the small scale enterprise sector, and its potential for productive employment generation. Substantial increases in Bank Group lending to support and promote small scale enterprises are recommended. Furthermore, indirect lending to industry (through industrial estates and other non-Bank intermediaries) should be increased. Finally, it is suggested that the Bank should move into credit and technical assistance to the informal sector, for which the "basic urbanization package" is proposed as the main vehicle; this package involves sites and services and slum upgrading projects.



The Action Program defines the Bank program objectives for the infrastructure sectors for two sub-groups of activities. The first one involves activities that can make a direct contribution to alleviating the conditions of the urban poor; included in this category are projects in basic urbanization, water supply and sewerage, education, nutrition and population. The second sub-group relates to those activities which through employment during construction and from facility expansion, and through providing inputs to the productive sectors make their contribution less directly; under this heading, transportation and power projects are specifically mentioned.

The Action Program proposes a very rapid increase in lending for basic urbanization package projects. These involve sites and basic services projects as well as slum upgrading projects. "It is this sector which, because of its 100% urban and 100% target population orientation, will bear a major responsibility for the infrastructure and informal sector side of the attack on urban poverty." In addition to basic urbanization projects, the Bank should focus on institution-building, urban finance and effective land use management. Moreover, urban transportation projects would continue to be a feature of urban lending.

In the case of water supply and sewerage projects, the primary Bank objective should be to reach a high proportion of the urban target population (at least 50% of the personal consumption beneficiaries of new projects by FY78, as proposed in The Action Program). Although there will be no relaxation of financial targets for the utilities involved,<sup>\*/</sup> it is proposed that by

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\*/ I.e., the principle of replicability will be maintained.

adopting lower standards of design, and service, and pricing policies that would differentiate by consumers' ability to pay, it will be possible to meet the targets. In this sector, a modest increase in net lending is proposed; the primary goal, however, is a redirection of effort so that the urban poor become to a greater extent the beneficiaries of projects in this area.

A considerable increase in lending for education projects is proposed. Attention is drawn to the need for a balance between rural and urban enrollment ratios. The Action Program does not include specific recommendations in the areas of nutrition and population; for the former, a modest lending program is proposed, while for the latter, no increase in lending over planned rates is recommended.

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Paper on World Industrialization

DATE: June 1, 1976

The attached paper on Transitional Growth and World Industrialization was prepared for presentation to the Nobel Symposium on "The International Allocation of Economic Activities" in Stockholm next week. My study is an outgrowth of the Bank's research on Development Patterns and two current research projects in the Economics of Industry Division, in which we are studying industrialization and trade in manufactures.

I do not urge you to read the paper, but you may be interested in some of the tables and graphs at the end. I have divided the developing countries into three groups-- "newly developed", "transitional" and "less developed"-- and traced the postwar development of industry and trade in these terms.

Attachment

cc: Mr. W. Clark



The World Bank

*MEN book*

Mr. Kearns

I disagree with your factual statements in paragraph 6, but I will refrain from protracting the argument.

Have you reflected Reg Clarke's views as well?



Hollis B. Chenery  
May 27, 1976



# Record Removal Notice

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<b>Document Date</b> May 27, 1976	<b>Document Type</b> Memorandum
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**Correspondents / Participants**  
 To: Mr. R.S. McNamara  
 From: Hollis B. Chenery and B. Chadenet

**Subject / Title**  
 Assistant Director Position in Development Economics Department

**Exception No(s).**  
 1    2    3    4    5    6    7    8    9    10 A-C    10 D    Prerogative to Restrict

**Reason for Removal**  
 Personal Information; Corporate Administrative Matters

**Additional Comments**

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Shiri Alon	Date Aug 11, 2014
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THE SECRETARY OF THE TREASURY

WASHINGTON 20220

MAY 19 1976

*Mr. Cooper*

- |                           |
|---------------------------|
| 1 - Executive Director    |
| 2 - Permanent Office Copy |

Dear Mr. Obey:

This is in reply to your letter of April 13 concerning the effect of increased oil prices on developing countries, and the role the World Bank might play in helping to overcome problems arising from this source.

*cc [unclear]  
[unclear]*

I have seen the response by Assistant Secretary Greenwald to a similar letter from you to Secretary Kissinger. With respect to the Bank's role in CIEC there is little to add to Assistant Secretary Greenwald's reply. While the Bank can be helpful technically, it is not realistic to expect that it can play an independent role in seeking to resolve an issue that is under intensive international political discussion. Since the economic impact of higher oil prices is a problem with worldwide implications, we are primarily working through international mechanisms such as the CIEC to analyze in detail the extent of the problem and search for possible corrective measures. In the Energy Commission of CIEC we are emphasizing the role of oil resources in the world economy, and the impact that massive price changes have, and will continue to have, on the entire international economic community. It is my hope that we can begin in this group to alleviate the burden of the oil price increases through a mutual understanding of the problem and a joint effort at solutions. Under the circumstances I would not foresee a leading role for the Bank in developing direct measures to offset or reduce the economic burden of higher oil prices on developing countries.

Clear analysis of the dimensions of the problems in developing countries which have arisen as a result of the oil price increase is, of course, indispensable. CIEC is addressing itself to this area of work as well. A U.S. study which has been tabled at CIEC estimates that the aggregate current account deficit of non-oil developing countries has increased from \$9 billion in 1973 to \$38 billion in 1975. About \$9 billion of this increase is directly due to the higher cost of oil imports. In addition, the U.S. analysis concludes that the indirect costs to these countries were substantially higher. They were (1) approximately a \$12 billion decline in LDC export earnings because of the oil-induced recession in the



industrialized countries; (2) an increase of \$6 billion in LDC import prices due to oil-related costs in developed economies; and (3) \$2.5 billion in interest payments on the oil-related debt accumulated in 1974 and 1975. A copy of this study is attached for your personal use. (CIEC participants have agreed that working papers tabled in the commission should not be released to the public.)

The Bank staff is now preparing its annual assessment of economic prospects for developing countries. Although I understand that the format of this report will be somewhat different than that of Report No. 802 to which you refer, nevertheless it would appear appropriate for it to identify clearly the economic effect of oil price increases on the development prospects of oil-importing developing countries. I have asked Mr. Cooper to discuss this issue with the Bank and to assure that appropriate analysis of this question be included in this year's assessment.

I hope this information is helpful and responsive to your concerns.

Sincerely yours,

(Signed) Bill Simon

William E. Simon

The Honorable  
David R. Obey  
House of Representatives  
Washington, D.C. 20510

Attachment



## OFFICE MEMORANDUM

Haq  
(No Comments)

TO: Mr. Robert S. McNamara

DATE: May 3, 1976

FROM: Hollis B. Chenery, Vice President, DPS

SUBJECT: Quarterly Report on Country Economic and Sector Work

1. I attach the second quarterly report on the progress of country economic and sector work which incorporates the views of CPS and an annex prepared by P&B.
2. Our major finding is that considerable progress has been made in developing Basic Economic and Sector Work Programs. These include 'formal' and 'informal' work on specific policy issues such as the planning mechanism, urban and regional analysis and investment financing. These reports build up to Basic Economic Reports, such as that on Malaysia, the Philippines and the Ivory Coast, which were recently reviewed by a Bank-wide panel under my chairmanship.
3. The first meeting of the Coordinating Committee on Economic and Sector Work took place in March. Representatives from the Regional Offices, DPS and CPS agreed on the basis of recent experience that the changing structure of economic work provided an opportunity for country economists to develop their expertise; that the Bank-wide review process served a useful purpose, particularly for the authors of reports; and that recent DPS support for country economic and sector work was satisfactory. The Regional representatives were concerned to have an increasing involvement in policy work, and I will hold further discussions with them on the ways of doing this as well as methods of disseminating and following-up policy work carried out by the central staff.

JBharier/HBChenery:ag

cc: Messrs. Knapp, Baum, J. Adler, Kearns

cc: Messrs. Karaosmanoglu, Haq, Chernick, Bharier

APR 27 1976  
4:30 P

ROUTING SLIP

Date

April 27, 1976

OFFICE OF THE PRESIDENT

Name	Room No.
Mr. Chenery	E1239

To Handle	Note and File
Appropriate Disposition	Note and Return
Approval	Prepare Reply
Comment	<input checked="" type="checkbox"/> Per Our Conversation
Full Report	Recommendation
Information	Signature
Initial	Send On

Remarks

Mr. Haq prepared the attached note on Mr. McNamara's instructions, through me, on a strictly confidential basis, hence its unusual frankness. I think we should take great care to preserve its confidentiality.

From

  
Sven Burmester

DECLASSIFIED

AUG 11 2014

WBG ARCHIVES

The Bank's Mistakes in Chile

STRICTLY CONFIDENTIAL

*4/26 To Dr. Chasing  
How do you propose  
to use this info.  
would that be used  
to organize a seminar  
on the subject with King*

1. In reviewing the controversy around our role in Chile, it is best to step back a little and take in the broad picture than to analyse each detailed step. This is all the more necessary because our mistakes in Chile lay deep in our basic perceptions and approach rather than in our technical analysis. I realize that this is a very controversial field but I would like to state my own views very candidly since no cause is served by polite analysis.

*4/27  
m.p.  
Liam*

2. It appears that we made several mistakes in Chile, both in our professional judgements and in our choice of tactics. The errors in our professional approach all stemmed from the same fatal flaw: our economic reports were addressed almost exclusively to short-term economic performance and assessment of creditworthiness. They failed to address the structural changes that the Allende Government was trying to engineer. And we made our judgements on criteria of efficiency and fiscal propriety which would have made the Chicago school quite proud of us but which did not even try to establish a link between our short-term preoccupations and the Allende Government's concerns for equity.

*4/27  
m.p.  
Liam  
Final*

3. The difference between the Chicago school and the structural school of economics is a fairly fundamental one. It is a difference in basic perceptions. The Chicago school is concerned with efficiency; the structural school with equity. Both tend to exaggerate their own case by choosing selective examples. Our own role would have been best served by establishing a link between efficiency and equity, which we failed to do in our reports.

4. If we take the short-term approach and efficiency considerations, Allende comes out as an economic lunatic and the Junta gets full marks for good economic management. Allende did not adjust the exchange rate, while the Junta did. Allende did not pass on the tax on copper through the budget, while the Junta did. Allende did not correct the pricing system or worry about incentive prices, which the Junta is now trying to introduce. The fiscal deficits increased substantially under Allende, while the Junta is trying to reduce them. Allende was perhaps cheerfully oblivious to the high inflation rate in the economy, while the Junta is at least trying to control inflation, though not too successfully so far. On these criteria, Allende did not deserve our support, while the Junta does. These are the criteria largely used in our three economic reports from 1971 to 1975.

5. But if we, on the other hand, were to take a long-term structural view of society, Allende comes out far ahead of the Junta in every respect. Allende increased the real wages of industrial workers by 20% in 1971,



while the Junta is placing a major squeeze on urban wages. Allende carried out one of the most drastic land reforms anywhere, while the Junta has already started to modify these reforms. Allende extended social control over private industry, while the Junta has again returned most of the factories to private ownership. Allende transferred a major part of Chilean wealth to Chilean ownership, which was one reason for the anger of foreign investors at the Allende regime. The Junta is reaching its quiet accommodation with foreign interests. Allende brought down the urban unemployment rate to about three percent of the labor force. Since the Junta took over, the unemployment has gone up to 17%. One can go on in this spirit. The essential point is that if we use criteria for evaluation which are broader and more social in nature, Allende does not appear to be the villain that he is often made out to be by pure economic analysis. The major mistake of Allende was not the objectives that he was trying to implement. His major mistake was that he did not know the right means to implement those objectives. He did not realize sufficiently that economic growth and good fiscal management were also necessary to sustain his structural changes.

6. How are we to assess the overall economic situation in such a case? What weight should we give to institutional reforms? to income distribution and employment? to longer term concerns? How should we relate all this to our own legitimate concern for creditworthiness, fiscal management and economic efficiency? These are some of the toughest questions but we hardly raised or analysed them in our economic reports to identify a range of policy options for action. We chose the easy and comfortable way out: to rely exclusively on judgements about short-term economic management. This was particularly ironic during a period when we were urging the developing world to devote more attention to employment and income distribution, to carry out fundamental institutional reforms, including land reforms, and to address their problems of poverty more directly. Our critics saw a possible contradiction here and seized upon it. We failed to support the basic objectives of the Allende regime, either in our reports or publicly. If we had done that, we would have been freer to make the legitimate point that "economic" costs of these objectives were unnecessarily high and could be reduced by proper economic management. We could have gone further and shown what set of economic policies would have been consistent with these objectives. Instead we mumbled about exchange rates, fiscal balance and price distortions, without ever trying to establish a link between our theology and Allende's concerns. We are making the same mistake in reverse now. We are cheerfully applauding the conservative fiscal management of Chile without drawing sufficient attention to its high "social" cost (rising unemployment, worsening distribution, increasing repression). Of course, this world would be a happier place if economic and social goals all moved in the

same upward direction. But what happens if social objectives are legitimate but economic management is lousy or if short-term economic performance is satisfactory but the social costs are relatively high? Are we always to reject the former and embrace the latter?

7. The question is not a rhetorical one. We already face it in a number of cases - Sri Lanka, Tanzania, Burma - and are likely to confront it increasingly elsewhere. We have not yet broadened our criteria of evaluation sufficiently to tackle it. For instance, in Sri Lanka, we consistently (and probably rightly) rap the country for its inefficient management of the fiscal budget and balance of payments but we fail to give it sufficient credit for tackling some of its poverty problems (life expectancy raised from 43 to 68 years; literacy from 30% to 75%; share of lowest decile in total income doubled; all in last 20 years at an annual expenditure of less than \$15 per capita on social services - an expenditure that we keep picking on all the time in our short-term analysis). Unfortunately, many of the countries while addressing their social problems tend to ignore economic realities and get into somewhat of a mess in the short-run. This happens also because institutional reforms create their own short-term disturbances, particularly for those vested interests, both inside and outside the system, who are hurt by these reforms. To some extent, short-term economic costs may be a necessary part of longer term social change. In many cases, these costs could probably be minimized through skilful economic management, though not many social reformers are famous for their economic expertise. If our own attention is focussed entirely on growth economics and financial management, particularly for the short-run, at a time when a society is undergoing a fundamental structural change, it is hardly surprising that we should come to the wrong conclusions and lose credibility with the leaders of the society. The least we must do is to accept the basic objectives of change and show conclusively - not hint vaguely but indicate specific policies - how the change can be secured through "efficient" economic means. In other words, we need to broaden our terms of reference and our criteria of evaluation in our economic reports.

8. I realize that none of this is ever going to satisfy those purists who demand scientific, technical proof of our professional mistakes in Chile. As I have argued, if there is a mistake, it is in our basic approach, not in our detailed analysis. However, I also attach a more technical appraisal of recent World Bank reports on Chile. Its major conclusions are:

- the three economic reports (during 1971-75) explicitly left out a treatment of the structural questions on the plea that they had been fully analysed in an earlier (1970, pre-Allende) "basic" type report.



- the 1971 report pointed out (rightly) the adverse consequences of the government policies regarding increases in real wages, increased outlays on health, agrarian reform, etc. on the fiscal budget and the balance of payments; but there was little or no treatment of the favorable impact of these policies on income distribution and employment;
- the focus of almost all reports was on the assessment of creditworthiness: this was based on the (unpredictable) projections of export earnings of copper about which we made several (honest) mistakes;
- the 1975 economic memorandum gives a large benefit of doubt to the Junta (accepting all its estimates with little questioning, unlike under the Allende regime, and implying that most of the Government's difficulties were a result of external factors, particularly copper price). In fact, the report seems to absolve the present Government from any major responsibility for its current economic problems and paints rather a rosy picture of Chile's economic prospects on the basis of unnecessarily optimistic assumptions regarding copper export receipts and capital flows;
- all these reports suffer from the same original sin: they read like a treatise on fiscal propriety without establishing any link whatsoever between short-term economic management and long-term social objectives.

9. Besides the professional criteria we used to assess economic performance under Allende and the Junta, there is also a question as to whether we chose the right tactics in dealing with Chile. It was clear from any professional analysis, even of the Chicago school type, that the case for suspending lending under Allende or for resuming it under the Junta was marginal at best. It was also quite evident that a case like Chile was likely to become a hot political issue. In such a case, it is unwise to rely exclusively on professional judgements: the choice of tactics becomes equally relevant. With the advantage of hindsight, it seems now that some aspects of the Chilean episode could have been handled differently. For instance:

- Our case would have been stronger if we had kept lending to Chile during the first year, or at least the first six months, of Allende Government. It takes any government, however evil, some time to create chaos and it is difficult



to argue that the economic situation deteriorated suddenly as soon as the new government took over. In fact, if we had given the Allende regime the benefit of doubt in the first six months, we would have been in a stronger position to argue that our quarrel was not with the political objectives of the regime but its subsequent economic mismanagement.

- It might have been advisable to bring the overall question of suspending lending to Chile before the Board so that the decision was seen as a Board decision, with full consideration of all the relevant facts, rather than as a quiet management decision about which rumors and suspicions could multiply with impunity. If such a situation arises in future, we should seriously consider whether our cause will be best served by laying out the pros and cons of a suspension in lending clearly on the Board table in the context of an overall policy debate rather than in the context of any specific project.

a

- Instead of bringing<sup>a</sup> copper project to the Board this year, it would have considerably strengthened our hand if we had processed a project which had more of an impact on the poorest sections of society and for which we could show that we had been able to negotiate some sensible policy changes on the part of the Government in favor of their poor people. Copper has rather a nasty odor of big corporations around it and our efforts to explain its beneficial impact on the people have not been too successful. If we had chosen a different type of project, we would at least have strengthened the argument that "we lend to member nations and people, and not to regimes", and that we cannot penalize the people for the sins of their governments. [Incidentally, the same argument can be turned around to apply to the "sins" of the Allende Government.]
- Since we knew that the resumption of lending to Chile at this stage would become a public issue, irrespective of what we did, it might have been advisable to prepare the groundwork for it in advance by publicly giving out stories on how other international and regional institutions and bilateral donors had been pouring assistance into Chile (over \$1,200 million as we hesitated) and how the Bank was carefully and cautiously deliberating over the question of resumption of lending and how it would not make up its mind except on the basis of a meticulous assessment of the economic prospects of Chile and the impact of its lending on the lower income groups in Chile.

10. All this, however, is hindsight. And correct tactics, while helpful, are no substitute for correct policies. The case of Chile posed some of the toughest choices for the Bank and raised the fundamental issue: how far should we take political considerations into account in making our economic judgements? We argued that political factors did not simply exist for us and that we made up our mind on purely professional grounds. Our critics allege that we did not. In reviewing this controversy as objectively as I can, it appears to me that:

- our professional criteria for assessment of Chile were too narrow and not sufficiently broad-based;
- we gave much less benefit of doubt to the Allende regime than we have given to the Junta;
- we were faced with a tough decision at the margin, both when we suspended or resumed lending, which could only have been made in the broader policy interests of the Bank rather than on professional judgements alone;
- we may be able to redeem our position a little by focussing more clearly in our reports on the "social" costs of present economic management, by carrying out a more purposive policy dialogue with the current government on the issues of distribution and employment and by consciously processing those projects in the first instance which are meant exclusively for the lower income groups (the forthcoming loan for the rehabilitation of electricity transmission and distribution network will hardly qualify on these grounds);
- we should take this opportunity to review our economic work and professional criteria in those cases where issues of basic structural change are likely to compete with issues of current fiscal management.

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AUG 11 2014

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ATTACHMENT

An Appraisal of Recent World Bank Reports on Chile

1. This appraisal covers three Bank reports on Chile: a back-to-office report following a small mission during September/October 1971 and circulated within the Bank on December 17, 1971; a special report stemming from a mission in February/March 1974 and circulated to the Board in October 1974; an economic memorandum stemming from a two-man mission in October/November 1975 and circulated to the Board in late December 1975; and a CPP dated November 25, 1974.

2. These reports addressed themselves almost exclusively to Chile's short-term economic performance, short-term prospects and creditworthiness. The key questions analyzed were: how much Chile would receive in the next few years from copper exports and how these receipts would be spent. The structural issues facing the economy were largely ignored in the reports on the tenuous argument that they had been fully analyzed in an earlier (1970) "basic" type report. This was a fatal mistake since structural issues were the most important ones for any worthwhile analysis of the performance of the Allende government.

3. Since the Bank reports written during 1971-75 had a very restricted short-term framework, this appraisal proceeds by accepting the same framework and by analysing, with the advantage of hindsight, how well we did in assessing short-term economic performance and what lessons we can draw from this experience.

The 1971 Back-to-Office Report

4. The 1971 report is a fairly good analysis of its type, given its restricted terms of reference. It traced the effect of the Government's policies taken in 1971 such as: the large rise in real wages; the consumption spree (based on highly expansionary monetary and fiscal policies, a grossly overvalued exchange rate combined with domestic price controls, and the channeling of copper resources into both wage hikes and food-stuff imports); and the adverse impact of all of these policies on the balance of payments.

5. On the other hand, there was little or no treatment of the favorable impact of these policies. The report did not mention, for example, the beneficial impact of increased outlays for health, or of the agrarian reform; and there was no discussion of the effect of government policies on general income distribution (other than on factor shares). The report also failed to make a link between the legitimate social objectives of



the new regime and the inappropriate economic means it was choosing for their implementation. The drastic increase in public sector responsibilities and the attempt to use the price system for income distributional purposes required highly competent managers at the helm of a highly disciplined planning system. Chile had neither; policy formulation was strictly ad hoc and policy implementation was chaotic.

6. The following summary table compares the back-to-office report's assessment of Chile's 1972 prospects with what actually happened:

<u>Expected 1972 Indicators</u>	<u>Report</u>	<u>Actual</u>
Relatively accurate:		
Copper price f.o.b. (cents/lb.)	46.5	46.1
Increase in US\$ value of merchandise imports (%)	15.2	18.4
Net reserves at year end (\$ million)	-268	-215
Relatively in error:		
Copper exports, (thousand tons)	833	647
Net public M&LT inflows (\$ million)	-66	150
Rise in controlled price level (%)	18	78

7. The mission greatly underestimated the effect of nationalization of the copper companies and their consequent boycott on the volume of exports. They also underestimated Chile's capacity to attract external capital; there was a net inflow of about \$150 million in medium and long-term loans in 1972 (apart from rescheduled loans), compared to the mission's estimate of a negative \$66 million. Finally, the extent of inflation in 1972 - associated with doubling of money supply in 1971 - was not foreseen. Nevertheless, the report's main conclusions about the short-term prospects turned out to be right. Imports continued to boom; the Government did attempt to maintain the 1971 real wage levels with disastrous inflationary consequences; and net foreign exchange reserves did indeed drop precipitously. The mission was probably right to conclude that the Allende Government's policies were gravely impairing Chile's creditworthiness over the medium-term. Where it really failed was to analyse how Allende Government could best implement its social objectives without mortgaging its creditworthiness. Unfortunately, its prescriptions came directly out of a standard economic text book on fiscal ethics and propriety.

#### The 1974 Special Report and CPP

8. The 1974 Special Report addressed itself to an analysis of the economic failures of the Allende period. However, its analysis of expected future trends was weak. The estimate of the future copper price was very much in error. In addition, the report was not as specific as

it might have been on the degree of austerity required for attaining balance of payments viability. Finally, the final draft of the report glossed over the managerial incompetence of the public sector.

9. First, the error in the copper price estimate is revealed in the following table:

<u>Copper prices, US cents/lb. (f.o.b. Chile)</u>	<u>1974 Report</u>	<u>Actual or latest estimate</u>
1974	101.6	85.4
1975	97.7	52.6
1976	87.6	61.2

In 1975, using the report's estimate of export volume, the difference between the projection and the actual price was \$905 million. In actual fact, the world recession cut the copper demand considerably, so that the actual volume of exports meant a price determined shortfall of only \$750 million. These sums were, respectively, one-third and 29 percent of the projected exports (including exports of non-factor services) assumed in the report. This large error in estimation contributed, in turn, to an erroneous assessment of Chile's demand management, the austerity policies needed, and the country's ability to service debt.

10. The CPP attempted to reverse this error to some extent. Consistent with a new DPS price projection, the CPP assumed a copper price of 70 cents for its analysis for 1975 and dropped the projected price by about 20 percent below those used earlier in the 1974 Report. Thus, in contrast to the 3 percent margin of error in the 1971 back-to-office report's price projections for 1971-72, the 1974 Report was 46 percent off and the CPP 25 percent off in their price estimates for the crucial year of 1975. For 1976 the Report was 30 percent off, and the CPP 37 percent off.

11. Another deficiency in the 1974 Economic Report was a minimization of the degree of austerity required for balance of payments viability. A series of projections made on the Bank's Minimum Standard Model program showed that even at an assumed copper price of 70 cents (which turned out to be over one-third higher than the actual price for 1975 and well above the estimated price for 1976), Chile could avoid extensive debt rescheduling and severe austerity over the rest of the 1970's decade only if copper prices remained at or above 70 cents a pound, and it had ready access to abundant sources of capital. The final report minimized these conclusions. In the event, the drop in copper prices below projected values and the Government's determined effort to service a large share of its external debt has plunged Chile into a depression probably unequalled since the 1930's. This eventuality was considered possible by the mission, but it was not clearly conveyed in the economic reports and it was certainly

rejected as a probable outcome.<sup>1/</sup> Indeed per capita imports were projected to rise in 1975 over the 1974 level; this was a patently optimistic assumption in the light of the evidence available at that time.

12. In view of the resulting austerity in Chile, it is instructive to note the projected per capita real consumption and import levels contained in the CPP.

	<u>Real Consumption and Import Indices</u> (1974=100)		
	<u>1975</u>	<u>1976</u>	<u>1980</u>
<u>1974 CPP</u>			
Per Capita Consumption	95.1	102.2	103.9
Per Capita Imports	92.0	104.4	111.3
<u>1975 Report</u>			
Per Capita Consumption	86.5	93.7	96.5
Per Capita Imports	81.0	99.8	107.5

The latest (1975) report now projects that by 1980 real per capita consumption will be well below 1974 levels and 7.4 percent below that earlier estimated in the CPP. This is a severe degree of austerity over a prolonged period and one which could lead to social unrest. The mission actually told General Pinochet and his cabinet that they might have to face up to a prolonged period of economic austerity. This view was not repeated within the Bank until the copper price plummeted and DPS staff strongly encouraged LAC to revise its projection for the CPP. The failure of the report to address this pessimistic outcome is attributable to LAC Region Supervisory staff who insisted that the white cover draft report be revised to reflect as optimistic a future picture as possible, even before the report was circulated in yellow cover.

13. Finally, the report notes the fact that in 1974, Chile's economic management was extremely poor in project implementation capacity and even in simple planning procedures. For example, the number of civil servants and their actual wages were not known and the price estimates

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<sup>1/</sup> The result of this omission became clearer in the 1975 economic report. In spite of good intentions, the Government was unable to implement many of its own austerity policies. Inventory buildups and growing inflationary expectations allowed merchants and consumers to evade or take advantage of the price arbitrage in an environment of rapid inflation. Public sector management was poor. As a result, in early 1975 the Government was forced into using relatively cruder tools, which in turn probably contributed to the severity of the economic depression.



used by the Government were well below the true price level so that nominal GDP or real GDP growth rates could not be estimated with any degree of confidence. Nevertheless, neither the CPP nor the report carried these findings to their logical conclusion. Despite the evidence that Chile did not have the fine-tuning capacity to simultaneously slow down inflation, develop an appropriate investment program, and shift the economy drastically to make it more open and competitive, both documents treated these goals as achievable.

#### The 1975 Economic Memorandum

14. The 1975 economic memorandum is the least ambitious of all the reports under consideration. All government estimates were accepted with little analysis. The two-man mission was unable to confirm or analyse the implications of many government policies. As a result, the introductory section on the performance during the September 1973 - April 1975 period implies that the growing chaos was either inevitable or solely a result of external factors. It is difficult to find in the report any implication that the relative disaster (accelerating inflation, decelerating output expansion, growing unemployment) during this period is in any way due to the policies of the present Government. While, in general, it could be argued that the low copper price and hyperinflation of 1973-75 result from either historical or external factors, the value of this report is considerably reduced by the lack of analysis of the impact of the Government's unemployment relief program, the discrepancy between the Government's fiscal deficit in the report and the implied internal borrowing by Government in the monetary tables (the discrepancy is about 100 percent) and the low level and efficiency of public investment.

15. Some of the assumptions underlying the report's projection are startling. The projections imply a marginal savings rate between 1975 and 1980 of about 40 percent. And this starts from a base, the report notes, which is probably unprecedented in austerity since the world depression. This means that the population of Chile must continue to suffer heavily for an additional five years. Yet the report makes little mention of the medium-term austerity required for balance of payments viability, claiming that per capita consumption can grow at 2-3 percent yearly after 1976. While true, no mention is made of the fact that it would still be below the 1974 level by 1980.

16. The projections in the balance of payments section of the report assume that private banks will commit \$1 billion to Chile during 1977-80. Since most of these funds can only be provided by US banks - given the political realities and the US banking authorities are questioning US banks lending to risky countries, this assumption is certainly optimistic.

17. While the copper price projections are consistent with DPS projections, no alternative scenarios are presented to show the effect or implications of possible errors in the projected prices. The volume of exports of copper, although slightly below past projections, still is close to the maximum capacity that Chile can produce. All economic reports since 1970 have consistently overestimated the volume of expected copper exports. Any error in the price or volume forecasts may mean even worse austerity for the economy. In view of the past errors in Bank forecasting, the lack of alternatives in such a volatile situation is a mistake.

Copper Export Price and Volume Projections

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Copper Export Price</u> <u>(US cents/lb.)</u>					
1974 Economic Report	87.6	102.4	142.6	162.6	152.5
1974 CPP	97.0	106.1	115.1	124.2	132.7
1975 Economic Report	61.2	73.8	98.2	106.2	114.3
<u>Copper Exports (Thousand MT)</u>					
1974 Economic Report	955	1,010	1,050	1,095	1,170
1974 CPP	955	1,010	1,050	1,095	1,170
1975 Economic Report	792	911	993	1,002	1,028

18. Perhaps too much reliance is placed on the debt service ratio (DSR) as an index of creditworthiness. Since Chile's net reserves are projected to fall to a negative \$900 million by the end of 1976, copper prices are extremely volatile, and past Chilean governments defaulted with DSR's just over 20 percent, the DSR is not a very good index for this purpose. The fact that imports are already compressed to extremely minimal levels, means that any shortfall in the optimistic assumptions for copper export volumes, commercial bank loans, and austere consumption levels would mean further default. In summary, the report seems to absolve the present Government for any major responsibility for its current economic problems and paints rather a rosy picture of Chile's economic prospects on the basis of unnecessarily optimistic assumptions regarding copper export receipts and capital flows.





4/12 To Dir. Chenery  
I concur

4/13 original covering memo w/ E. Kelly, Jr.

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

FROM: Hollis B. Chenery, <sup>Asst</sup> VP, Development Policy

SUBJECT: International Review Group on Research in Population and Development

DATE: April 9, 1976

your proposal  
assuming the  
Research Committee  
does. Lynd

1. You will recall that on December 8 I sent you a memorandum (copy attached) on the plans of a group of national and international agencies for the establishment of this review group. Your reaction to the proposal that the Bank participate was positive and you indicated that, if the Bank were to participate, the contribution should come from the Research budget.

2. The proposal was, therefore, submitted to the Research Committee on March 25. It was reviewed on the basis of its research contribution according to our normal procedure. The Committee felt that the objectives of the Group lacked focus and that this was not the most effective way of obtaining useful guidance. Furthermore, the Committee has consistently placed importance on "projectizing" research, which is impossible in this case, rather than giving core support and the like. While Committee members wish to record this opinion, based strictly on the merits in relation to research proposals, they recognize that the interagency negotiations on the proposal have a long history and that, on this account, the decision on participation may not be based on technical grounds alone.

3. I think we have to accept the fact that the Bank is morally committed. This is one of the follow-ups to our original initiative in consulting with the other donor agencies. Moreover, there is some value in avoiding the complete exclusion of the Bank from an international venture on this subject, which may have some pay-off in terms of dissemination, although I would not ascribe too much weight to this argument. However, there are still options as to the amount of the Bank's contribution. Other agencies have suggested that this be "proportionate" i.e. equal to other major contributors such as IDRC, Ford and Rockefeller - about \$40,000. We could either:

- (a) contribute our "proportionate" share, or
- (b) contribute a lesser amount (for example, half).

4. In the light of other claims on the research budget, I recommend that we adopt option (b), the specific

April 9, 1976

amount being \$20,000. I suggest this, first, because we are less than enthusiastic about the proposal, which has probably suffered from an effort to serve too many ends simultaneously. Secondly, the notion of proportionality is not particularly applicable, if one compares our Research budget with the resources available to other agencies for similar purposes. If this budget is earmarked in the future as the potential source of funds for similar proposals, I propose to obtain the Research Committee's views at an earlier stage.

Attachment

BBKing:gm

APR 12 1976

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: <sup>for</sup> Hollis B. Chenery *A. Karasmanoglou*

SUBJECT: Revisions in IBRD Lending Program

DATE: April 8, 1976

*4/10 To Dr. Chenery.  
H.B. Chenery, to good and  
an indication of the  
magnitude of the problem  
please ask Mabbat to  
examine the recently approved  
FY77 Lending Program, adding*

1. Following the Mexico CPP review yesterday, you asked John Adler to prepare revised IBRD lending allocations for FY77-79 on the basis of a constant overall program of \$5.8 billion a year in nominal terms. I am concerned that, in any such exercise, simplistic formulas, such as a proportionate reduction or a reduction related to income levels, might be used. It is important that the individual needs of different groups of countries be taken into account. For example, there are oil surplus countries which have limited requirements for our funds; higher income LDCs which could be graduated faster than previously envisaged; and countries with ready access to alternative sources of funds.

*5.8 b  
for IBRD  
4.145 b  
for IDA  
sub*

2. The attached study on the World Bank's lending program, completed earlier this month by the Policy Planning and Program Review Department, suggests that the current lending program could be altered to reduce the anomalies which appear when country allocations are viewed in a comparative Bank-wide framework. I suggest, therefore, that a draft of the revised lending program be prepared jointly by P&B and PP&PR, and should take account of the comparative framework we have recently developed to assist in answering such questions.

*show  
the  
changes  
let  
world  
recovered*

3. Beyond this limited exercise, we also need to explore the various policy alternatives available to the Bank in the event that the lending program for the next five years is:

- (a) held at a nominal level of \$5.8 billion, implying a real decline of about 5% a year;
- (b) held at a real level of \$5.8 billion; or
- (c) increased in real terms but at a slower rate than before, say 2% a year.

*country  
by  
country  
done*

4. If you agree, I shall ask the Policy Planning and Program Review Department to follow up this work and identify various policy options as a basis for subsequent discussion.

Attachment

cc: Mr. J. Burke Knapp  
Mr. John Adler

MHaq/HBChenery:veb:ag





# Record Removal Notice

<b>File Title</b> Hollis B. Cheney Papers - McNamara discussions/notebooks/memoranda - 1976 (January - June)	<b>Barcode No.</b>  30235164
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<b>Document Date</b> March 27, 1972	<b>Document Type</b> Memorandum
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**Correspondents / Participants**  
To: Files  
From: HBC

**Subject / Title**  
Discussion with McNamara, Saturday March 25th

**Exception No(s).**  
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 10 A-C  
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 Prerogative to Restrict

**Reason for Removal**  
Personal Information

**Additional Comments**

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Withdrawn by Shiri Alon	Date Aug 11, 2014
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## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: A Review of Education Lending

DATE: March 18, 1976

1. Two years ago, after reading John Simmons' critique of the Faure Report, you asked me to have him prepare a similarly critical assessment of the Bank's lending efforts in Education in the light of current thinking about development. The attached report presents his findings.
2. The paper does not present any facts which are new to Bank staff; the lending data and project evaluations, for example, are taken from staff reports. Much of Simmons' analysis was ready when the Education Sector Paper was under preparation, and later revisions of that paper reflect many of his conclusions. What is new are the synthesis of this information in one report, and some of his policy recommendations.
3. As I interpreted your instructions, the authors alone are responsible for views expressed in this report. Since educational philosophies are extremely controversial in advanced countries and developing countries alike, a consensus view is likely to be less interesting than a personal assessment. Although Simmons has consulted widely in preparing this report, he has not tried to reach compromise conclusions in the normal bureaucratic fashion. The report is therefore a personal response to your request.

## Attachment

cc: Mr. Baum  
Mr. Ballantine  
Mr. Gulhati



# Record Removal Notice

<b>File Title</b> Hollis B. Chenery Papers - McNamara discussions/notebooks/memoranda - 1976 (January - June)	<b>Barcode No.</b>  30235164
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<b>Document Date</b> March 16, 1976	<b>Document Type</b> Memorandum
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**Correspondents / Participants**  
 To: Mr. Robert S. McNamara  
 From: Hollis B. Chenery

**Subject / Title**  
Ravi Gulhati

**Exception No(s).**  
 1    2    3    4    5    6    7    8    9    10 A-C    10 D    Prerogative to Restrict

**Reason for Removal**  
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**Additional Comments**

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Withdrawn by Shiri Alon	Date Aug 11, 2014
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# Record Removal Notice

<b>File Title</b> Hollis B. Chenery Papers - McNamara discussions/notebooks/memoranda - 1976 (January - June)	<b>Barcode No.</b>  30235164
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<b>Document Date</b> March 15, 1976	<b>Document Type</b> Memorandum
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**Correspondents / Participants**  
 To: Mr. Robert S. McNamara  
 From: Hollis B. Chenery

**Subject / Title**  
 Assignment for Dragoslav Avramovic

**Exception No(s).**

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  10 D  
  Prerogative to Restrict

**Reason for Removal**  
 Personal Information

**Additional Comments**

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Shiri Alon	Date Aug 11, 2014
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Mr. Robert S. McNamara

May 3, 1976

Hollis B. Chenery, Vice President, DPS

Quarterly Report on Country Economic and Sector Work

1. I attach the second quarterly report on the progress of country economic and sector work which incorporates the views of CPS and an annex prepared by P&B.
2. Our major finding is that considerable progress has been made in developing Basic Economic and Sector Work Programs. These include 'formal' and 'informal' work on specific policy issues such as the planning mechanism, urban and regional analysis and investment financing. These reports build up to Basic Economic Reports, such as that on Malaysia, the Philippines and the Ivory Coast, which were recently reviewed by a Bank-wide panel under my chairmanship.
3. The first meeting of the Coordinating Committee on Economic and Sector Work took place in March. Representatives from the Regional Offices, DPS and CPS agreed on the basis of recent experience that the changing structure of economic work provided an opportunity for country economists to develop their expertise; that the Bank-wide review process served a useful purpose, particularly for the authors of reports; and that recent DPS support for country economic and sector work was satisfactory. The Regional representatives were concerned to have an increasing involvement in policy work, and I will hold further discussions with them on the ways of doing this as well as methods of disseminating and following-up policy work carried out by the central staff.

JBharier/HBChenery:ag

cc: Messrs. Knapp, Baum, J. Adler, Kearns

cc: Messrs. Karaosmanoglu, Haq, Chernick, Bharier

COUNTRY ECONOMIC AND SECTOR WORK

QUARTERLY PROGRESS REPORT

April 1976

Program Review Division, DPS  
in consultation with CPS and P&B  
April 30, 1976



## SUMMARY AND CONCLUSIONS

- i. During the past three months further progress has been made in developing Basic Economic and Sector Work Programs. In addition to providing regular updating through Country Economic Memoranda and Sector Memoranda, a broad-ranging series of special economic reports, as well as various types of 'informal' economic work, has been launched. For example, special reports have been produced on planning and the planning mechanism in five developing countries, while other reports have dealt with regional problems of the Sahel, regional disparities within countries, investment financing and access to capital markets.
- ii. This combination of brief updating reports and policy-focussed special reports has encouraged, and in some cases revived, a dialogue with Government officials. Moreover, revised Bank-wide review procedures have ensured more cross-fertilization within the Bank. Reviews have been (or are being) held for the Basic Economic Reports on Malaysia, Philippines and the Ivory Coast while panel reviews have been held for a further six special economic reports and sector reports.
- iii. In general, the record of mission departures and report completions has been good during the past quarter. This reflects, to some extent, the flexibility accorded by the new structure of economic reporting but also indicates a greater emphasis on the programming aspects of country economic and sector work.

## I. INTRODUCTION

1. This is the second quarterly progress report on the content, coverage, relevance and quality of country economic and sector work. The first report was sent to Mr. McNamara on February 5, 1976 and, at his suggestion, was also distributed to the Executive Directors. This report should be read in conjunction with Standard Tables Va and Vb from P&B; draft copies of these tables, dated 4/28/76, are attached as Annex I. 1/

## II. BASIC ECONOMIC REPORTS

2. Two Basic Economic Reports and three introductory reports reached their final stages of completion during the past quarter. Four of these five reports have been reviewed under the revised procedures which enable staff from all parts of the Bank, as well as the IMF, to comment on, and contribute to, the quality of the underlying analysis. 2/

3. The Basic Economic Report on Malaysia argues that there is a need and an opportunity for the Government to accelerate the attack on poverty and that this will help alleviate racial imbalances in income and employment. It also suggests that the Government should implement its policy for increasing Malay participation in asset ownership, so as to lessen the risks of disrupting growth. These broad conclusions tend to be supported by the preliminary findings of ongoing Bank research work on income distribution, the distributive effects of public expenditures and country-specific econometric modelling.

4. Discussions of this report with the Malaysian Government were reported by the Regional office in an internal memorandum. 3/ From this memo it appears that the Government's response to the Bank's suggestions were positive and that revisions will be made to the Third Plan to reflect them. (It will be recalled that the Report on Country Economic Work (April 7, 1975) recommended that proper records be kept of all discussions on economic policy with member governments as one indication of the receptivity to Bank analysis and advice.)

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1/ Final versions of Standard Tables Va and Vb will be available next week.

2/ The written comments of reviewers of Basic Economic Reports are available on request from the Program Review Division.

3/ Hasan to Bell and Votaw, March 4, 1976 (confidential).

5. The Philippines Basic Economic Report, which is now being prepared for publication in time for the Annual Meetings in Manila, contains an impressive wealth of information and a framework for assessing the country's long-term development prospects. It recognizes demographic factors as an integral part of the development process and confronts the associated questions of strategies for balancing urban and rural growth. In general, the report concludes that the Government's investment pattern, as well as the various investment targets, are feasible even though they are more optimistic than historical evidence would support and would require greater efforts to improve planning techniques, industrial exports and fiscal policy.

6. What is less clear; however, is whether the projected pattern of investment with emphasis on large, import-replacing projects, are consistent with the country's stated objectives of reducing poverty and inequality, particularly since about 50% of the increase in employment over the next 10 years is expected to be provided by the low wage, low productivity 'informal' sector. This will be the focus of further discussions with the Government.

7. The report on Burma is 'basic' in the sense that it is an introductory report which has gathered a good deal of hitherto unavailable data and pinpointed some fundamental economic problems confronting the country. A particularly perceptive part of this report is the discussion on price policies. Nevertheless, there is still scope for further work on the nature and goals of Burmese socialism, and especially on whether there are inherent structural obstacles in, for example, agriculture or education, which have led to the present stagnation. This report and its implications for economic policy were discussed with the Burmese Government earlier this month and expectations are that, as a result of this discussion improvements will be made in Government policy with respect to revenue efforts and pricing. If these expectations are confirmed in the forthcoming budget presentation, the Bank will probably respond positively to Burma's request for Bank initiative in forming a Burma Aid Group.

8. Two other introductory reports are those on new Bank members, Papua New Guinea and Grenada. The PNG report followed up a preliminary mission sent before the country became independent. Its prime purpose is to examine the creditworthiness of PNG for Bank lending, although annexes are also provided on institutional aspects which may prove helpful in understanding this new member's development prospects. The Grenada report, despite limitations of data, deals with the problems of designing and developing an appropriate economic strategy for one of the smallest countries in the world.



9. Other Basic Economic Reports now in preparation are Ivory Coast, Honduras and Zambia. Ivory Coast, which will be reviewed by a panel in early May, has benefited substantially from earlier work, including the employment report of 1975, DPS research work on industrial protection, and mission work on the projections model and income distribution. Zambia and Honduras are scheduled for yellow cover in May. The former focusses on policies to reduce violent fluctuations in foreign exchange earnings resulting from changes in the price of copper; the latter assesses methods of escaping from a long period of stagnation. These reports will be discussed in the next quarterly progress report following their panel reviews.

### III. SPECIAL ECONOMIC REPORTS

10. Five special economic reports and one sector report have been reviewed under the new procedures during the past three months. Two of these reports, on India and Pakistan, were designed for use as background material for consultative group meetings and therefore provide a more comprehensive assessment of these economies than most special reports.

11. The report on India noted an improved resources position, with substantial increases on a non-inflationary basis in plan expenditures for both last year and this year. The balance of payments results for 1975/76 are more favorable than anticipated due to 7% growth in export volume and a large, unexpected inflow of invisibles. The opportunities this provides for a further expanded development effort have already been pointed out to the Government.

12. Among other special economic work on India, a report on the Oil and Natural Gas Sector is awaiting the comments of the Indian Government prior to distribution to the India Consortium. This focuses on an assessment of the oil finds in Bombay High and associated development expectations and requirements. The extensive study of Indian exports (described in the previous quarterly report) is also nearly completed. It concentrates on prospects and policy issues with respect to 18 commodities of particular export interest.

13. In relation to the report on Pakistan, talks with the Government have been initiated on appropriate policy measures. The Government has since stated its intention to improve economic policy in the fields of resource mobilization, agricultural development and export promotion as part of the discussions surrounding a proposed Program Credit. Other current work on Pakistan includes further development of an econometric model concentrating particularly on agricultural production functions;

completion of a special sector study, already discussed with the Government, of the supply and use of water resources, as well as policies related to improvement of water management; and a special study of the urban sector for early discussion with the Government.

#### The Planning Mechanism

14. In five countries studies have been launched on the methods and effectiveness of development planning. For example, the Special Economic Mission which visited Romania in March will concentrate on education and manpower planning, as well as the overall planning mechanism, in this centrally-planned economy. No separate report is scheduled, although the mission's work will be an input to the forthcoming Basic Economic Report.

15. In the economic report on Bangladesh, emphasis was given to the problems of development administration as a crucial element in a medium term development policy package. This reflects particularly the Regional office's concern about administrative shortcomings which have been the subject of two missions as well as special attention from the Resident Mission in Dacca.

16. A mission to Burundi in April 1975 studied the organization of planning and, after a dialogue with the Government, the Regional office is preparing to finance a technical assistance project to strengthen planning and statistical work as well as project preparation.

17. The Bank has received a request to form a Nepal Aid Group and a report of a special mission to Nepal is now in preparation for discussion in early May with the Nepal Government. The report and the discussions are to be particularly focussed on Nepal's Fifth Five-Year Plan for 1976-81 and whether this Plan and capabilities for planned execution justify recommendation of an Aid Group. The findings of the mission and subsequent discussions are to be reported to the Donor countries in the last week of May and the report will be issued the beginning of June.

18. A similar situation holds in the case of Jordan, in which a report reviewing the Government's recently promulgated Five-Year Plan (1976-80) is nearing completion. This will be presented to a Donor's Conference to be held in Amman in May/June 1976 and is to be the basis for a decision on Jordan's creditworthiness for Bank lending.



### Sahel Studies

19. As part of the preparation for a long-term development program for the Sahel, which will be incorporated in the next Sahel Regional Program Paper, the West Africa Regional office has undertaken several studies of special interest in its current work program. These are "Population and Migrations", "Food Prospects", "Regional Cooperation" and "Aid Analysis and Local Aid Administration".

20. An evaluation of population statistics and population trends was done with DPS support in Niger and Upper Volta and the results are being, or will be, used in reports on those countries. Migrations are the subject of a long term Bank research project in the preparation of which this Region has been closely associated with DPS. The study of food prospects has largely been overtaken by the wider West African study on the same subject, a draft report of which was discussed by a Bank-wide panel in March. Arrangements for, and issues, of regional cooperation are being studied, and a field mission to Ouagadougou and Abidjan took place in January-February. Internal papers are now in preparation. Analysis of aid flows has progressed very satisfactorily in cooperation with the Internal Finance Division (DPS) and DAC (OECD-Paris). On the other hand, the more difficult study of the efficiency of local administrations in using aid has still a long way to go. Some aspects of this question, however, have been investigated during the economic mission to Mauritania and the results were encouraging, though limited.

### Urban and Regional Studies

21. Issues relating to the different economic regions within countries continue to be studied. Regional development in Morocco was the subject of a special report reviewed on March 30. This report was mainly descriptive since the data base on regional output, employment and migration is deficient. However, it may provide the starting point for an analysis of rural poverty or regional development and a dialogue with the Government, especially on these subjects.

22. In Colombia, a report has recently been completed on urbanization, internal migration and spatial policy, while a report with similar scope on Senegal is nearing completion. Other countries in which spatial studies are underway are Uruguay, El Salvador and Brazil, where a study on the Central West Region will be circulated shortly.



23. One of two special reports in process on Yugoslavia is a regional study on the "Economy of the Socialist Republic of Montenegro". This has a scope and approach similar to previous studies of this nature, and aims at informing the Government of the Bank's strategy for developing regional lending programs. The other report deals with "Past and Prospective Access to International Capital Markets", a crucial element in the Bank's posture to this country. It is expected to be completed in August.

#### Other Special Studies and Sector Reports

24. A broad range of important topics has been covered by other recent special economic and sector reports. The Transport Sector Report on the Philippines, which was reviewed on March 25, makes important recommendations on institutional changes - particularly regarding the creation of a Department of Transport to co-ordinate intra-sectoral plans. It also covers issues such as rural roads selection, road user charges, regulation of trucking and railway and port planning, and assesses the technical assistance required for investment programming and intermodal operational coordination.

25. A special economic report on Cameroon, reviewed on March 26, represents the culmination of a detailed and complex exercise on investment financing undertaken for the Government. Several informal notes on the financial implications of different investment programs were discussed with the Government; these will be reflected in the forthcoming Fourth Five-Year Plan.

26. Other reports are being produced on such topics as industrial policy, which is the focus of a sector review in Ecuador; the fiscal impact of social projects in Tanzania; hydrocarbon and mineral sector policies in Bolivia; and energy policy in Brazil. These will be assessed in the next quarterly report.

#### IV. INFORMAL ECONOMIC WORK

27. The Regional offices are using the flexibility offered by the new structure of economic reporting to carry out an increasing amount of informal economic work. This work often does not result in a recognized Bank report; rather it appears as aides-memoire to the various governments or to Bank management. In cases where confidentiality is de rigueur, such informal reports are the main vehicle for economic analysis. For example, policy recommendations on the financial problems of Sierra Leone have been extensively dealt with in this fashion.

28. In Kenya, an aide-memoire on policies to stimulate agro-industrial exports was submitted to the Government in February. In Lesotho, the Bank prepared an outline of a study on migrant labour which has now been supported by the Government. In Iran, the preliminary findings of a study on the economies of scale in commercial agriculture are scheduled for July. In Ghana, a staff paper on the reduction of fertilizer subsidies was informally submitted to the Government. In Jamaica and Venezuela, reviews of the Governments' programs and projections have led to a reconsideration of the respective programs. And in Mexico and Brazil regular discussions are held on the basis of informal papers on economic performance.

#### V. COUNTRY ECONOMIC MEMORANDA

29. As mentioned in the previous quarterly progress report the Country Economic Memorandum (C.E.M.) has become established as the basic updating document for Bank management. In the past three months C.E.M.s have reached their final stages of completion on 12 countries.

30. Many of these C.E.M.s also focus on specific policy questions. The memorandum on Niger, issued in green cover on March 31, focusses in particular on the country's food policy options, the role of irrigation, livestock development, energy and the contribution of uranium mining to the national economy. That on Mali, now in yellow cover, deals primarily with the causes of the critical internal and external disequilibria that have developed in recent years and the broad outlines of a stabilization program.

31. The Cyprus C.E.M. is being sent to the Government for comments, and will be circulated to the Executive Directors by the end of May, as scheduled, to support the Board presentation of a DFC project. This report deals in detail with the complex issues involved in the current political environment. Recent political turmoil is also the background for the C.E.M. on Madagascar, where an active dialogue on economic issues has not been possible for two years. The C.E.M. is scheduled to be discussed with the new Government in June. Discussions are currently underway in Panama, and it is expected that these will result in a downward revision of the public investment program.

32. Another C.E.M. to be discussed with the Government shortly is that on Afghanistan, while similar discussions have recently been completed in Paraguay, Iran, and Rwanda. There is some evidence that brief updating reports such as these have been successful in reviving a dialogue with Governments. Such is the case, for example, in Togo, Ethiopia and Somalia.



VI. DELAYS IN MISSIONS AND REPORTS

33. In general, the programming of country economic and sector work shows improvement over the past quarter. In South Asia, all economic reports have been completed on time. In West Africa only one report out of seven has been substantially delayed. This delay, for the report on migration in Senegal, occurred mainly because of the over-programming of staff who had only recently started to work on this country. In EMENA, all missions and reports have been approximately on schedule with the exception of four (on Morocco, Syria, Iran and Portugal) in which specific requests by the Governments concerned have delayed mission departures or report clearance.

34. In LAC, some delay occurred in the production of C.E.M.s on Dominican Republic and Trinidad and Tobago and the Basic Mission to Peru owing to the need to complete other operational assignments. The economic mission to Uruguay was rescheduled because the Government asked that sector work be undertaken before the macro-economic work. In the East Asia and Pacific Region, the Malaysian Government postponed submission of the Third Five-Year Plan from November 1975 to July 1976. This necessitated a change in the nature and presentation of the report and led to a delay in its production by three months. A delay in the C.E.M. on Singapore resulted from the fact that the review by the Government took longer than expected. In East Africa, the C.E.M. on Madagascar was delayed when it was realized that national accounts data had to be substantially revised, while the Basic Economic Report on Zambia was held back by the need to produce appropriate documentation for the proposed program loan.

35. Concern by management over delays in the production of economic work has increased the attention paid to this aspect of operational programming. Consequently, it is expected that the Economic and Sector Work program for FY77 produced by the end of June will be a more adequate guide to the actual output than those produced in previous years.



ANNEX I

Region/Country	Type of Report	Man-Missions	Manweeks		Most Recent Previous Report	Original Schedule		Current Schedule		Identification Number
			FY76	Total		Mission	Report	Mission	Report	
<b>EASTERN AFRICA - C.P. I</b>										
Ethiopia	Updating Economic Report	5	0(49)	0(49)	1/74	NS	NS	Cancelled		2ETHREUS
	Country Economic Memo	4	26(24)	54(24)				6/76	11/76 <sup>a</sup>	2ETHREM1
	Special Economic Study	4	3	45		2/75	6/75	2/75	6/75	2ETHYVE1
	Special Economic Study	1	25	25				2/76	5/76	2ETHYVE2
Kenya	Country Economic Memo	5	54(92)	66(92)	3/75	10/75	1/76	3/76	7/76	2KENREM1
	Country Economic Memo	4	26(34)	38(52)	4/75	4/76	7/76	4/76	7/76	2SOMREM1
Somalia	Special Economic Study	1	3	84		-	-	11/74	4/75 <sup>a</sup>	2SOMYVE1
	Country Economic Memo	2	22(20)	22(20)	1/74	2/76	10/76	3/76	6/76	2SUDREM1
Sudan	Employment Study	6	4	58		2/75	4/75	2/75	4/75	2SUDLEY1
	Basic Economic Report	13	83(101)	231(161)	12/74	7/75 & 1/76	8/76	7/75	12/76	2TANREB1
Tanzania	Special Economic Study	1	13	13				5/76	7/76 <sup>a</sup>	2TANYVE2
	Fiscal Study	4	22	22				3/76	3/76 <sup>a</sup>	2TANFEY1
Uganda	Updating Economic Memo	2	0(16)	0(16)				ReDeFined		2UANREUS
<b>EASTERN AFRICA - C.P. II</b>										
Angola	Reconnaissance Mission Report	4	0(38)	0(38)		1/76	4/76	Cancelled		2ANGREU1
	Updating Economic Report	7	0(34)	0(94)		6/76	10/76	Cancelled		2ANGREU2
Botswana	Country Economic Memo	2	0(15)	0(15)	1/75	11/75	2/76	To FY77		2BOTREM1
Burundi	Planning Assistance Study	3	4	22	8/74	4/75	7/75	4/75	7/75	2BURREM3
Lesotho	Country Economic Memo	2	22	22	3/75	9/75	12/75	11/75	3/76	2LESREU2
Madagascar	Country Economic Memo	7	74(66)	76(66)	11/73	10/75	2/76	10/75	4/76	2MAGREU3
	Special Study	3	0(6)	0(24)		6/76	10/76	To FY77		2MAGYVE1
Malawi	Country Economic Memo	2	27	29				11/75	5/76 <sup>a</sup>	2MALREU4
Mozambique	Country Economic Memo	7	0(90)	0(90)		1/76	5/76	To FY77		2MOZREM1
	Reconnaissance Mission	3	21(29)	29		8/75	10/75	5/76	NS	2MOZYVE1
Mauritius	Basic Economic Report	7	68(31)	84(59)	2/75	5/76	11/76	4/76	9/76	2MTRSREB1
Rwanda	Country Economic Memo	3	33(37)	33(37)	4/74	9/75	12/75	9/75	3/76	2RMAREU3
Swaziland	Updating Economic Report	3	NA	32	3/72	1/75	7/75	1/75	8/75	2SWARREU3
Zaire	Country Economic Memo	2	19(39)	22	2/75	2/76	5/76	5/76	7/76	2ZAIRREB1
	Debt Study II	1	9(5)	9(5)		6/75	8/75	6/75	8/75	2ZAIIBVE3
Zambia	Country Economic Memo	2	6	6				10/75	11/75 <sup>a</sup>	2ZAIYVE3
	I.G.P. Study	3	9(7)	12(10)	1/74	6/75	7/75	6/75	11/75	2ZAIYVE2
	Basic Economic Report	7	55	99		5/75	1/76	5/75	9/76	2ZAMREB1
<b>EASTERN AFRICA - Regional</b>										
	Public Sector Enterprises Study	1	0(20)	0(25)		6/75	NS	ReDeFined		2EANYVE1
	Labor Migrations Study	3	0(20)	0(20)		5/76 & 9/76	1/77	To FY77		2EANLVE1
<b>EASTERN AFRICA TOTAL</b>										
FY76 Manpower - Original Schedule				: 801						
- Current Schedule				: 628						
- Figure in Five-Year Work Program <sup>b/</sup>				: 725						
FY76 Report Completions - Original Schedule				: Basic - 1; Updating - 10; Study - 5						
- Current Schedule				: Basic - 0; Updating - 6; Study - 5						
- Figure in Five-Year Work Program <sup>b/</sup>				: Basic - 3; Updating - 5; Study - 8						
<b>WESTERN AFRICA - C.P. I</b>										
Ghana	Special Economic Study	4	46(100)	48(108)	2/75	10/75	5/76	3/76	8/76	3GHAYVE2
Liberia	Updating Economic Report	1	2	14	4/74	4/75	7/75	4/75	9/75	3LIBREU2
	Special Planning Study	4	25	29		4/76	9/76	4/76	9/76	3LIBYVE1
Mali	Special Economic Study	6	58	62				1/76	4/76 <sup>a</sup>	3MLIYVE1
	Country Economic Memo	3	40	40				12/75	6/76 <sup>a</sup>	3MTARREU3
Niger	Country Economic Memo	3	29(14)	29(14)	7/74	10/75	2/76	10/75	3/76	3NIGREU3
Nigeria	Country Economic Memo	1	10	10				NS	3/76 <sup>a</sup>	3NIRREU3
Sierra Leone	Special Economic Study	1	15(38)	15(38)	4/75	11/75	3/76	12/75	3/76	3SILYVE2
Upper Volta	Updating Economic Memo	1	0(10)	14	11/74	3/76	FY77	to FY77		3UPVREU4
<b>WESTERN AFRICA - C.P. II</b>										
Benin	Country Economic Memo	3	27	39(35)	6/73	10/75	2/76	NS	NS	3BENREM1
Cameroon	Special Economic Report	10	40(22)	237	3/74	1/75	8/75	6/74 & 1/75		3CAMYVE1
Congo	Updating Economic Memo	3	32(15)	32(15)	8/73	10/75	12/75	10/75	2/76	3COBRREU3
	Special Economic Study	2	2	16				3/75	7/75 <sup>a</sup>	3COBYVE1
Chad	Country Economic Memo	4	39(35)	50(43)	2/73	3/76	8/76	3/76	10/76	3CHORREM1
Gambia	Updating Economic Report	2	8	21		2/75	9/75	2/75	9/75	3GAMREU1
Guinea Bissau	Country Economic Memo	6	42	78		2/76	11/76	NS	NS	3GUBREM1
Guinea	Country Economic Memo	10	73(38)	90(65)	8/74	4/76	11/76	3/76	10/76	3GUIREM1
Ivory Coast	Basic Economic Report	12	104(89)	136(257)	12/73	6/75	12/75	10/74 & 6/75		3IVCREB1
Senegal	Basic Economic Report	12	28(63)	134(144)	3/75	4/76 & 9/76	5/77	4/76 & 9/76		3SENRREB2
Togo	Special Economic Study	3	27	40(36)		6/75	11/75	6/75	4/76	3SENYVE1
	Basic Economic Report	9	74(41)	111(71)	5/74	2/76	11/76	2/76	10/76	3TOGREB1
<b>WESTERN AFRICA - Regional</b>										
	Sahel Regional Cooperation		23	23(29)		NS	6/76	NS	6/76	3WANYVE1
	Sahel Natural Resources		0(15)	0(15)		NS	6/76	Cancelled		3WANYVE2
	Sahel Local Administration		26	32		NS	8/76	Cancelled		3WANYVE3
	Sahel Food Analysis	1	21	21		NS	6/76	Cancelled		3WANYVE4
	Sahel Population	1	14	14		NS	6/76	NS	6/76	3WANYVE5
<b>WESTERN AFRICA TOTAL</b>										
FY76 Manpower - Original Schedule				: 715						
- Current Schedule				: 758						
- Figure in Five-Year Work Program <sup>b/</sup>				: 525						
FY76 Report Completions - Original Schedule				: Basic - 2; Updating - 5; Study - 7						
- Current Schedule				: Basic - 1; Updating - 6; Study - 7						
- Figure in Five-Year Work Program <sup>b/</sup>				: Basic - 2; Updating - 3; Study - 5						

Region/Country	Type of Report	Man-Missions	Manweeks		Most Recent Previous Report	Original Schedule		Current Schedule		Identification Number
			FY76	Total		Mission	Report	Mission	Report	
<b>EMENA - C.P. I</b>										
Afghanistan	Country Economic Memo	2	20	20	3/75	10/75	3/76	10/75	2/76	5AFGRREU6
	Special Debt Study	1	3	3				10/75	3/76	5AFGBBEY2
Bahrain	Economic Review	1	0(8)	0(8)	11/74			To FY77		5BAHREU3
Egypt	Basic Economic Report	13	87(75)	194(187)	12/74	5/76	11/76	5/76	4/77	5EGTAREU1
	Updating Economic Report	7	53	131		5/75	11/75	5/75	10/75	5EGTAREU5
	Special Study	2	10	10		10/75	11/75	10/75	11/75	5EGTYEY1
	Special Study	2	10	10		1/76	2/76	1/76	2/76	5EGTYEY2
Iran	Special Study	2	8(7)	22(26)	2/75	5/75	7/75	5/75	10/75	5IRNAREU4
	Updating Economic Report	3	0(30)	0(30)		3/76	5/76	To FY77		5IRNAREU5
	Updating Economic Report	3	0(16)	0(16)		11/75	1/76	4/76	To FY77	5IRNALLEY2
	Income Distribution Study	2	34(12)	65(23)		6/75	9/75	6/75	9/75	5IRNVVEY2
	Zajian Regional Study	3	12(16)	12(16)	4/75	9/75	10/75	10/75	11/75	5SPORYEY1
Portugal	Special Policy Study I	3	0(16)	0(16)		12/75	1/76	Cancelled		5SPORYEY2
	Special Policy Study II	3	12(16)	12(16)		4/76	7/76	7/76	11/76	5SPORREU1
Romania	Country Economic Memo	6	54(20)	74(23)		4/76	7/76	To FY77		5ROMAREU1
	Basic Economic Report	4	19	44(56)	8/74	1/76 & 5/76	9/76	1/75 & 5/75	8/75	5ROMAREU3
	Country Economic Memo	3	19	44(56)		10/75	2/76	3/76	7/76	5ROMYVEY1
	Special Study	8	68(40)	68(40)		10/75	1/76	10/75	1/76	5SYARREU4
Yemen, A.R.	Updating Economic Report	7	9(18)	58(18)	3/73	10/75	1/76	10/75 & 2/76	5/76	5YDRAREU1
Yemen, P.D.R.	Updating Economic Report	7	50(50)	50(50)	3/75	10/75	3/76	10/75	3/76	5YDRAREU5
Yugoslavia	Country Economic Memo	3	15(23)	15(23)	3/75	10/75	3/76	10/75	4/76	5YUGVVEY3
	Macedonia Regional Study	3	13(16)	41(44)		4/75	12/75	4/75	6/76	5YUGVVEY3
	Montenegro Regional Study	3	27(34)	27(34)		10/75	5/76	10/75	7/76	5YUGVVEY6
	Review of 5-Yr. Plan	3	0(15)	0(29)		3/76	1/77	Redefined		5YUGVVEY2
	Special Study	7	16(7)	100(14)		3/76	1/77	5/76 & 10/76	3/77	5YUGVVEY3
	Green Plan Study	2	0(8)	0(16)		3/76	1/77	To FY77		5YUGVVEY4
<b>EMENA - C.P. II</b>										
Algeria	Country Economic Memo	3	26(30)	29(30)	4/75	3/76	6/76	3/76	5/76	5ALGRREU1
Cyprus	Updating Economic Report	4	49(58)	49(58)	7/74	10/75	3/76	11/75	3/76	5CYPREU5
Greece	Updating Economic Report	3	2	26(24)	7/74	1/75	7/75	1/75	7/75	5GRERREU4
	Country Economic Memo	3	41(52)	47(58)		3/76	7/76	2/76	7/76	5GRERREU1
Iraq	Country Economic Memo	6	0(84)	0(84)	4/74	12/75	1/76	Cancelled		5IRQRREU3
Jordan	Updating Economic Report	8	86(94)	86(94)	7/74	10/75	4/76	1/76	4/76	5JORRREU1
	Updating Economic Report	8	86(94)	86(94)		4/75	7/75	4/75	9/75	5JORSSEY1
	Statistics Study	1	NA	7		6/75	7/75	6/75	7/75	5JORYVEY1
	Planning Study	3	7	15		6/75	7/75	Redefined		5JORYVEY2
	Review of 5-Year Plan	8	0(58)	0(58)		9/75	10/75	Cancelled		5LEBRREU4
Lebanon	Updating Economic Report	1	0(6)	0(6)	3/75	9/75	10/75	Cancelled		5MYCAREU5
Morocco	Updating Economic Report	5	8	53	1/74	4/75	9/75	4/75	10/75	5MYCAREU1
	Updating Economic Report	2	14(54)	24(61)		4/76	10/76	6/76	9/76	5MYCAREU1
	Special Economic Study	1	13	13		12/75	5/76 <sup>c</sup>	12/75	5/76 <sup>c</sup>	5MYCVEY1
Oman	Updating Economic Report	3	18	22	7/72	6/75	10/75	6/75	11/75	5OMARREU3
Syria	Updating Economic Report	8	0(68)	0(72)	6/75	2/76	7/76	To FY77		5SYRREU1
	Updating Economic Report	5	0(20)	0(20)		2/75	5/75	2/75	5/75	5SYRVEY1
	Plan Review	5	37(46)	37(46)	5/75	1/76	5/76	1/76	4/76	5TUNRREU1
Tunisia	Updating Economic Report	4	37(46)	37(46)		10/75	3/76	6/76	8/76	5TUNVEY1
	Policy Review Study	1	8	8		2/75	5/75	2/75	5/75	5TUNVEY2
Turkey	Northwest Regional Planning	5	4	55		4/76	10/76	4/76	10/76	5TURRREU1
	Country Economic Memo	5	49(58)	75(88)	4/75	10/75	3/76	11/75	12/75	5TURRREU2
	Capital Market Study	3	18(65)	18(66)		10/75	3/76	11/75	12/75	5TURRREU1
U.A.E.	Special Economic Study	9	62	62				2/76	5/76	5UAEVEY1
<b>EMENA TOTAL</b>										
FY76 Manpower - Original Schedule			1214							
- Current Schedule			948							
- Figure in Five-Year Work Program <sup>b/</sup>			1032							
FY76 Report Completions - Original Schedule			Basic - 0; Updating - 16; Study - 14							
- Current Schedule			Basic - 0; Updating - 15; Study - 11							
- Figure in Five-Year Work Program <sup>b/</sup>			Basic - 0; Updating - 16; Study - 6							
<b>LATIN AMERICA &amp; CARIBBEAN - C.P. I</b>										
Chile	Updating Economic Report	2	16(24)	16(40)	10/74	5/76	12/76	10/75	12/75	6CHLRREU4
Costa Rica	Basic Economic Report	11	8(82)	153	4/75	5/76	1/77	To FY77		6COSRREU1
	Updating Economic Report	2	2	27		12/74	4/75	12/74	7/75	6COSRREU4
Dominican Republic	Country Economic Memo	6	0(24)	0(73)	1/75	5/76	10/76	To FY77		6DOMRREU1
Ecuador	Updating Economic Report	3	13	15	8/74	6/75	10/75	6/75	12/75	6ECURREU3
	Updating Economic Report	8	32(54)	105(90)		3/76	9/76	5/76	12/76	6ECURREU5
El Salvador	Country Economic Report	4	38(35)	42(35)	5/74	10/75	2/76	11/75	7/76	6ESLRREU1
Guatemala	Country Economic Memo	4	27(34)	44(35)	4/75	1/76	5/76	5/76	9/76	6GUARREU1
Haiti	Country Economic Memo	6	68(36)	95(46)	4/74	1/76	6/76	3/76	10/76	6HAIRREU1
Honduras	Basic Economic Report	9	126(122)	128(122)	4/74	9/75	5/76	9/75	5/76	5HDSRREU1
Mexico	Updating Economic Report	4	72(41)	72(41)	6/75	7/75	10/75	7/75	10/75	6MXCRREU4
	Tehuantepec Regional Study	9	4	79		10/74	6/75	10/74	6/75	6MXCVVEY1
Nicaragua	Updating Economic Report	1	4	15	7/73	1/75	8/75	1/75	7/75	6NICRREU2
Panama	Updating Economic Report	5	65(58)	66(58)	11/73	9/75	2/76	9/75	3/76	6PANRREU4
Peru	Basic Economic Report	11	111(170)	136(183)	5/73	7/75 & 1/76	7/76	8/75 & 3/76	12/76	6PERRREU1
	Country Economic Memo	4	36(68)	35(68)				10/75	5/76 <sup>c</sup>	6PERRREU2
Venezuela	Updating Economic Report	10	115(107)	115(107)	10/73	11/75	5/76	11/75	5/76	6VENRREU4
	Employment Study	7	37(20)	103(82)		4/75	8/75	4/75	9/75	6VENLLEY1
<b>LATIN AMERICA &amp; CARIBBEAN - C.P. II</b>										
Argentina	Country Economic Memo	5	0(66)	0(69)	11/74	10/75	7/76	To FY77		6ARGRREU1
Bahamas	Updating Economic Memo	1	8(11)	8(11)	4/74	9/75	12/75	12/75	5/76	6BAHRREU2
Barbados	Updating Economic Memo	1	13	13	8/74	11/75	3/76	9/75	12/75	6BARRREU1
Bolivia	Updating Economic Memo	3	4	57(46)	6/75	9/74	6/75	9/74	6/75	6BOLRREU4
	Special Economic Study	2	17	22				20/76	10/76	6BOLRREU1
	Special Economic Study	2	15(43)	15(46)		9/75	7/76	10/75	3/76	6BOLYVEY1
	Special Economic Study	3	24(8)	24(23)				1/76	6/76 <sup>d</sup>	6BOLYVEY2
Brazil	Updating Economic Report	7	1(3)	98(91)	3/75	10/74	7/75	10/74	7/75	6BRARREU4
	Country Economic Memo	8	73(47)	82(61)		1/76	9/76	3/76	8/76	6BRARREU1
	Matto Grosso Regional Study	3	34(38)	36(38)		10/75	4/76	10/75	6/76	6BMAVVEY3
Colombia	Updating Economic Report	5	55(73)	55(73)	4/75	9/75	2/76	9/75	4/76	6CLMRREU6
	Country Economic Memo	3	27	34		1/76	5/76	2/76	7/76	6CLMRREU1
	Migration Study	2	9	9				9/75	4/76 <sup>d</sup>	6CLMYVEY1
Grenada	Introductory Economic Report	4	29(25)	40(37)		6/75	12/75	6/75	1/76	6GRDRREU1
Guyana	Country Economic Memo	5	28	46	10/73	5/75	9/75	5/75	1/76	6GUYRREU4
	Updating Economic Memo	3	0(15)	0(36)		5/76	9/76	To FY77		6GUYRREU5
Jamaica	Country Economic Memo	5	66(51)	66(51)	10/73	7/75	10/75	7/75	12/75	6JAMRREU3



Region/Country	Type of Report	Man-Missions	Manweeks		Most Recent Previous Report	Original Schedule		Current Schedule		Identification Number
			FY76	Total		Mission	Report	Mission	Report	
<b>LATIN AMERICA &amp; CARIBBEAN - C.P. II (Cont'd)</b>										
Paraguay	Updating Economic Report	9	8(12)	85(91)	12/73	3/75	9/75	3/75	10/75	6PARRREU4
	Updating Economic Memo	2	0(6)	0(34)		6/76	10/76	To FY77		6PARRREU5
Surinam	Country Economic Memo	4	44(50)	48(50)	6/72	11/75	4/76	2/76	5/76	6SRMRRE1
Trinidad & Tobago	Country Economic Report	5	0(15)	0(67)	6/75	6/76	11/76	To FY77		6TRIRRE1
	National Accounts Memo	2	1	13		1/75	6/75	1/75 & 2/75	6/75	6TRIRREU3
	Updating Economic Memo	8	7(5)	79(77)	8/74	2/74	8/74	2/74	8/74	6URURREU3
Uruguay	Country Economic Memo	6	56(74)	71(89)		3/76	9/76	3/76	9/76	6URURRE1
<b>LATIN AMERICA &amp; CARIBBEAN TOTAL</b>										
FY76 Manpower - Original Schedule			1446							
- Current Schedule			1294							
- Figure in Five-Year Work Program <sup>b/</sup>			1219							
FY76 Report Completions - Original Schedule			Basic - 2; Updating - 17; Study - 2							
- Current Schedule			Basic - 2; Updating - 16; Study - 5							
- Figure in Five-Year Work Program <sup>b/</sup>			Basic - 2; Updating - 16; Study - 1							
<b>EAST ASIA &amp; PACIFIC</b>										
Fiji	Country Economic Memo	4	32(14)	68(14)	2/74	12/75	1/76	5/76	10/76	7FJRRE1
Hong Kong	Country Economic Memo	1	14	14	5/73	NS	NS	NS	NS	7HKGRRRE1
Indonesia	Updating Economic Memo - IGGI	6	56(88)	56(88)	2/75	9/75	11/75	9/75	11/75	7INSRREU4
	Country Economic Memo	5	23(59)	23(59)		1/76	3/76	NS	5/76	7INSRRE1
	Investment Employment Study	15	83(128)	83(128)				1/76	5/76 <sup>c</sup>	7INSLLY1
Korea	Basic Economic Report	11	47(173)	235(175)	4/75	3/76	9/76	3/76 & 6/76	12/76	7KORRRE1
Laos	Country Economic Memo	5	0(50)	0(50)	3/75	NS	NS	Cancelled		7LAORRE1
Malaysia	Basic Economic Report	11	201(148)	244(184)	7/74	3/75 & 8/75	12/75	3/75 & 8/75	4/76	7MAYRRE1
Philippines	Basic Economic Report	9	153(32)	261(140)	9/74	4/75	10/75	4/75	3/76	7PHLRRE1
	Country Economic Memo	3	0(27)	54(37)		4/76	8/76	To FY77		7PHLRRE1
Singapore	Country Economic Memo	2	8(3)	8(3)	10/73	7/75	8/75	7/75	12/75	7SNGRREU4
Thailand	Basic Economic Report	9	0(86)	0(142)	7/74	4/76	8/76	Cancelled		7THLRRE1
	Updating Economic Report	5	55(34)	86(64)		6/75	9/75	6/75	10/75	7THLRREU4
	Country Economic Memo	4	14	40				6/76	9/76	7THLRRE1
Papua New Guinea	Basic Economic Report	3	25	25	11/72			1/76	4/76 <sup>c</sup>	7PAPRRE1
<b>EAST ASIA &amp; PACIFIC TOTAL</b>										
FY76 Manpower - Original Schedule			728							
- Current Schedule			712							
- Figure in Five-Year Work Program <sup>b/</sup>			571							
FY76 Report Completions - Original Schedule			Basic - 2; Updating - 7; Study - 0							
- Current Schedule			Basic - 2; Updating - 5; Study - 1							
- Figure in Five-Year Work Program <sup>b/</sup>			Basic - 3; Updating - 4; Study - 2							
<b>SOUTH ASIA</b>										
Bangladesh	Country Economic Memo	6	80	80	4/75	10/75	2/76	11/75	3/76	8BANRREU4
Burma	Basic Economic Report	8	151(144)	151(144)	11/74	10/75	3/76	10/75	3/76	8BURRRE1
India	Updating Economic Report	8	160(100)	160(100)	4/75	NS	4/76	NS	3/76	8INDRREU4
	Export Study I	1	3	16		11/74	8/75	11/74	NS	8INDJJEY1
	Export Processing Study	2	12(52)	12(52)		10/75	2/76	11/75	7/76	8INDYVEY1
	Pricing and Procurement Study	5	10	100				5/76 & NS	NS <sup>a</sup>	8INDYVEY2
	ICICI Export Study	3	10	20				NS	8/76 <sup>c</sup>	8INDJJEY3
Nepal	Country Economic Memo	4	0(43)	0(52)	3/75	5/76	8/76	To FY77		8NEPRRE1
Pakistan	Country Economic Memo	5	87(104)	87(104)	2/75	10/75	2/76	10/75	1/76	8PAKRREU5
Sri Lanka	Country Economic Memo	5	64	64	2/75	11/75	2/76	11/75	2/76	8SRIRREU5
<b>SOUTH ASIA TOTAL</b>										
FY76 Manpower - Original Schedule			590							
- Current Schedule			577							
- Figure in Five-Year Work Program <sup>b/</sup>			568							
FY76 Report Completions - Original Schedule			Basic - 1; Updating - 4; Study - 2							
- Current Schedule			Basic - 1; Updating - 4; Study - 2							
- Figure in Five-Year Work Program <sup>b/</sup>			Basic - 1; Updating - 3; Study - 2							
<b>TOTAL ALL REGIONS</b>										
FY76 Manpower - Original Schedule			5494							
- Current Schedule			4917							
- Figure in Five-Year Work Program <sup>b/</sup>			4610							
FY76 Report Completions - Original Schedule			Basic - 8; Updating - 59; Study - 30							
- Current Schedule			Basic - 6; Updating - 52; Study - 31							
- Figure in Five-Year Work Program <sup>b/</sup>			Basic - 11; Updating - 47; Study - 24							

a/ Date under Mission indicates month of mission departure, date under Report (including previous report) indicates green cover, or if no green, then yellow cover, and if neither, then final cover.

b/ Five-Year Work Program Tables 12/20/74.

Activities which have been added since the July Schedule.

Region/Country	Type of Report	Man-Missions	Manweeks		Original Schedule		Current Schedule		Identification Number
			FY76	Total	Mission	Report	Mission	Report	
<b>EASTERN AFRICA - C.P. I</b>									
Ethiopia	Urban Sector Survey	3	6	50	NS	NS	3/76	NS	2ETHUUSYI
	Agriculture Sector Review	5	52(44)	60(52)	2/76	7/76	1/76	7/76	2ETHAASHI
	Industry Study	1	14(11)	22(11)			4/76	8/76	2ETHILSYI
	Transport Sector Study	1	11	13			2/76	6/76 <sup>b/</sup>	2ETHHTSYI
Kenya	Industrial Sector Survey	3	0(32)	0(32)	1/76	5/76	Cancelled		2KENIISBI
	Transport Sector Memo	2	3	8			NS	12/76 <sup>b/</sup>	2KENTTSHI
Sudan	Agriculture Sector Review	3	12(33)	30(41)	2/76	7/76	10/76 & 12/76	3/77	2SUDAASHI
	Industrial Sector Review	3	0	39	11/73	6/74	to FY77		2SUDIISUI
	Transport Sector	3	5	8	-	-	NS	9/76 <sup>b/</sup>	2SUOTTSHI
Tanzania	Tourism Sector Review	1	8(16)	8(16)			8/75 & 11/75	4/76 <sup>b/</sup>	2TANQQSUI
	Transport Sector Memo	5	8	11			NS	9/76	2TANTTSHI
<b>EASTERN AFRICA - C.P. II</b>									
Madagascar	Education Sector Survey	4	0(65)	0(65)	8/75	NS	To FY77		2MAGEESYI
Mauritius	Power Sector Study	2	5	16(5)	1/76	5/76	4/76	9/76	2MTSPPSYI
	Education Sector Study	4	56	56			1/76	4/76 <sup>b/</sup>	2MTSEESYI
Rwanda	Agriculture Sector Study	8	56(37)	62(37)	10/75	4/76	5/76	10/76	2RWAAASYI
Zaire	Education Sector Survey	7	112(75)	112(75)	10/75	NS	10/75	5/76	2ZAIIESBI
	Population Sector Survey	8	8	60	2/75	8/75	8/74 & 2/75	5/76	2ZAINNSBI
Zambia	Agriculture/Rural Sector Survey	10	10	153	11/74	7/75	11/74	7/75	2ZANAASBI
	Transport Sector Study	6	9(38)	28	7/75	4/76	NS	to FY77	2ZANTTSYI
	Industry Study	3	0(30)	0(30)	10/75	2/76	Cancelled		2ZAMISYI
<b>EASTERN AFRICA - Regional</b>									
	Staple Food Study	2	0(62)	62	7/75	NS	Redefined		2EANAASYI
	Regional Power Cooperation	3	0(19)	28	various	6/76	Cancelled		2EANPMSYI
<b>EASTERN AFRICA TOTAL</b>									
FY76 Manpower - Original Schedule				508					
- Current Schedule				375					
- Five-Year Work Program <sup>b/</sup>				428					
FY76 Report Completions - Original Schedule				Survey - 8; Review and Study - 4					
- Current Schedule <sup>b/</sup>				Survey - 3; Review and Study - 2					
- Five-Year Work Program <sup>b/</sup>				Survey - 5; Review and Study - 5					
<b>WESTERN AFRICA - C.P. I</b>									
Benin	Agriculture Sector Memo		4	4			NS	NS	3BENAASHI
	Transport Sector Memo		6	5			NS	1/76 <sup>b/</sup>	3BENTTSYI
Cameroon	Water & Sewerage Survey	1	6	8			NS	6/76 <sup>b/</sup>	3CAHTTSYI
Chad	Educational Sector Survey	4	6	64	1/74	7/74	10/73 & 1/74	7/74	3CAMWWSBI
Gambia	Agriculture Sector Memo	3	7(3)	50	1/75	8/75	8/75	8/75	3CHDEESBI
	Education Sector Memo	1	5	5			NS	4/76	3GAMAASYI
Guinea	Transport Sector Memo	2	13(17)	21(25)	3/75 & 9/75	12/75	11/75	12/75	3GAMAESUI
	Transport Sector Memo		1	8			NS	11/75 <sup>b/</sup>	3GHATTSYI
Guinea	Mineral Sector Study	2	6	6			NS	12/75 <sup>b/</sup>	3GUITTSYI
Ivory Coast	Power Sector Study	2	2	10			10/75	1/76 <sup>b/</sup>	3GUISMSYI
	Transport Sector Memo	2	2	5			10/74	5/76 <sup>b/</sup>	3IIVCPPSYI
	Water Sector Memo		4(2)	4(10)			NS	8/75 <sup>b/</sup>	3IIVCTTSYI
	Transport Sector Memo		6	7			10/75	5/76 <sup>b/</sup>	3IIVCJJSYI
Liberia	Transport Sector Memo		8	8			NS	6/76 <sup>b/</sup>	3LIBTTSYI
Mali	Transport Sector Memo		1	6			NS	11/75 <sup>b/</sup>	3MLITTSYI
Mauritania	Transport Sector Memo		8	3			NS	2/76	3MTATTSYI
Senegal	Agricultural Sector Survey	5	8(44)	103(63)	6/75	3/76	1/74	11/75	3SENAASBI
	Transport Sector Memo		8	8			NS	6/76 <sup>b/</sup>	3SENTTSYI
	Water Sector Memo	4	14	14			7/75 & 11/75	2/76 <sup>b/</sup>	3SENVJSYI
Togo	Agriculture Sector Study		2(2)	2(2)			NS	5/76	3TOGAASYI
	Educational Sector Survey	1	47(44)	72(63)	6/75	3/76	12/73 & 6/75	12/75	3TOGEESBI
	Tourism Sector Memo	2	17	17	11/75	3/76	2/76	6/76	3TOGQSSYI
Upper Volta	Transport Sector Memo		5	5			3/76	6/76 <sup>b/</sup>	3TOGTTSYI
	Transport Sector Memo		4	4			NS	7/76 <sup>b/</sup>	3UPVTTSYI
<b>WESTERN AFRICA - Regional</b>									
	Regional Food Grains Study	1	8	8			NS	4/76	3WANAASYI
	Semi-Arid Areas Studies (3)	5	0(45)	83(75)	7/74 & 10/75	6/75 & 3/76	7/74, NS	5/75, NS	3WANASISYI
	Livestock Study		7(1)	11(4)			-	5/76	3WANALSYI
	Forestry Policy Study	8	12(8)	138	3/74	NS	3/74	4/76	3WANATSYI
	Telecommunication Study	1	4	4			NS	11/75 <sup>b/</sup>	3WANCCSYI
	Economic Integration Study	7	140	247	5/74	5/76	5/74	8/76	3WANIISYI
	Textbook Study	1	36	36	11/75	6/76	NS	10/76	3WANEESYI
	Transport Sector Study	1	5	16			NS	to FY77	3WANTHSYI
	Railway Training Study	2	28	44			NS	to FY77	3WANTRSYI
<b>WESTERN AFRICA TOTAL</b>									
FY76 Manpower - Original Schedule				355					
- Current Schedule				435					
- Five-Year Work Program <sup>b/</sup>				216					
FY76 Report Completions - Original Schedule				Survey - 4; Study and Review - 6					
- Current Schedule <sup>b/</sup>				Survey - 3; Study and Review - 22					
- Five-Year Work Program <sup>b/</sup>				Survey - 3; Study and Review - 2					
<b>EMENA - C.P. I</b>									
Afghanistan	Agriculture Sector Survey	7	6(4)	88	9/75	8/75	9/74	8/75	3AFGAASBI
	Industry Sector Survey	4	32(29)	39(29)	3/76	6/76	4/76	7/76	3AFGISYI
Egypt	Industry Sector Survey	7	79(52)	79(52)	5/75 & 9/75	11/75	9/75	3/76	3SEGTISBI
	Agriculture Development Review	4	3	35	6/74	11/74	1/75	11/75	3EGTAASYI
Iran	Urban Sector Review	7	6(4)	96(94)	10/74	9/75	10/74	3/76	3IRNUUSUI
Portugal	Agriculture Sector Review	7	1	80	10/75	4/76	6/76 & 10/76	2/77	3PORASUI
	Industrial/Fiscal Study	3	25	25			5/76	NS <sup>b/</sup>	3PORISYI
	Energy/Power Review	2	6	6	9/75	2/76	9/75	2/76	3PORPPSYI
	Industry Sector Survey	4	2	45	3/75	8/75	3/75	10/75	3ROHISBI
	Agriculture Sector Review	5	37(30)	80(74)	5/75	12/75	5/75	12/75	3ROHAASUI
Yemen, A.R.	Energy/Power Review	2	6	8	5/76	9/76	4/76	9/76	3YARPPSYI
Yemen, PDR	Energy/Power Review	2	6	8(6)	5/76	9/76	4/76	9/76	3YDRPPSYI
Yugoslavia	Energy Sector Review II	6	48(43)	50(45)	9/74 & 11/75	3/76	9/74 & 10/75	3/76	3YUGPPSYI

Region/Country	Type of Report	Man-Missions	Manweeks		Original Schedule		Current Schedule		Identification Number
			FY76	Total	Mission	Report	Mission	Report	
<b>EMENA - C.P. II</b>									
Algeria	Energy/Power Review	1	0(6)	0(6)	2/76	6/76	Cancelled		5ALGPPSU1
Jordan	Tourism Sector Survey	2	0(14)	0(14)	10/75	2/76	Cancelled		5JORDQSB1
	Water and Sewerage Survey	4	0(41)	0(41)	NS	NS	Cancelled		5JORMWSB1
Morocco	Manpower and Employment Study	3	0(16)	18			Cancelled		5MYCEESY1
	Rural Development Prospects	7	52(16)	67(18)			3/76 & 5/76	10/76	5MYCAASY1
	Energy/Power Memo	-	0(3)	0(3)			Cancelled		5MYCPPSH1
Syria	Tourism Sector Survey	5	2	27	1/75	7/75	1/75	7/75	5SYRQSB1
	Water and Sewerage	3	0(41)	0(41)	9/75 & 3/76	9/76	To FY77		5SYRWSB2
Tunisia	Agriculture Sector Study	5	0(42)	0(42)	11/75	2/76	Cancelled		5TUNASY1
	Rural Development Study	7	4	91			5/76 & 9/76	2/77	5TUNISY2
	Petroleum Related Industry Review	1	2	5			5/76	9/76	5TURISY1
Turkey	Industry Sector Review	4	31(40)	40(40)	NS	NS	5/76		5TURISY1
U.A.E.	Al-Kharmah Study	2	0(6)	0(6)	11/75	NS	Redefined		5UAEASY1
<b>EMENA - Regional</b>									
	Fruit & Vegetable Study	6	78(84)	170(95)	7/75 & 8/75	11/75	4/76 & 5/76	8/76	5EMNAA51
<b>EMENA TOTAL</b>									
FY76 Manpower - Original Schedule								500	
- Current Schedule								426	
- Five-Year Work Program <sup>b/</sup>								314	
FY76 Report Completions - Original Schedule								Survey - 8; Study and Review - 10	
- Current Schedule								Survey - 4; Study and Review - 5	
- Five-Year Work Program <sup>b/</sup>								Survey - 5; Study and Review - 5	
<b>LATIN AMERICA &amp; CARIBBEAN - C.P. I</b>									
Chile	Water & Sewerage Sector Survey	5	2	46	6/74 & 10/74	7/75	6/74 & 10/74	7/75	6CHLWSB1
Costa Rica	Agriculture/Rural Sector Survey	4	18	44	3/75 & 5/75	NS	3/75 & 5/75	18D Report	6COSAASB1
	Tourism Sector Review	3	22	22			4/76	NS <sup>a</sup>	6COSQSY1
Ecuador	Industrial Sector Review	4	39(47)	39(47)	9/75	12/75	9/75	5/76	6ECUISU1
	Transport Sector Review	7	3	74	6/75	6/75	8/74	6/75	6ECUTTSU1
El Salvador	Education Sector Survey	3	12(30)	12(30)	10/75	1/76	2/76	NS	6ESLEESM1
	Tourism Sector Review	3	22	22			3/76	NS <sup>a</sup>	6ESLQSY1
Guatemala	Power Sector Survey	3	19(20)	19(20)	8/75	3/76	8/75	2/76	6GUAPP5B1
	Transport Sector Review	3	18(14)	18(14)	10/75	2/76	10/75	5/76	6GUATTSU1
	Sanitation Sector Survey	3	5(3)	18(14)	5/75	7/75	5/75	7/75	6GUAMWSB1
	Tourism Sector Review	3	22	22			4/76	NS <sup>a</sup>	6GUAQSY1
Honduras	Agriculture/Rural Sector Survey	9	16(8)	120(112)	5/74	8/75	5/74	1/76	6HDSAASB1
	Tourism Sector Review	1	2	13			12/74	3/75 <sup>a</sup>	6HDSQSU1
Mexico	Population Sector Survey	8	0(41)	0(67)	3/75 & 11/75	5/76	Redefined		6MXCN5B1
	Transport Sector Survey	1	4	16	4/75	8/75	4/75	10/75	6MXCTTSU1
	Urban Sector Survey	8	10	118	1/74	11/74	1/74	11/74	6MXCU5B1
	Water Sector Survey	3	3(2)	41(38)	12/73 & 1/74	3/75	12/73 & 1/74	3/75	6MXCWSB1
Nicaragua	Agriculture/Rural Sector Survey	7	20	98	1/75	12/75	1/75	5/76	6NICQASB1
	Tourism Sector Review	3	22	22			6/76	NS <sup>a</sup>	6NICQSY1
Peru	Education Sector Survey	3	18(58)	18(60)	3/76	8/76	3/76	5/76	6PEREESY1
<b>LATIN AMERICA &amp; CARIBBEAN - C.P. II</b>									
Argentina	Telecommunications Review	2	0(20)	0(20)	7/75 & 9/75	3/76	Cancelled		6ARGCCSU1
	Power Sector Review	3	0(20)	0(20)	8/75 & 11/75	5/76	Cancelled		6ARGPPSU1
Bolivia	Agriculture Sector Survey	3	0(60)	63	1/76 & 3/76	7/76	To FY77		6BOLAASB1
	Telecommunications Memo	3	39	47			11/75 & 4/76	8/76	6BOLCCSB1
Brazil	Education Sector Survey	5	15	45	5/75	9/75	5/75	11/75	6BOLLEESB1
	Energy Sector Review	2	14(20)	14(20)	2/76	3/76	2/76	4/76	6BRNYESY1
Colombia	Transport Sector Review	1	0(72)	0(77)	NS	NS	Cancelled		6BRAPP5U1
	DFC Sector Study	6	2	216	9/75	1/76	9/75	3/76	6CLHTTSU1
Guyana	Agriculture Sector Survey	3	0(39)	0(42)	11/73	7/75	11/73	8/75	6CLMDDSY1
Jamaica	Education Sector Survey	4	0(28)	0(28)	3/76	7/76	To FY77		6GUYAASY1
Paraguay	Education Sector Survey	3	15	15	7/75	10/75	To FY77		6JAMEESY1
	Agriculture Sector Memo	-	14	14			8/75	9/75	6PAARESB1
	Power Sector Memo	-	2	2			3/75	2/76 <sup>a</sup>	6PARAASB1
Uruguay	Agriculture Sector Memo	4	13	18			3/75	2/76 <sup>a</sup>	6PARPP5B1
	Industry Sector Memo	2	8	10			3/76	9/76 <sup>a</sup>	6GURUASB1
	Urban Sector Memo	2	12	17			3/76	8/76 <sup>a</sup>	6GURUISB1
<b>LATIN AMERICA &amp; CARIBBEAN - Regional</b>									
Central America	Sanitation Sector Survey	4	2	42	3/74 & 4/74	4/75	3/74 & 4/74	4/75	6CENMWSB1
	Industry Subsector Review	4	35	35	9/75	12/75	9/75	5/76	6CENISU1
	CARC Agriculture Study	3	17(36)	45(36)	NS	6/76	NS	NS	6CENAA51
<b>LATIN AMERICA &amp; CARIBBEAN TOTAL</b>									
FY76 Manpower - Original Schedule								664	
- Current Schedule								473	
- Five-Year Work Program <sup>b/</sup>								543	
FY76 Report Completions - Original Schedule								Survey - 12; Study and Review - 10	
- Current Schedule								Survey - 10; Study and Review - 7	
- Five-Year Work Program <sup>b/</sup>								Survey - 11; Study and Review - 7	
<b>EAST ASIA &amp; PACIFIC</b>									
Indonesia	Agriculture/Rural Devt. Memo	3	7	12			1/76	10/76 <sup>a</sup>	7INSADSH1
	Industrial Sector Study	5	34	58(50)	11/75	4/76	5/76	9/76	7INSISY2
	Water & Sewerage Review	6	16	62	3/75 & 4/75	9/75	3/75	4/76	7INSWSU1
	Sunatra Agriculture Study	8	38(70)	90(70)	1/76	6/76	9/75 & 5/76	10/76	7INSAA5Y1
Korea	Agro-Industrial Study	3	32(30)	32(30)			2/75	2/76 <sup>a</sup>	7INSAA5Y2
	Transport Coordination Study	6	36(36)	41(36)	2nd Qtr.	NS	2nd Qtr.	NS	7KORTTSY1
Malaysia	Agriculture/Rural Devt. Memo	1	8	16			3/76	2/77 <sup>a</sup>	7KORAD5B1
	Sabah & Sarawak Study	2	0(19)	0(40)	6/76	10/76	10/76 & 11/76	11/77	7MAYADSY1
	Sewerage Study	5	32	39			3/76	11/76 <sup>a</sup>	7MAYMWSY1
	Tourism Sector Review	2	8(21)	8(21)	7/75	12/75	4/76	7/76	7MAYQSY1
Papua New Guinea	Education Sector Survey	4	0(40)	0(40)	10/75	6/76	Cancelled		7PAPE5B1
	Agriculture/Rural Devt. Memo	2	6	6			1/76	9/76 <sup>a</sup>	7PAPAD5B1
Philippines	Rural Development Study	NA	NA	NA	NS	NS	NS	NS	7PHLAYSU1
	Small Scale Irrigation Review	6	64(54)	64			8/75 & 10/75	Redefined	7PHLAISU1
	Transport Sector Review	6	32	55	5/75	10/75	1/76		7PHLTSY1
	Water and Sewerage Sector Review	2	4(40)	47	11/75	NS	5/76 & 7/76	4/77	7PHLWSY1
	Agriculture/Rural Devt. Memo	3	7	12			4/76	12/76	7PHLAD5B1



Region/Country	Type of Report	Man-Missions	Manweeks		Original Schedule		Current Schedule		Identification Number
			FY76	Total	Mission	Report	Mission	Report	
<b>EAST ASIA &amp; PACIFIC</b>									
Thailand	Agricultural Credit Study		22	22			3/76	9/76 <sup>b</sup>	7THLAASY1
	Education Sector Survey	6	64(60)	84(60)	11/75	7/76	3/76	10/76	7THLEESY1
	Highway Sector Study	7	40(10)	64(36)	4th Qtr.	NS	11/75 & 5/76	10/76	7THLTHSY1
	Water and Sewerage Sector Review	3	29(40)	34	11/75	NS	8/75 & 3/76	1/77	7THLWSU1
	Irrigation Program Survey	5	42(44)	47(50)			2/76	8/76 <sup>b</sup>	7THLASY1
	Industrial Development Study	2	0(22)	22			To FY77		7THLISY1
	Utilities Study	5	48	48			1/76	5/76 <sup>b</sup>	7THLPPSY1
<b>EAST ASIA &amp; PACIFIC TOTAL</b>									
FY76 Manpower - Original Schedule		:	434						
- Current Schedule		:	569						
- Five-Year Work Program <sup>b/</sup>		:	628						
FY76 Report Completions - Original Schedule		:	Survey - 2; Study and Review - 8						
- Current Schedule		:	Survey - 0; Study and Review - 4						
- Five-Year Work Program <sup>b/</sup>		:	Survey - 5; Study and Review - 7						
<b>SOUTH ASIA</b>									
Burma	Industry Sector Study	5	40	40			4/76	8/76 <sup>b</sup>	8BUA1ISY1
	Industry Sector Survey	9	5	87	7/74	7/75	7/74 & 2/75	7/75	8BAN1ISB1
Bangladesh	Population Sector Survey	NA	6	134	5/73	8/75	5/73	8/75	8BANNSB1
	Engineering Industry Survey	5	54(63)	54(63)	12/75	2/76	11/75	2/76	8BANIESB1
India	Rainfed Foodgrain Review	5	42(27)	66(64)	6/75	11/75	5/75	2/76	8BANADSU1
	Foodgrain Procurement Study	5	32	65	5/76	10/76	5/76	10/76	8BANADS2
	Orissa Agriculture Review	11	115	122	7/75 & 9/75	NS	5/75 & 9/75	2/76	8INDAASY1
	Assam Agriculture Review	8	73(101)	77(113)	NS	NS	11/75 & 2/76	8/76	8INDAAS2
	Sugar Industry Study	NA	5	10			NS	7/76 <sup>b</sup>	8INDAAS2
	Andhra Peadesh Power Study	3	3	15	1/75	8/75	1/75	8/75	8INDPPSY4
	Urban Sector Study	4	4	68	NS	NS	NS	NS	8INDUSY1
Nepal	Water & Sewerage Sector Review	3	22	24	3/75 & 9/75	NS	3/75 & 9/75	NS	8NEPMSU1
	Education Sector Survey	5	0(30)	76	4th Qtr.	NS	To FY77		8PAKESM1
Pakistan	Area Development Sector Survey	6	6	68	3/75	8/75	3/75	3/76	8PAKADS1
	Cotton Subsector Survey	3	18(51)	18(71)	10/75	NS	3/76	NS	8PAKAPSY1
	Agriculture Sector Review	7	30(16)	118(96)	3/75	8/75	3/75	11/75	8PAKAASU1
Sri Lanka	Urban Sector Study	7	68	68	10/75	3/76	NS	NS	8PAKUSY1
	Industry Sector Study	3	14	36			5/76	9/76 <sup>b</sup>	8PAK1ISY1
	Engineering Industry Survey	4	0(36)	39	4/76	7/76	Cancelled		8SRIIESY1
	Education Sector Review	3	28	28	9/75	NS	NS	NS	8SRIEESM1
	Transport Sector Review	3	17	17	11/75	NS	11/75 & NS	NS	8SRIITSU1
<b>SOUTH ASIA TOTAL</b>									
FY76 Manpower - Original Schedule		:	529						
- Current Schedule		:	604						
- Five-Year Work Program <sup>b/</sup>		:	670						
FY76 Report Completions - Original Schedule		:	Survey - 5; Study and Review - 10						
- Current Schedule		:	Survey - 4; Study and Review - 4						
- Five-Year Work Program <sup>b/</sup>		:	Survey - 5; Study and Review - 4						
<b>TOTAL ALL REGIONS</b>									
FY76 Manpower - Original Schedule		:	2230						
- Current Schedule		:	2882						
- Five-Year Work Program <sup>b/</sup>		:	2799						
FY76 Report Completions - Original Schedule		:	Survey - 39; Study and Review - 48						
- Current Schedule		:	Survey - 24; Study and Review - 44						
- Five-Year Work Program <sup>b/</sup>		:	Survey - 34; Study and Review - 30						

a/ Date under Mission indicates month of mission departure, date under Report indicates green cover, or if no green, then yellow cover, and if neither, then final cover.

b/ Five-Year Work Program Tables 12/20/74.

<sup>c</sup>Activities which have been added since the July schedule.

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: William Clark and Hollis Chenery

SUBJECT: Publication of Country Economic Reports

DATE: March 1, 1976

1. We recently reviewed the Bank's program of publishing the results of its economic analysis--country economic reports, research reports, and policy papers. While we have begun to publish in all three categories, country economic reports merit special attention.

2. We have produced about sixty basic country economic reports in the past five years, but only about a dozen have been or are about to be published for use outside the Bank. As the new structure of country economic work takes hold, we can expect an increasing number of high-quality policy-oriented country economic reports worthy of publication. Moreover, because of their sharper policy focus, these studies are designed to reveal the Bank's approach to development more obviously than in the past, so that we will want their findings widely disseminated. In evaluating the country economic reports already published, the director of The Johns Hopkins University Press commented that "my impression, fortified by the opinions of reviewers, is that the books are beyond question worthy. They are...of great value to specialists.... If publishing this kind of book is consistent with the World Bank's mission--and I believe it is--then I believe the program should be continued and, if feasible, expanded." In addition, all Bank external publications are written in part for the concerned, intelligent lay reader.

3. You said to Chenery on one occasion that funds for publication should not be the factor determining whether publishable material is in fact published. In our view, the lack of editorial assistance is the major factor preventing much good country economic work from reaching publication. The Regional Vice Presidents and their staffs, in discussing this publication gap, have voiced a fairly universal complaint: they lack the staff needed to convert their gray-cover reports into manuscripts suitable for external publication. Our stock of sixty reports has cost the Bank some \$10 million; perhaps one percent of that amount would have been enough to make fifteen or twenty additional reports into publishable manuscripts (not counting, of course, production as distinct from editorial costs).

4. To prevent a continuation of this great waste, we ask you to authorize a special increase in FY77 budgetary resources of the editorial section in IPA to enable them to

March 1, 1976

take on two or possibly three editors on a consulting basis. These consultants would be assigned to work with Regional personnel to prepare gray-cover country economic reports for publication. IPA has tentatively requested \$30,000 in additional funds in FY77.

5. At the same time, we will review the present format and style of country economic reports to see how we can improve the reports so as to facilitate ultimate publication.

cc: Messrs. J. Adler  
Merriam  
B. King  
Chernick  
Winterbottom

GWinterbottom:SEChernick:WClark:HBChenery:di



152  
2-1984-100

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 28, 1976

FROM: Hollis B. Chenery *HBC*

SUBJECT: Divestiture

In a memorandum to you of September 18, 1975 (attached) I offered to divest myself of my financial interest in Southern Natural Resources, Inc. I anticipated that it would take approximately four months to complete the legal and financial measures necessary to accomplish this objective.

I wish to report that these transactions are now completed.

- (i) The stock represented by my ownership of Chenery Corporation was distributed to me in November and January as part of the liquidation of the Corporation and was sold as soon as it was received.
- (ii) The corporate trustee of the two trusts involved has now completed the sale of all Southern Natural stock received by the trusts in which I am a beneficiary.

Attachment

HBC:nff

cc: Mr. Nurick

## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 18, 1975

FROM: Hollis B. Chenery *H B Chenery*SUBJECT: My Interest in Southern Natural Resources, Inc.

1. My financial interest in Southern Natural Resources, Inc., has become the subject of public comment to the effect that this interest might be in conflict with my duties as Vice President, Development Policy.
2. I have voluntarily decided to remove any ground for comment of that kind by making arrangements, as expeditiously as possible, to dispose of my interest in that corporation and/or to transfer it to a trustee under a so-called blind-trust agreement with the understanding that it would be disposed of within a specified period.
3. As you know, the nature of my interest in Southern Natural Resources, Inc., is complicated. It comes partly through my interest in the Chenery Corporation, a family holding company that is in the process of being dissolved, and partly through several trusts established by my parents which hold stocks of Chenery Corporation. The details of these arrangements are to be worked out by my lawyer and the counsel to the Bank. Although the timing of the necessary transactions will be affected by the interests of other parties, it is my expectation that these arrangements can be completed within the next four months.

HBChenery:di

cc: Hoag/Burki

# OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 21, 1976

FROM: Hollis B. Chenery *ABC*

SUBJECT: Catalog of Significant Policy and Issues Papers

1. The Policy Planning and Program Review Department has compiled a Catalog of Significant Policy and Issues Papers for staff use only (Attachment I). A condensed version (Attachment II) contains only those papers that either have been discussed by the Executive Directors <sup>or</sup> sent to them for information. If you agree, we would like to send Attachment II for information to the Board.

2. Both catalogs would be updated periodically.

EGWakhweya/SJBurki:nff

Attachments (2)

cc: Mr. William Clark

*1/21*  
*not necessary*  
*Please send to me regularly*  
*L. New*

*1/21*





CATALOG  
OF  
SIGNIFICANT POLICY AND ISSUES PAPERS SINCE 1970

For Internal Use Only

**DECLASSIFIED**

**AUG 11 2014**

**WBG ARCHIVES**

Policy Planning Division  
Policy Planning and Program Review Department  
January 19, 1976

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<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
I. <u>Bank Group's Financial Policies</u>		
A. <u>Liquidity and Borrowing</u>		
1. IBRD Borrowing in the Intermediate Term Market Discussed by Board: 12/15/70	R70-203	10/70
2. Review of IBRD Capital Structure Discussed by Board: 12/9/75	R75-215	12/75
3. Bank Liquidity Policy Discussed by Board: 4/20/71	R71-64	3/71
4. Review of IBRD Borrowing Program Discussed by Board: 8/12/71	R72-192	7/72
5. Capital Market Prospects and IBRD Borrowing Program Discussed by Board: 12/9/75	R75-229	12/75
6. Bank Group Use of SDR Link Resources Distributed to Board for information: 5/8/73 <u>Contents:</u> Principles for the Use of Link Resources, Preferred Use of Link Resources, Illustrative Distribution of Link Resources.	Sec M73-272	5/73
B. <u>Debt</u>		
1. Staff Study of the External Debt of Developing Countries Discussed by Board: 8/10/71	R71/178	7/71

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
C. <u>Finance</u>		
1. President's Memo on the Bank's Lending Rate	R72-1	1/72
Discussed by Board: 1/18/72		
<u>Contents:</u> President's Recommendation on Changing the Interest Rate. Annexes - Policy re Standard Interest Rate, Lending Rate Policy Since December 1967, IBRD Borrowings July 1 through December 31, 1971.		
2. Review of IBRD Financial Policies	R73-55	3/73
Discussed by Board: 4/24-26/73		
<u>Contents:</u> Objectives of IBRD Financial Policies and Traditional Measures of Financial Soundness, Net Income and Its Uses, Lending Rate, Liquidity Policy, Bank Participation in Debt Reschedulings.		
3. Establishment of a Third Window: An Intermediate Financing Facility	R75-39	3/75
Discussed by Board: 3/25/75		
<u>Contents:</u> Need, Beneficiaries, Scale of Initial Operations and Financing Requirements, Organization and Procedures.		
II. <u>General Lending Policies of IBRD and IDA</u>		
1. Note for the Committee of the Whole on the Procedure to Create the Proposed International Investment Insurance Agency	R70-245	12/70
Discussed by Board: 1/17/71		
2. Bank Policies with Respect to International Competitive Bidding and Preference for Domestic Suppliers	Sec M71-111	3/71
Distributed to Board for information: 3/1/71		

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
3. President's Report to the Board on Supplementary Financial Measures	R71-54	3/71
Discussed by Board: 4/6/71		
4. Revisions to Draft Articles of Agreement on the International Investment Insurance Agency Designed to Eliminate an Express Institutional Line Between the Agency and the Bank	Sec M72-177	3/72
Distributed to Board for information: 3/31/72		
5. Policy on Expropriation	Sec M71-376	6/72
Distributed to Board for information: 7/26/71		
6. IDA Lending Policies	IDA/R73-7	2/73
Discussed by Board: 3/6/73		
<u>Contents:</u> Review of Major Elements of IDA Policies and Operations, including: Eligibility and Allocation, Terms and Conditions of Lending.		
7. Bank Lending to Higher Income Countries	PRC/M/73-3	7/73
8. Bank Group Lending to Least Developed Countries	PRC/M/73-14	12/73
<u>Contents:</u> Features of the "Least Developed" Countries, Volume and Terms of Bank Group Assistance to the Least Developed FY64-68, Bank Group Operations in the Least Developed and Technical Assistance Aspects.		
9. Export Financing for Capital Goods: Possibilities of IBRD Support for Financing Exports of Capital Goods by Developing Countries	Sec M74-670 (Report No. 531)	9/74
Distributed to Board for information: 9/26/74		
<u>Contents:</u> Existing Institutions, Nature of the Need, Financial Requirements, Alternatives for Bank Action, Implications for Bank Policy.		
10. Use of Bank Transfers to IDA	R74-244	12/74
Distributed to Board for information: 12/3/74		



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
III. <u>Techniques and Forms of Lending</u>		
1. Financing Technical Assistance Discussed by Board: 8/13/70 (Also listed in Annex I)	R70-56	4/70
2. Retroactive Financing Discussed by Board: 7/12/73	R73-154	6/73
3. Preference for Domestic Contractors Discussed by Board: 1/22/74 (Also listed in Category V)	R73-291	12/73
4. Review of Co-financing Practices and Potential <u>Contents:</u> Forms of Co-financing, Sources of Co-financing, Lessons from the Bank's Co-financing Experience.	PRC/C/74-19	3/75
5. Bank Policy on Financing of Local Costs Discussed by Board: 5/20/75 <u>Contents:</u> Principles Underlying Bank Financing of Local Costs, Review of Recent Practice.	R75-66	4/75
IV. <u>Trade and Commodity Financing</u>		
1. Financing of Regional Trade Discussed by Board: 7/16/70 (Also listed in Annex I)	R70-69	4/70
2. Implementation by the Bank Group of the ED's Decision on the Stabilization of Prices of Primary Products Distributed to Board for information: 12/30/70	Sec M70-577	12/70

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
3. Development Policy for Countries Highly Dependent on Exports of Primary Products  Discussed by Board: 1/30/73, 2/6/73, 2/13/73  <u>Contents:</u> Slow Growth of Agricultural Exports, Associated Slowness of GNP Growth, Access to Markets of Developed Countries, Schemes to Compensate for Fluctuations in Export Earnings, Schemes to Organize Commodity Markets, Trade Between Developing Countries, Bank Policies.	R73-3	1/73
4. Bank Group Financing of Tea  Discussed by Board: 9/11/73	R73-206	8/73
5. Mineral Resources and the Oceans  Distributed to Board for information: 8/27/73  (Also listed in Category VI.C)	Sec M73-497	8/73
6. The World Cocoa Market - Review and Outlook for Bank Lending  Discussed by Board: 3/19/74	R74-36	12/73
7. World Beef Prospects  Distributed to Board for information: 5/21/74	Sec M74-364	5/74
8. Comparative Analysis of Cocoa Production in Selected Countries  Distributed to Board for information: 7/25/74	Sec M74-528	7/74
9. Commodity Price Stabilization	P31G76	8/75
10. World Bank Group Financing of Investments in Copper Production	I10I76	7/75

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
V. <u>General Project Policies</u>		
1. Financing of Interest and Other Charges on Bank Loans During Construction: Review of Policy and Practice	Filed under: Financing of Interest During Construction, Vol. 1 (Records Center)	2/71
2. Preferential Tariffs and Bank Procurement  Discussed by Board: 7/26/72, 8/1/72	R72-122	5/72
3. The Bank's Project Experience  Distributed for information: 12/22/72	Sec M72-661	12/72
4. Review of Procurement	Filed under: OP-GOP Procurement 1972-74, Vol. II. (Central Files)	5/73
5. Promotion of Domestic Construction Industries in Developing Countries  Discussed by Board: 8/7/73  (Also listed in Category VI.C)	R73-177	7/73
6. Preference for Domestic Contractors  Discussed by Board: 1/22/74  (Also listed in Category III)	R73-291	12/73
7. Criteria in Employment of Department Forces (Force Account) in Bank Financed Civil Works	CPS Memo (Guidelines No. 7.11)	9/74
8. Environmental Aspects of Bank Operations  Discussed by Board: 11/12/74	R74- 115	10/74
9. Project Cost Sharing  Contents: General Considerations, The Data, Recent Experience. Reviews Bank experience regarding share of project costs financed in FY70-74 and examines the general considerations underlying the Bank's approach in determining what proportion of project costs to finance.	PRC/C/74-19	1/75



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
10. Economic Analysis of Projects  <u>Contents:</u> Basic Notions of Cost-Benefit Analysis, Derivation of Shadow Prices, Estimation of Shadow Prices, Technical Derivation of Shadow Prices (Appendix).	Staff Working Paper No. 194	2/75
11. Pricing and Cost Recovery Policies for Public Sector Projects  <u>Contents:</u> Pricing and Efficiency, Cost Recovery. Focuses on the efficiency objective as it relates to the policy for pricing the products and services of a project; introduces the objectives of savings generation and income distribution; discusses cost recovery policies in terms of both product pricing and benefit taxes.	FRC/C/74-11	5/75

VI. Sector Lending

A. Agriculture and Rural Development

1. Research and Technical Assistance in Fields Involving Agriculture  Discussed by Board: 7/23/70, 7/30/70, 9/3/70  (Also listed in Annex I)	Sec M70-92	3/70
2. Sector Program Paper on Agriculture  Discussed by Board: 5/30/72	R72-100	5/72
3. Bank Policy on Agricultural Credit  Discussed by Board: 5/28/74	R74-83	2/74
4. Bank Policy on Land Reform  Discussed by Board: 6/4/74	R74-87	5/74
5. Fertilizer Requirements for Developing Countries  Distributed to Board for information: 5/21/74	R74-109	5/74

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
6. Report on Fertilizer Requirements of Developing Countries - Revised Outlook in 1975	Sec M75-600	8/75
Distributed to Board for information: 8/12/75		
7. Issues in Rural Electrification	Sec M74-636	9/74
Distributed to Board for information: 10/29/74		
8. Attacking Rural Poverty - How Nonformal Education Can Help	(EDL) 74-12	1974
9. Rural Development - Sector Policy Paper	R74-245	2/75
Discussed by Board: 1/14/75		
<u>Contents:</u> Nature and Extent of the Problem, Policies and Programs for Rural Development, the World Bank's Program.		

B. Education

1. Educational Systems in Developing Countries	Sec M73-391	6/73
Distributed to Board for information: 6/27/73		
2. Education Sector Policy	R74-217 (IBRD Report No. 561)	10/74
Discussed by Board: 11/26/74		
3. Attacking Rural Poverty - How Nonformal Education Can Help	(EDL) 74-12	1974

C. Industry

1. Sector Program Paper - Industry	R72-11	1/72
Discussed by Board: 2/29/72, 3/7/72		
2. Promotion of Domestic Construction Industries in Developing Countries	R73-177	7/73
Discussed by Board: 8/7/73		
(Also listed in Category V)		

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
3. The Non-Fuel Mineral Industry Discussed by Board: 1/29/74	R73-258	11/73
4. Mineral Resources and the Oceans Distributed to Board for information: 8/27/73 (Also listed in Category IV)	Sec M73-497	11/73
5. Financing the Development of Small-Scale Industries Distributed to Board for information: 12/11/74	Sec M74-822 (Staff Working Paper No. 191)	11/74
6. United Nations Revolving Fund for Natural Resources Exploration: A Status Report Distributed to Board for information: 10/15/75	Sec M75-722	10/75
D. <u>Population, Nutrition, Health</u>		
1. Four Papers on Population Planning Delivered at Bellagio Conference Recommended to Board by President at Board meeting: 4/14/70	SSM/A/70-10	4/70
2. Sector Program Paper - Population Discussed by Board: 2/15/72	R72-23	1/72
3. Population Growth: Implications for Economic and Social Development Distributed to Board for information: 2/18/72	Sec M72-102	2/72
4. Sector Program Paper - Nutrition Policy Discussed by Board: 11/27/73	R73-247	10/73
5. Population Policies and Economic Development Distributed to Board for information: 7/17/74	Sec M74-507 (Report No. 481)	7/74
6. Health Policy Paper Discussed by Board: 12/5/74	R74-221 (Reports Nos. 554 and 554A)	10/74



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
E. <u>Public Utilities</u>		
1. Power Sector Program Paper Discussed by Board: 8/10/71	R71-152	6/71
2. Water Supply and Sewerage Sector Working Paper Distributed to Board for information: 11/8/71	Sec M71-521	11/71
3. Nuclear Power: Its Significance for the Developing World Distributed to Board for information: 4/19/74	Sec M74-266 Sec M74-266/1	4/74
4. Economic Evaluation of Public Utility Projects Discussed at Executive Directors' Seminar: 3/6/75  Contents: The Demand Forecast, the Least Cost Solution, Measurement of the Benefits of Public Utility Projects, Pricing Policy and the Investment Decision, the Internal Economic Return.	Sec M75-146 (Public Util- ities Dept. Guideline Series No. 10)	3/75
5. Village Water Supply Distributed to the Board: 6/30/75	Sec M75-491	3/75
F. <u>Transportation</u>		
1. Transportation Sector Program Paper Discussed by Board: 11/16/71	R71-244	11/71
2. Bank Lending for Aviation Projects Discussed by Board: 5/16/72	R72-88	4/72
3. The Private Automobile - Considerations for Urban Transport Project and Study Preparation Distributed to Board for information: 7/23/73	Sec M73-428	7/73

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
4. Urban Transport Sector Paper  Discussed by Board: 1/28/75  <u>Contents:</u> Current Urban Transport Conditions in Developing Countries, the Prospectus for Urban Transport, Rationalizing the Use of Transport Facilities, the Promotion of Efficiency and Coordination Among Transport Agencies, Transport and Urban Form, Bank Activities in the Urban Transport Sector.	R74-265 (Report No. 603)	12/74
5. Highway Sector Lending  Distributed to Board for information: 6/27/75	Sec M75-487	6/75
G. <u>Telecommunications</u>		
1. Telecommunications Sector Program Paper  Discussed by Board: 8/10/71	R71-100	5/71
2. Telecommunications Projects: Standardization and International Competitive Bidding  Distributed to Board for information: 7/24/73	Sec M73-432	7/73
H. <u>Tourism</u>		
1. Tourism Sector Program Paper  Discussed by Board: 5/16/72	R72-78	4/72
I. <u>Urban Projects</u>		
1. Urbanization Sector Working Paper  Discussed by Board: 5/23/72	R72-93 R72-93/1	5/72

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
2. The Challenge of Urban Growth to Governments and Private Enterprise	Filed under: 1972/74 Transportation and Urban Development, Vol. IV (Central Files)	2/73
3. Sites and Services Projects	Sec M74-239	4/74
Distributed to Board for information: 4/11/74		
4. Housing Policy Paper	R75-25 (Report No. 617/617A)	2/75
Discussed by Board: 1/28/75		

J. Development Finance Companies

1. Some Reflections on the Bank's Experience with Development Finance Companies	Economic (Staff Working Paper No. 145)	2/73
2. The World Bank Group's Role in Financial Development	PRC/s/M/74-6	5/74
3. Criteria for Economic Appraisal of DFC Sub-projects	(IOLD74)	6/74
4. World Bank Assistance to Public DFCs	PRC/s/C/74-20	10/74
5. Bank Policies on DFCs	R75-172	8/75
Discussed by Board: 9/23/75		

VII. General Economic Papers

1. Development of African Private Enterprise	Sec M71-574	12/71
Distributed to Board for information: 12/15/71		
2. The Employment Problem and Bank Operations	R72-94	4/72
Discussed by Board: 5/25/72		



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
3. Development Policy for Countries Highly Dependent on Export of Primary Products	R73-3	1/73
Discussed by Board: 1/30/73, 2/6/73, 2/13/73		
<u>Contents:</u> Slow Growth of Agricultural Exports, Exports, Associated Slowness of GNP Growth, Access to Markets of Developed Countries, Schemes to Compensate for Fluctuations in Export Earnings, Schemes to Organize Commodity Markets, Trade Between Developing Countries, Bank Policies.		
4. Bank/ECLA Study on Income Distribution	Sec M73-279	5/73
Distributed to Board for information: 5/9/73		
5. Prospects for the Developing Countries - An Analysis of the effects of Recent Changes in the World Economy on Growth Prospects and Capital Requirements in the Developing Countries	Sec M74-489 (Report No. 477)	7/74
Discussed by Board: 7/23/74		
<u>Contents:</u> Changes in the World Economy 1960-1980, Development of OPEC Countries, Adjustment Problems of Developing Countries, Effects of Price Changes on Capital Requirements, Sources of International Capital.		
6. Economic Integration Among Developing Countries	PRC/s/C/74-14	9/74
7. Prospects for Developing Countries: 1976-1980	Sec M75-505 (Report No. 802)	7/75
Discussed by Board: 7/31/75		
<u>Contents:</u> Changes in the World Economy, Prospects of the Oil Exporting Countries, the Adjustment Process in Developing Countries, Prospects for External Trade, Flows of External Capital, Development Policies for 1976-1980.		

Annex I - Analytical Memoranda Prepared in Response to Pearson Commission  
Recommendations

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<u>Recommendation Number(s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
7	IFC Policies Board discussion: 9/10/70	R69-232	12/69
9	Project Identification and Investment Promotion Work Board discussion: 9/10/70	R69-232	12/69
10	Advice on Industrial and Foreign Investment Policies Board discussion: 9/10/70	R69-232	12/69
15	Assistance to Development Banks, Industrial Parks and Agricultural Credit Institutions Board discussion: 9/3/70	R69-232	12/69
	Joint or Parallel Financing Board discussion: 8/13/70	R69-232	12/69
31	Need for Organizational Changes in IDA Board discussion: 8/6/70	R69-232	12/69
-	Summary Analysis of Joint Financing Arrange- ments Referred to in R69-232 Distributed to Board for information: 12/12/69	Sec M69-541	12/69
12	Aid Co-ordination Board discussion: 7/30/70, 8/4/70	R70-16	2/70
25	Population Problems Board discussion: 9/3/70	R70-16	2/70
26	Education Board discussion: 9/8/70	R70-16	2/70

<u>Recommendation Number(s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
28	Country Economic Reports Board discussion: 7/30/70, 8/4/70	R70-16	2/70
29	Blending of Loans and Credits for Single Projects and Programs Board discussion: 7/30/70, 8/4/70	R70-16	2/70
19, 22, 24, 27	Research and Technical Assistance in Field Involving Agriculture Board discussion: 7/23/70, 7/30/70, 9/3/70	Sec M70-92	3/70
11	Early Warning System Board discussion: 7/23/70	R70-56	4/70
20, 21	Financing for Technical Assistance Board discussion: 8/13/70	R70-56	4/70
4	Financing of Regional Trade Among Developing Countries Board discussion: 8/16/70	R70-69	4/70
5	Refinancing of Export Credits Board discussion: 8/16/70	R70-69	4/70
8	Bank Assistance in Appraising the Terms of Export Credits Board discussion: 7/23/70	R70-69	4/70
3	Financing of Buffer Stocks Board discussion: 8/16/70	R70-69	4/70
1	Impact of New Productive Capacity on World Market Prices Board discussion: 8/16/70	R70-69	4/70
14	Debt Relief Operations Board discussions: 8/4/70	R70-69	4/70
	Bank/Fund Collaboration Board discussion: 8/3/70	R70-85	5/70



<u>Recommendation Number(s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
6	Multilateral Investment Insurance Board discussion: 6/17/70	R70-117	6/70
13	Plans for Reaching Official Aid Targets Board discussion: 6/17/70	R70-117	6/70
32	Criteria for the Allocation of IDA Credits Board discussion: 6/17/70	R70-117	6/70
23	Research in the Field of Human Reproduction and Fertility Board discussion: 7/30/70	R70-137	7/70
2	Supplementary Finance Board discussion: 8/13/70	R70-155	7/70
33	Creation of Evaluation Machinery Board discussion: 8/6/70	R70-134	7/70
17, 18	Financing of Local Currency Expenditures and Program Lending Board discussion: 1/19/71, 2/2/71	R70-234	12/70

Annex II - Papers for the Development Committee

<u>Title</u>	<u>Document Code Number</u>	<u>Completion Date</u>
Prospects for the Special Trust Fund: Report to the Development Committee	R75-45	3/75
Discussed by Board: 4/8/75		

Annex III - IFC Papers

<u>Title</u>	<u>Document Code Number</u>	<u>Completion Date</u>
Industrial Protection	IFC/ Sec M72-21	7/72
Distributed to Board for information: 7/21/72		

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OF  
SIGNIFICANT POLICY AND ISSUES PAPERS SINCE 1970

Policy Planning Division  
Policy Planning and Program Review Department  
January 19, 1976



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<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
I. <u>Bank Group's Financial Policies</u>		
A. <u>Liquidity and Borrowing</u>		
1. IBRD Borrowing in the Intermediate Term Market Discussed by Board: 12/15/70	R70-203	10/70
2. Review of IBRD Capital Structure Discussed by Board: 12/9/75	R75-215	12/75
3. Bank Liquidity Policy Discussed by Board: 4/20/71	R71-64	3/71
4. Review of IBRD Borrowing Program Discussed by Board: 8/12/71	R72-192	7/72
5. Capital Market Prospects and IBRD Borrowing Program Discussed by Board: 12/9/75	R75-229	12/75
6. Bank Group Use of SDR Link Resources Distributed to Board for Information: 5/8/73  <u>Contents:</u> Principles for the Use of Link Resources, Preferred Use of Link Resources, Illustrative Dis- tribution of Link Resources	Sec M73-272	5/73
B. <u>Debt</u>		
1. Staff Study of the External Debt of Developing Countries  Discussed by Board: 8/10/71	R71/178	7/71

	<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
C.	<u>Finance</u>		
1.	President's Memo on the Bank's Lending Rate  Discussed by Board: 1/18/72  <u>Contents:</u> President's Recommendation on Changing the Interest Rate. Annexes- Policy Re Standard Interest Rate, Lending Rate Policy Since December 1967, IBRD Borrowings July 1 through December 31, 1971	R72-1	1/72
2.	Review of IBRD Financial Policies  Discussed by Board: 4/24,26/73  <u>Contents:</u> Objectives of IBRD Financial Policies and Traditional Measures of Financial Soundness, Net Income and Its Uses, Lending Rate, Liquidity Policy, Bank Participation in Debt Reschedulings	R73-55	3/73
3.	Establishment of a Third Window: An Intermediate Financing Facility  Discussed by Board: 3/25/75  <u>Contents:</u> Need, Beneficiaries, Scale of Initial Operations and Financing Requirements, Organization and Procedures	R75-39	3/75
II.	<u>General Lending Policies of IBRD and IDA</u>		
1.	Note for the Committee of the Whole on the Procedure to Create the Proposed International Investment Insurance Agency  Discussed by Board: 1/17/71	R70-245	12/70
2.	Bank Policies with Respect to International Competitive Bidding and Preference for Domestic Suppliers  Distributed to Board for Information: 3/1/71	Sec M71-111	3/71



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
3. President's Report to the Board on Supplementary Financial Measures  Discussed by Board: 4/6/71	R71-54	3/71
4. Revisions to Draft Articles of Agreement on the International Investment Insurance Agency Designed to Eliminate an Express Institutional Line Between the Agency and the Bank  Distributed to Board for Information: 3/31/72	Sec M72-177	3/72
5. Policy on Expropriation  Distributed to Board for Information: 7/26/71	Sec M71-376	6/72
6. IDA Lending Policies  Discussed by Board: 3/6/73  <u>Contents:</u> Review of Major Elements of IDA Policies and Operations, including: Eligibility and Allocation, Terms and Conditions of Lending  Export Financing for Capital Goods: Possibilities of IBRD Support for Financing Exports of Capital Goods by Developing Countries  Distributed to Board for Information: 9/26/74  <u>Contents:</u> Existing Institutions, Nature of the Need, Financial Requirements, Alternatives for Bank Action, Implications for Bank Policy	IDA/R73-7          Sec M74-670 (Report No. 531)	2/73          9/74
8. Use of Bank Transfers to IDA  Distributed to Board for Information: 12/3/74	R74-244	12/74
III. <u>Techniques and Forms of Lending</u>		
1. Financing Technical Assistance  Discussed by Board: 8/13/70  (Also Listed in Annex I)	R70/56	4/70

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
Retroactive Financing Discussed by Board: 7/12/73	R73-154	6/73
3. Preference for Domestic Contractors Discussed by Board: 1/22/74 (Also listed in Category V)	R73-291	12/73
4. Bank Policy on Financing of Local Costs Discussed by Board: 5/20/75 <u>Contents:</u> Principles Underlying Bank Financing of Local Costs, Review of Recent Practice	R75-66	4/75
IV. <u>Trade and Commodity Financing</u>		
Financing of Regional Trade Discussed by Board: 7/16/70 (Also listed in Annex I)	R70-69	4/70
2. Implementation by the Bank Group of the ED's Decision on the Stabilization of Prices of Primary Products Distributed to Board for Information: 12/30/70	Sec M70-577	12/70
3. Development Policy for Countries Highly Dependent on Exports of Primary Products Discussed by Board: 1/30/73, 2/6/73, 2/13/73 <u>Contents:</u> Slow Growth of Agricultural Exports, Associated Slowness of GNP Growth, Access to Markets of Developed Countries, Schemes to compensate for Fluctuations in Export Earnings, Schemes to Organize Commodity Markets, Trade Between Developing Countries, Bank Policies.	R73-3	1/73
4. Bank Group Financing of TEA Discussed by Board: 9/11/73	R73-206	8/73

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
Mineral Resources and the Oceans Distributed to Board for Information: 8/27/73 (Also listed in Category VI.C)	Sec M73-497	8/73
6. The World Cocoa Market - Review and Outlook for Bank Lending Board discussion: 3/19/74	R74-36	12/73
7. World Beef Prospects Distributed to Board for Information: 5/21/74	Sec M74-364	5/74
8. Comparative Analysis of Cocoa Production in Selected Countries Distributed to Board for Information: 7/25/74	Sec M74-528	7/74
v. <u>General Project Policies</u>		
1. Preferential Tariffs and Bank Procurement Discussed by Board: 7/26/72, 8/1/72	R72-122	5/72
2. The Bank's Project Experience Distributed for Information: 12/22/72	Sec M72-661	12/72
3. Promotion of Domestic Construction Industries in Developing Countries Discussed by Board: 8/7/73 (Also listed in Category VI.C)	R73-177	7/73
4. Preference for Domestic Contractors Discussed by Board: 1/22/74 (Also listed in Category III)	R73-291	12/73
5. Environmental Aspects of Bank Operations Discussed by Board: 11/12/74	R74-115	10/74



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
VI. <u>Sector Lending</u>		
A. <u>Agriculture and Rural Development</u>		
1. Research and Technical Assistance in Fields Involving Agriculture	Sec M70-92	3/70
Discussed by Board: 7/23/70, 7/30/70, 9/3/70		
(Also listed in Annex I)		
2. Sector Program Paper on Agriculture	R72-100	5/72
Discussed by Board: 5/30/72		
3. Bank Policy on Agricultural Credit	R74-83	2/74
Discussed by Board: 5/28/74		
4. Bank Policy on Land Reform	R74-87	5/74
Discussed by Board: 6/4/74		
5. Fertilizer Requirements for Developing Countries	R74-109	5/74
Distributed to Board for Information: 5/21/74		
6. Report on Fertilizer Requirements of Developing Countries - Revised Outlook in 1975	Sec M75-600	8/75
Distributed to Board for Information: 8/12/75		
7. Issues in Rural Electrification	Sec M74-636	9/74
Distributed to Board for Information: 10/29/74		
8. Rural Development - Sector Policy Paper	R74-245	2/75
Discussed by Board: 1/14/75		
<u>Contents:</u> Nature and Extent of the Problem, Policies and Programs for Rural Development, the World Bank's Program.		

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
B. <u>Education</u>		
1. Educational Systems in Developing Countries	Sec M73-391	6/73
Distributed to Board for Information: 6/27/73		
2. Education Sector Policy	R74-217 (IBRD Report No. 561)	10/74
Discussed by Board: 11/26/74		
C. <u>Industry</u>		
1. Sector Program Paper-Industry	R72-11	1/72
Discussed by Board: 2/29/72, 3/7/72		
2. Promotion of Domestic Construction Industries in Developing Countries	R73-177	7/73
Discussed by Board: 8/7/73		
(Also listed in Category V)		
3. The Non-Fuel Mineral Industry	R73-258	11/73
Discussed by Board: 1/29/74		
4. Mineral Resources and the Oceans	Sec M73-497	11/73
Distributed to Board for Information: 8/27/73		
(Also listed in Category IV)		
5. Financing the Development of Small-Scale Industries	Sec M74-822 (Staff Working Paper No. 191)	11/74
Distributed to Board for Information: 12/11/74		
6. United Nations Revolving Fund for Natural Resources Exploration: A Status Report	Sec M75-722	10/75
Distributed to Board for Information: 10/15/75		

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
D. <u>Population, Nutrition, Health</u>		
1. Four Papers on Population Planning Delivered at Bellagio Conference  Recommended to Board by President at Board Meeting: 4/14/70	SSM/A/70-10	4/70
2. Sector Program Paper-Population  Discussed by Board: 2/15/72	R72-23	1/72
3. Population Growth: Implications for Economic and Social Development  Distributed to Board for Information: 2/18/72	Sec M72-102	2/72
4. Sector Program Paper-Nutrition Policy  Discussed by Board: 11/27/73	R73-247	10/73
5. Population Policies and Economic Development  Distributed to Board for Information: 7/17/74	Sec M74-507 (Report No. 481)	7/74
6. Health Policy Paper  Discussed by Board: 12/5/74	R74-221 (Reports No. 554 and 554A)	10/74
E. <u>Public Utilities</u>		
1. Power Sector Program Paper  Discussed by Board: 8/10/71	R71-152	6/71
2. Water Supply and Sewerage Sector Working Paper  Distributed to Board for Information: 11/8/71	Sec M71-521	11/71
3. Nuclear Power: Its Significance for the Developing World  Distributed to Board for Information: 4/19/74	Sec M74-266 Sec M74-266/1	4/74



<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
4. Economic Evaluation of Public Utility Projects  Discussed at Executive Director's Seminar: 3/6/75  <u>Contents:</u> The Demand Forecast, the Least Cost Solution, Measurement of the Benefits of Public Utility Projects, Pricing Policy and the Investment Decision, the Internal Economic Return	Sec M75-146 (Public Utilities Department Guideline Series No. 10)	3/75
5. Village Water Supply  Distributed to the Board: 6/30/75	Sec M75-491	3/75
F. <u>Transportation</u>		
1. Transportation Sector Program Paper  Discussed by Board: 11/16/71  Bank Lending for Aviation Projects  Discussed by Board: 5/16/72	R71-244  R72-88	11/71  4/72
3. The Private Automobile-Considerations for Urban Transport Project and Study Preparation  Distributed to Board for Information: 7/23/73	Sec M73-428	7/73
4. Urban Transport Sector Paper  Discussed by Board: 1/28/75  <u>Contents:</u> Current Urban Transport Conditions in Developing Countries, the Prospectus for Urban Transport, Rationalizing the Use of Transport Facilities, the Promotion of Efficiency and Co-ordination Among Transport Agencies, Transport and Urban Form, Bank Activities in the Urban Transport Sector	R74-265 (Report No. 603)	12/74
5. Highway Sector Lending  Distributed to Board for Information: 6/27/75	Sec M75-487	6/75

<u>Title</u>	<u>Document Code Number</u>	<u>Date of Completion</u>
VII. <u>General Economic Papers</u>		
1. Development of African Private Enterprise  Distributed to Board for Information: 12/15/71	Sec M71-574	12/71
2. The Employment Problem and Bank Operations  Discussed by Board: 5/25/72	R72-94	4/72
3. Development Policy for Countries Highly Dependent on Export of Primary Products  Discussed by Board: 1/30/73, 2/6/73, 2/13/73  <u>Contents:</u> Slow Growth of Agricultural Exports, Exports, Associated Slowness of GNP Growth, Access to Markets of Developed Countries, Schemes to Compensate for Fluctuations in Export Earnings, Schemes to Organize Commodity Markets, Trade Between Developing Countries, Bank Policies.	R73-3	1/73
4. Bank/ECLA Study on Income Distribution  Distributed to Board for Information: 5/9/73	Sec M73-279	5/73
5. Prospects for the Developing Countries - An Analysis of the Effects of Recent Changes in the World Economy on Growth Prospects and Capital Requirements of the Developing Countries  Discussed by Board: 7/23/74  <u>Contents:</u> Changes in the World Economy 1960-1980, Development of OPEC Countries, Adjustment Problems of Developing Countries, Effects of Price Changes on Capital Requirements, Sources of International Capital.	Sec M74-489 (Report No. 477)	7/74
6. Prospects for Developing Countries: 1976-1980  Discussed by Board: 7/31/75  <u>Contents:</u> Changes in the World Economy, Prospects of the Oil Exporting Countries, The Adjustment Process in Developing Countries, Prospects for External Trade, Flows of External Capital, Development Policies for 1976-1980.	Sec M75-505 (Report No. 802)	7/75

Annex I - Analytical Memoranda Prepared in Response to Pearson Commission  
Recommendations

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<u>Recommendation Number (s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
7	IFC Policies  Board Discussion: 9/10/70	R69-232	12/69
9	Project Identification and Investment Promotion Work  Board Discussion: 9/10/70	R69-232	12/69
10	Advice on Industrial and Foreign Investment Policies  Board Discussion: 9/10/70	R69-232	12/69
15	Assistance to Development Banks, Industrial Parks and Agricultural Credit Institutions  Board Discussion: 9/3/70	R69-232	12/69
16	Joint or Parallel Financing  Board Discussion: 8/13/70	R69-232	12/69
31	Need for Organizational Changes in IDA  Board Discussion: 8/6/70	R69-232	12/69
-	Summary Analysis of Joint Financing Arrangements Referred to in R69-232  Distributed to Board for Infor- mation: 12/12/69	Sec M69-541	12/69
12	Aid Co-ordination  Board Discussion: 7/30/70, 8/4/70	R70-16	2/70
25	Population Problems  Board Discussion: 9/3/70	R70-16	2/70



<u>Recommendation Number (s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
26	Education Board Discussion: 9/8/70	R70-16	2/70
28	Country Economic Reports Board Discussion: 7/30/70, 8/4/70	R70-16	2/70
29	Blending of Loans and Credits for Single Projects and Programs Board Discussion: 7/30/70, 8/4/70	R70-16	2/70
19, 22, 24, 27	Research and Technical Assistance in Field Involving Agriculture Board Discussion: 7/23/70, 7/30/70, 9/3/70	Sec M70-92	3/70
11	Early Warning System Board Discussion: 7/23/70	R70-56	4/70
20, 21	Financing for Technical Assistance Board Discussion: 8/13/70	R70-56	4/70
4	Financing of Regional Trade Among Developing Countries Board Discussion: 8/16/70	R70-69	4/70
5	Refinancing of Export Credits Board Discussion: 8/16/70	R70-69	4/70
8	Bank Assistance in Appraising the Terms of Export Credits Board Discussion: 7/23/70	R70-69	4/70
3	Financing of Buffer Stocks Board Discussion: 8/16/70	R70-69	4/70

<u>Recommendation Number (s)</u>	<u>Title (Board Discussion Date)</u>	<u>Document Code Number</u>	<u>Completion Date</u>
1	Impact of New Productive Capacity on World Market Prices  Board Discussion: 8/16/70	R70-69	4/70
14	Debt Relief Operations  Board Discussions: 8/4/70	R70-69	4/70
30	Bank/Fund Collaboration  Board Discussion: 8/3/70	R70-85	5/70
6	Multilateral Investment Insurance  Board Discussion: 6/17/70	R70-117	6/70
13	Plans for Reaching Official Aid Targets  Board Discussion: 6/17/70	R70-117	6/70
3	Criteria for the Allocation of IDA Credits  Board Discussion: 6/17/70	R70-117	6/70
23	Research in the Field of Human Reproduction and Fertility  Board Discussion: 7/30/70	R70-137	7/70
2	Supplementary Finance  Board Discussion: 8/13/70	R70-155	7/70
33	Creation of Evaluation Machinery  Board Discussion: 8/6/70	R70-134	7/70
17, 18	Financing of Local Currency Expenditures and Program Lending  Board Discussion: 1/19/71, 2/2/71	R70-234	12/70

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	<u>Title</u>	<u>Document Code Number</u>	<u>Completion Date</u>
Annex II -	<u>Papers for the Development Committee</u>		
	Prospects for the Special Trust Fund: Report to the Development Committee	R75-45	3/75
	Discussed by Board: 4/8/75		
Annex III -	<u>IFC Papers</u>		
	Industrial Protection	IFC/ Sec M72-21	7/72
	Distributed to Board for Information: 7/21/72		



Mr. Robert S. McNamara

January 20, 1976

Hollis B. Chenery

Deflators

1. As requested, I have gone into the sources of the differences between the existing and proposed disbursement and commitment deflators with Tims and P&B. The causes of these differences are summarized in Tims' note (attached).
2. As I reported by phone, the only new estimate is the increase in the disbursement deflator for FY1975, which raises the base for the increases of future years.
3. For use in the lending program, I agree with John Adler that the 5% inflation rate after 1980 is just as likely as 7%. This difference affects the "proposed" disbursement deflator from FY77 onward and the commitment deflator from FY74 onward.

Attachment

HBC:nff

cc: Messrs. Cargill  
Baum  
J. Adler  
Tims

## OFFICE MEMORANDUM

TO: Messrs. Hollis B. Chenery and Warren Baum

DATE: January 19, 1976

FROM: Wouter Tims SUBJECT: Deflators and the Real Value of Bank Lending

1. Three factors account for the differences between the "existing" and the "proposed" deflators discussed in Mr. Adler's memo of January 16. These are (1) different ways of converting calendar year indices to fiscal year indices, (2) a revision of the FY75 data as actual results were substituted for earlier estimates and (3) different assumption for 1977 and later years.
2. The difference in the alternative deflators for FY73 (an increase of 13.2% in the "proposed" index as compared to an increase of only 8.6% in the "existing" index) results from different statistical procedures which do not to any measurable degree affect the real value of the lending program. This is most clearly demonstrated by the fact that the index numbers are the same for both price series in FY 1969 (62.08) and again in FY 1974 (100.00). The "existing" indices for FY70 and later were calculated from quarterly data; the "proposed" indices were calculated by averaging calendar year figures. The former method of calculation is preferable. Although the choice affects estimates for individual years, it does not change the average rate of inflation over the years and has therefore no significant impact on the lending program.
3. An increase of about 3 percent is proposed in the price index for FY 1975. The "existing" index is based on calculations made in February 1975 (the middle of that fiscal year) while the "proposed" revision was calculated in October 1975. Although the number remains provisional, it is based on about twice as much statistical evidence as the "existing" index. This revision has a significant impact on the real value of Bank/IDA lending; it reduces the real value of past commitments because of the reduced purchasing power of disbursements in FY75 as well as all future years.
4. The major difference in real values of lending is associated with the choice of patterns of inflation in 1977 and later years. The "proposed" projection is based on the same assumptions as are generally used in the Bank (except for the lending program). It assumes that inflation rates gradually decline to 7.0% in 1980 and later years. The "existing" deflators assume that inflation rates will drop more rapidly and will fall to 5% by 1980. This 5% assumption was adopted last April (at the time the commitment deflator was introduced into our analysis of the lending program) when it was decided that the lending program analysis should be based upon a relatively conservative assumption of future inflation rates.

WTims/JAHolsen/ddm

cc: Messrs. Adler  
Cargill  
Goodman  
Holsen  
Mrs. Sachse

Mr. Robert S. McNamara

January 15, 1976

Hollis B. Chenery

Schedule of Preparatory Work for Annual Review  
of Development Prospects

1. I attach the work program that provides the basis for the Annual Review as well as the technical background for themes I and VII of your Governors' Speech. Since work on the individual countries is being done in accordance with data availability and convenience of country economists, the dates for completion of the various phases of this work will vary. The basic set of projections and all country work will be completed by April 1, and the "base case" data will be frozen as of that time.
2. Ben King, one of the Bank's best economists and most lucid writers, has agreed to do a first draft of part II, which is the heart of the report.
3. After two years of experience with this exercise, I think that it is now established on an annual cycle which is integrated with the CPP projections, the analysis of debt, and other world wide analysis.

Attachments

*cc AK + Teams*

WTims:HBChenery:di



Proposed Schedule for Parts I and II of  
SITUATION AND PROSPECTS OF THE DEVELOPING COUNTRIES

February 1, 1976:

1. Completion of historical national accounts and balance of payments tables for 45 SP (Sample Panel) countries.
2. Completion of projections of volume and unit value for specific commodity exports of SP countries.
3. Completion of projections of official capital flows to SP countries (using DRS conceptual framework).
4. Completion of paper on outlook for private capital.

February 15, 1976:

1. Completion of first round meetings with country economists (to review historical data, agree on 1975 estimates and discuss general assumptions for projections to 1985). All revisions to historical data completed.
2. Completion of draft annexes on external assumptions including (a) real growth and inflation in industrial countries, (b) commodity prices and (c) official and private capital flows.
3. Agreement on variations in external conditions and policy assumptions to be analyzed with help of SIMLINK.

March 15, 1976:

1. Completion of base case projections to 1985 for SP countries.

April 1, 1976:

1. Completion of second round meetings with country economists to review projections. Individual "country notes" prepared for all SP countries. Estimates for 1975 and base case projections for 1976-80 "frozen".
2. Revisions to SIMLINK completed and tested.

May 1, 1976:

1. Completed draft of Part I (1973-75 developments) circulated.
2. Completion of SIMLINK runs analyzing variations from base case projection.

June 1, 1976:

1. Completed draft of Part II (1976-85) circulated.

WORK PROGRAM FOR "PROSPECTS...1976" PROJECTIONS

	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
<u>INTERNATIONAL ECONOMY</u>	Revised OECD Inflation & Growth Assumptions (77-85 in absolute terms).				Outline alternative OECD growth and trade policy assumptions.		
<u>COMMODITIES &amp; EXPORT PROJECTIONS</u>	(1) Historical data on volumes, unit values and market shares -- SP countries, "other LDCs" selected commodities.  (2) Review and update commodity price forecasts.		Project volume and unit value for selected commodities in SP countries (SIMLINK guidance on total volumes).				
<u>INTERNATIONAL FINANCE</u>	(1) Shares analysis using both DAC and DRS capital flow data, 1968-73, for SP countries, "other LDCs".		Availability of Private Capital (general prospects).  Project SP country shares of official capital flows.		Outline alternative capital flow levels.		
<u>ECONOMIC &amp; SOCIAL DATA</u>		Project total official capital flows using DAC and DRS concepts.  (1) Update historical data inputs for SP countries.  (2) Prepare OPEC country historical data inputs.					
<u>EXTERNAL DEBT</u>		Update historical B/P capital account data for SP countries.					
<u>COMPARATIVE ANALYSIS &amp; PROJECTIONS</u>			Run "historical tables", 1968-73 for SP and OPEC countries.	Sample Panel and OPEC projections Made and Revised on Basis Discussions with (Country Economists (using export and capital flow inputs); Aggregation.			
<u>ECD</u>		Historical analysis of country shares and growth in manufactured exports.	Project volume and value of manufactured exports from SP countries.				
<u>SIMLINK</u>		Project Total Exports of Selected Commodities and Manufactured Goods.	Revisions to SIMLINK to: (1) use aggregation totals, (2) use new SP groupings, (3) incorporate savings and absorptive capacity constraints and (perhaps) add simple capital account.				SIMLINK SENSITIVITY RUNS AROUND AGGREGATION

10/14/75

SITUATION AND PROSPECTS OF THE DEVELOPING COUNTRIES:OUTLINE FOR AN ANNUAL REPORTI. DEVELOPMENTS IN 1973-1975

- (a) Internal developments in the developing countries, based on the panel of 40 sample countries: GNP, consumption, investment, etc.
- (b) The adjustment process to changed external conditions and prospects, in developed and in developing countries:
  - (i) trade developments and measures related to trade;
  - (ii) major institutional changes in countries and internationally; their significance and impact;
  - (iii) fiscal and price policies, budgetary positions and actual price developments.
- (c) Country summaries, based on more detailed annex.

II. PROSPECTS FOR 1980 AND 1985

- (a) Basic external assumptions: OECD growth, prices of primary commodities, inflation, international trade and international finance.
- (b) Prospects for growth in the developing countries, balance of payments aspects, capital flows and debt.
- (c) Future domestic policies in the developing countries (based on more detailed annex).
- (d) International policy measures introduced or proposed with particular emphasis on their possible impact on developing countries.

III. SPECIAL TOPICS: FOOD PRODUCTION  
(Illustrative Outline)\*

\* CPS is working on this subject. The idea of a special section on food production has not yet been discussed with Mr. Baum, but I feel that a section in the annual report elaborating on the food problem in relation to rural poverty, the balance of payments and the role of agriculture in balanced growth would be very valuable.

In addition to the CPS work, some relevant research is under way in the DPS. We will need to establish a Working Group to bring these together, as we did in the energy analysis.



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HB2*

SUBJECT: An Outside View of Bank Research

DATE: January 14, 1976

*1/14*

You may be interested in the attached view of Bank research by the latest recipient of the Nobel prize in economics.

Attachment

cc: Messrs. W. Clark  
J. Duloy

## OFFICE MEMORANDUM

TO: H. Chenery

DATE: January 13, 1976

FROM: Jean Waelbroeck ) W

SUBJECT: Views of T. Koopmans on IBRD research on programming models.

After my seminar on Simrich at the Cowles Foundation last Friday, Tjalling Koopmans invited me to join him in his office. After a discussion of Simrich, he switched the topic of discussion to the International Model, and then to the IBRD research on programming models represented by the Mexico and Blitzer Taylor volumes, the Ivory Coast manuscript, about which he obviously had knowledge, as well as by the International Model\*. This work, he said, has been one of the important contributions to economics of recent years. He then questioned me about the collaboration between academic economists and IBRD researchers which has produced this research; I mentioned the current emphasis on operational application of the techniques.

Within the Bank, there is a natural bias to judge research in terms of its operational significance rather than in terms of the fundamental progress of science. For this reason I thought it worthwhile to report these views of the latest recipient of the Nobel prize, the more so since Koopmans, as a good Dutchman, does not talk loosely. I am however sending this memo only to you, as I feel that it would not be appropriate to have remarks made in personal conversation distributed broadly.

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\*As you know this model was initiated by DRC and has very much benefited from contact with the DRC intellectual milieu, though some two thirds of the financing has come from non Bank sources. Ginsburgh has been spending most of his time this year writing up the results of the research at the Cowles Foundation.



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

FROM: H. B. Chenery, VP., Dev. Policy and  
A. Karaosmanoglu, Dir., Dev. Policy

SUBJECT: Quarterly Report on Country  
Economic and Sector Work

DATE: February 5, 1976

1. We attach the first quarterly report on the progress of country economic and sector work. It has been prepared in consultation with, and incorporates material provided by, P&B and the CPS. Also attached is an annex prepared by P&B reviewing the current FY76 country economic and sector work programs in relation to the approved input and output budgets. Although it is still early to judge, the restructuring of country economic work seems to be progressing well. There has been general adoption of the Country Economic Memorandum as the normal updating report and a corresponding shift of resources to special reports which have a specific policy relevance.

2. During the past year, preparation of the April 7 Report on Country Economic Work and discussions on its implementation have brought the senior economic staffs of the DPS, the CPS and the Regional offices into closer contact. We have also conducted a series of meetings with the Regional Vice Presidents, at which we have discussed our working relations in respect of country economic work, research and policy analysis.

3. A major constraint affecting country economic work is the serious shortage of experienced, senior country economists, resulting partly from the departure or transfer of some senior staff and partly from the recent recruitment of younger economists with little field experience. It will take some time to overcome this problem. Another constraint, which particularly applies to the South Asia and East Asia and Pacific Regions, is the need to service aid consortia. In the coming months we shall be testing the receptivity of various consortia to the Country Economic Memorandum. If it is accepted, this should increase the time available in these regions for the study of specific economic issues.

4. Given the fixed DPS staff, there is a widening gap between the services that the DPS is able to supply to the regions and their requests for support. While appreciative of the present operational support services provided by the DPS, some of the Regional offices would like to have access to

*1/6 To Dr. Chenery**Noted**An excellent report**A. Karaosmanoglu**1 FEB 11 1976  
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senior DPS staff for occasional country economic assignments, especially where policy discussions with governments are involved, and to a larger pool of DPS experts in designing and implementing appropriate data systems in member countries.

5. The Regional offices have only a limited capability to participate in overall studies. It was felt, for example, that the country economic work for the past two "Capital Requirements" and "Prospects Papers" had been burdensome. This problem has been recognized, and the outline for the 1976 paper makes a more modest claim on the time of country economists.

6. On both Bank Group policy work and research, the Regional offices welcomed the work though they felt that they would like to be in a position to participate more actively in its design and preparation. To meet these concerns, a number of steps are being considered, including:

- a) the assignment of specialized DPS staff members to advise the Regional offices on research proposals and papers;
- b) the preparation of additional 'state of the art' papers on policy issues of particular interest to regional economists; and
- c) greater efforts to ensure that the comments of the Regional offices are reflected in the final versions of policy papers or, if necessary, separately brought to the attention of the senior management at the time of the PRC review.

7. The December 1975/January 1976 note on delays in economic report completions is included in the quarterly progress report. We believe these two reports can be appropriately combined on a quarterly basis. Unless you indicate to the contrary, we will follow this procedure in the future.

Attachments

SChernick:HBChenery:AKaraosmanoglu:mb

cc: Messrs. Knapp  
Baum  
Adler  
Kearns

ANNEX I

CURRENT STATUS OF WORK ON COUNTRY ECONOMIC AND SECTOR REPORTS

Prepared by  
Programming & Budgeting Department

1. As indicated in the Midyear Review, the program of work on country economic and sector reports is progressing satisfactorily toward producing the number of reports forecast in the FY76 Budget Memorandum. Results during the first half of FY76 (as a percentage of the full year program) were slightly ahead of FY75's pace.

	Performance in First Half of Fiscal Year			
	Economic Reports Completed		Sector Reports Completed	
	<u>No.</u>	<u>As % of Full Year</u>	<u>No.</u>	<u>As % of Full Year</u>
FY76	31	44% <u>a/</u>	27	56% <u>a/</u>
FY75	35	43%	24	44%

a/ As % of full year program presented to Board.

2. As shown in the table below, the percentage of reports completed on time is essentially the same as in FY75.

		Reports Completed On Time or Early		Reports Completed within 1 Month of Original Schedule	
		<u>Economic</u>	<u>Sector</u>	<u>Economic</u>	<u>Sector</u>
		FY76	1st Half	52%	70%
FY75	Full Year	58%	57%	70%	72%

3. In terms of the average delay experienced, the FY76 first half results are mixed. There was some reduction in the average preparation delay for sector reports and a small increase in mission departure delays attributable to factors under Bank control. However, the differences between FY75 and FY76 first half results amount to only a few days.

4. The shift in the framework of economic reporting (i.e., the adoption of the country economic memoranda and the DPS oversight system) has again focused our attention on the issue of what "outputs" should be counted. The figures cited below refer to only formal green cover reports. Over the course of the past two years, an increasing amount of economic and sector work was compiled as issues papers or back-to-office types of reports. These informal reports are used as inputs to CPPs, President's Reports, and as general background information for other operational work without being processed into formal green cover or gray cover reports.



Average Delays (Months) - 1st Half FY

	<u>FY74 Delays</u>	<u>FY75 Delays</u>			<u>FY76 Delays</u>		
		<u>Msn. Depart.</u>	<u>Rept. Prep.</u>	<u>Total</u>	<u>Msn. Depart.</u>	<u>Rept. Prep.</u>	<u>Total</u>
Economic Reports (net of externally caused delays)	1.3	0.6 (0.1)	0.4 (0.4)	1.0 (0.5)	0.6 (0.3)	0.5 (0.4)	1.1 (0.7)
Sector Reports (net of externally caused delays)	1.2	0.5 (0.3)	0.8 (0.7)	1.3 (1.0)	0.6 (0.4)	0.4 (0.4)	1.0 (0.8)
All Reports (net of externally caused delays)	1.2	0.5 (0.2)	0.6 (0.5)	1.1 (0.7)	0.6 (0.4)	0.4 (0.4)	1.0 (0.8)

You will recall that the monthly reports on the status of work on economic reports prepared by DPS refer to several different types of reports - informal, formal, chapters of formal reports that were published separately, etc., whereas the reports and standard tables compiled by P&B refer strictly to green cover reports. Several Regional offices have suggested that the monitoring systems be revised to reflect both formal and informal reports. P&B is preparing revised formats for Standard Table IVI and the work program tables incorporating these suggestions for discussion with the Program Coordinators and CPS and DPS staff.

MONITORING OF COUNTRY ECONOMIC REPORTS

Prepared by the  
Program Review Division, EPR

ATTACHMENT 1

ECONOMIC REPORTS SCHEDULED  
FOR COMPLETION IN JANUARY 1976

<u>Country</u>	<u>Type of Report</u>	<u>Color</u>	<u>Schedule at 7/1/75</u>	<u>Present Schedule</u>	<u>Slippage (months)</u>	<u>Reason for Change</u>
<b>A. Reports originally scheduled for completion in January 1976</b>						
<b>I. Grey Cover or Final</b>						
Lesotho	C.E.M.	Grey	1/76	5/76	5	Mission delayed at the request of the Government. Timing now set to follow immediately Botswana Mission.
Egypt	C.E.M.	Grey	1/76	1/76	-	-
Philippines	Basic Economic Report	Grey	1/76	3/76	2	Report more complex and extensive than originally contemplated. In the meantime the mission leader left the Bank. Report discussed with Government in December. Green cover planned February 1976.
<b>II. Green Cover</b>						
Kenya	C.E.M.	Green	1/76	7/76	6	The timing of the consultation group meeting has been deferred to November 1976. At the same time, Region's current needs for general economic updating for use in the draft CPP have been covered by a program loan mission.
Mozambique	C.E.M.	Green	1/76	8/76	8	Delay in country's application for membership.
Iran	Special (Income Distribution)	Green	1/76	9/76	8	Mission departure postponed.
Portugal	Special Policy Study	Green	1/76	-	-	Mission cancelled, since earlier mission was delayed and produced a back-to-office report in 11/75.
Yemen, A. R.	C.E.M.	Grey	1/76	1/76	-	-
Iraq	C.E.M.	Green	1/76	-	-	Mission cancelled because of lack of response by Government.
Fiji	C.E.M.	Green	1/76	10/76	9	Postponement due to additional time required for Philippine economic report.
<b>B. Other Reports now scheduled for completion in January 1976</b>						
Uganda	C.E.M.	Green	-	1/76	-	-
Rwanda	C.E.M.	Green	11/75	1/76	2	Mission departure delayed from April to September 1975 at Government's request.



## ATTACHMENT 2

ECONOMIC REPORTS  
SCHEDULED AND PRODUCED IN  
DECEMBER 1975

Country	Type of Report	Color	Schedule at 7/1/75	Present Schedule	Slippage (months)	Reason for Change
<b>A. Reports originally scheduled for completion in December 1975</b>						
<b>I. Grey Cover or Final</b>						
Bahamas	Updating Economic Memo	Grey	12/75	3/76	3	This memo is included in the President's Report on the water and sewerage loan, which will go into grey in 1/76, since Board presentation of the project has been postponed.
Cameroon	Special (Public Investment)	Grey	12/75	2/76	2	Discussion of draft postponed by six weeks at Government's request. Discussions with Government took place in mid-November 1975.
Congo	C.E.M.	Yellow	12/75	2/76	2	July schedule assumed our memo would be based on IMF mission, which was postponed until December. The schedule was changed in September to cover a revised plan to send a Bank mission instead, and the report of mission is expected to be produced on time in February 1976.
Papua N.G.	Revised Basic	Grey	12/75	5/76	5	Mission leader diverted to work on World Bank access to capital markets.
Paraguay	C.E.M.	Grey	12/75	12/75	-	-
Romania	C.E.M.	Grey	12/75	12/75	-	-
Senegal	Special (Migration)	Grey	12/75	3/76	3	Economist was reassigned to work on CPP which was not originally planned, since the Region assumed Senegal could be adequately covered by Sahel CPP and full country CPP need not be prepared until after next year's Basic Mission.
<b>II. Green Cover</b>						
Grenada	C.E.M.	Green	12/75	2/76	2	Greater priority had to be given to operations-related economic work on other Caribbean countries.
Coast	Basic	Green	12/75	2/76	2	The July schedule was revised in September to take account of the need to communicate to the Government aide-memoires on the mission's conclusions on the size and financing of public investment. Preparation of these two papers as well as the mission Chief's involvement in advising management on interest rate and agricultural price policy took added time, but all sector annexes are complete and the relevance of the main report is likely to be improved from these additional tasks.
Lesotho	C.E.M.	Green	12/75	3/76	3	Mission delayed at the request of the Government from September to November 1975. Timing now set to follow immediately Botswana Mission.
Malaysia	Basic	Yellow/ Green	12/75	2/76	2	Progress of work affected by delay in Plan preparation. Main volume yellow cover will be produced in January 1976.
Yugoslavia	Macedonia Regional Study	Green	12/75	5/76	5	Discussion of the draft yellow cover report has been delayed for four months at the request of the government.
<b>B. Other completed reports received in December 1975</b>						
Botswana	Updating	White	1/76	12/75	-1	Timing of mission altered to conform with that of Lesotho Updating Report.
Gambia	C.E.M.	Grey	10/75	12/75	2	The green cover was completed in October 1975. However, the urgent need to update knowledge of Guinea debt in connection with a Board presentation caused Region to send country economist involved in Gambia on a debt mission to Guinea. This resulted in the rescheduling of the grey cover Gambia C.E.M. until the second week of December. Report was issued in grey as "The Economy of Gambia," dated December 12, 1975.
Singapore	C.E.M.	Green	8/75	12/75	4	More work done than originally intended. Original schedule refers to (final) white cover. Field work delayed by one month due to DPS staff constraints.