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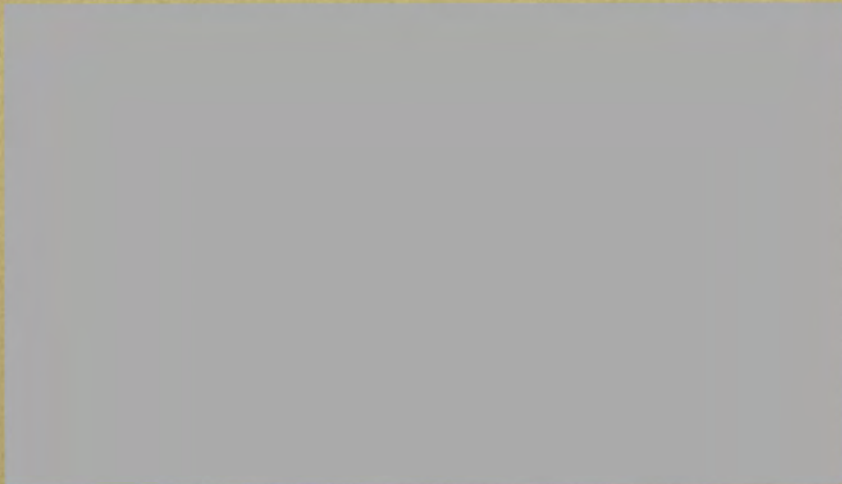


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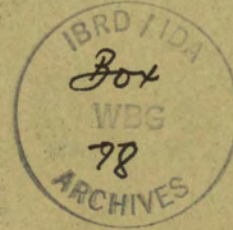
BURNEY, M. A. - ARTICLES and speeches (1965-1967)



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*Final E/CN.14/L.233  
Feb 11, 1965*

1. I consider it a great honor to be here today representing the World Bank. As many of you know, a member of our staff has attended each meeting of the United Nations Economic Commission for Africa. However, the President of the Bank, Mr. Woods, has decided to maintain continuing, year-round liaison with the ECA, which is indicative of the importance he attaches to the work you are doing. All of us in the Bank have been pleased to witness the steady increase in the Commission's activities, both in scope and in influence. Similarly, the World Bank and the International Development Association have expanded both their lending and technical assistance operations in Africa with increasing rapidity. Details of these operations are available in our regular reports.

2. Our second affiliate, the International Finance Corporation, also has been expanding its activities in support of the development of African private industry. The Corporation so far has made investment commitments to enterprises in six African countries. By mobilizing other financing as well as investing its own funds, by laying stress upon the importance of domestic financial and management participation, and by encouraging the growth of local capital markets, IFC hopes to be of increasing assistance to its African members in promoting healthy and productive industrial development.

3. Undoubtedly the activities of all three members of the World Bank Group in Africa will continue to expand, both geographically and in volume. It is likely that IDA will play a far greater relative role here than in other areas, since the debt-carrying capacity of most African countries is more limited and their prospects for earning foreign exchange more doubtful. However, the Bank itself, as I am sure you are aware, has taken certain steps to ease as much as possible the strain its conventional lending terms impose

upon its borrowers. In selected cases we have extended grace periods to as much as eight years, as in a road loan to Liberia, and we have lengthened maturities to as much as 35 years, as in a loan to Nigeria for the Kainji dam. We have also made it clear that neither the Bank nor IDA will hesitate to finance part of the local currency expenditure for priority projects when financing for imports alone will not provide sufficient support; this was the case, for example, when IDA financed a road project last year in Nigeria.

4. We have also liberalized our attitude toward the financing of projects in education. IDA has already extended three credits to African members for educational projects and others are in preparation. We are also anxious to increase participation by the Bank and IDA in financing agricultural projects. We are continuing the comprehensive and detailed study we have been making of agriculture in Africa, and believe that it may be published later this year. We hope that the result will be not only to increase the opportunities for Bank or IDA financing of Agricultural development in Africa, but generally to improve and invigorate the efforts being made on this important front.

5. Technical assistance in all its forms will be an increasingly important part of the World Bank's total program in Africa. It has already played a significant role, and all of the well-known types of technical assistance supplied by the Bank will be continued. But we have also embarked in Africa upon a new, more intensive and more direct approach to the key problem of getting projects to finance. We are opening a special World Bank office in Abidjan, staffed with experts from the Bank's own staff, whose function initially will be to help the West African governments find and prepare projects in the

fields of agriculture and transportation. A similar office will be established as soon as possible in Eastern Africa.

6. In addition to its primary task of project development, the Abidjan office will maintain close liaison and will cooperate in all possible ways with the new African Development Bank, an institution of unique promise in which the Bank is greatly interested. One of our staff members who served as a consultant in the establishment of the African Development Bank is now the head of our own Africa Department -- Mr. Abdel G. El Emary; this is a happy augury for cooperation between our two institutions. We are glad to offer the new Bank a wide range of technical collaboration, and we will be prepared on occasion to consider joint financing of projects presented initially to the African Development Bank, especially during the early years when its resources will be limited.

7. The World Bank is particularly gratified that the Development Bank will pay special attention to projects involving two or more countries, or which for other reasons contribute to economic integration, thereby giving wider scope for economic growth and greater hope for its achievement. This is an objective of the utmost importance to our African members, and one to which the Bank group will wish to give every possible assistance.

Talk by M. A. Burney  
Broadcast over Ethiopian Radio,  
May 28, 1965

THE WORLD BANK AND ECONOMIC DEVELOPMENT

The World Bank is a cooperative institution <sup>of</sup> ~~with~~ 102 independent member-countries. It was founded at the Economic Conference in Bretton Woods in July 1944 and began operations in June 1946. The official name of the World Bank is International Bank for Reconstruction and Development. In the first years of operations, the most important of these words was "reconstruction" -- reconstruction of Europe after the war. Now the important word is "development" -- the development of less-developed countries. It is difficult to separate the World Bank from another institution, its affiliate, the International Development Association, known as IDA, which was brought into being in 1960 and which is run by the management and staff of the World Bank. The difference between them is that whereas the terms of the World Bank are conventional, IDA's financial terms are extremely soft. IDA's loanable funds are obtained exclusively by subscriptions <sup>its</sup> from/member-Governments and are therefore very limited; by contrast, the World Bank, although utilizing capital subscribed by its member countries, draws the bulk of its loanable funds from the sale of its bonds in the capital markets of the world. The Bank has so far borrowed over four and a half billion <sup>US</sup> dollars, of which over two and a half billion are outstanding.

The World Bank has another affiliate, the International Finance Corporation (~~IFC~~), which is devoted to financing private companies in the developing countries, either as a shareholder or as a lender.

Contrary to many bilateral and multi-lateral aid institutions, we lend rather than provide grants; also we finance only well-defined projects. The current rate of interest of World Bank loans to developing countries is 5½%; for IDA credits the rate is just 3/4 of 1%. The period of amortization

of a Bank....

of a Bank loan varies according to the project, between 7 and 35 years; for IDA credits it is 50 years.

In the past 3 to 4 years, the total amount of new loans made by the Bank has varied between 500 and 900 million US dollars; the total amount of IDA credits between 100 and 300 million US dollars. The Bank, since 1946 has lent US \$8.5 billion in 74 of its ~~100~~ member countries. IDA, after 4 years, has lent over US \$1 billion in 29 member countries, so that the total for Bank and IDA is over US \$9.6 billion, / <sup>of this only about 500 million were lent for reconstruction purposes.</sup> The bulk of our loans and credits has served <sup>telecommunications</sup> to finance infrastructures; about 35% devoted to roads, railways and ports; 35% for power projects; 16% for industry; over 8% for agriculture, and the remaining for education and water supply. Our yearly lending average of roughly US \$1 billion is about 2/3 of the total volume of multi-lateral aid given to the developing countries. It is, however, a very small percentage when compared with the total volume of aid -- be it bilateral or multi-lateral -- given by all institutions and all nations, including the Communist countries.

Although our lending is relatively small when, compared with the needs of the developing world, we believe that it has distinct advantages for our borrowers. For instance, we provide economic, financial and technical advice and supervision, in selection, in preparation, in supervision during construction and, in many cases, in the management and operation of the project we finance. Also, procurement for projects we finance must be subject to international competitive bidding. Our lending policies and procedures, we believe, serve long-term interests of our members and assure best utilization of our funds.

In addition to our lending operations, we provide technical assistance to our members in a number of vital fields. For instance, we have taken the



lead in cooperating with other lenders to coordinate assistance to a number of our member countries so that it can be tailored to the needs and plans of <sup>these</sup> ~~the developing~~ countries. Some of the countries that have benefited from our efforts in this field are India, Pakistan, Colombia, Sudan, Nigeria and Tunisia.

In 25 of our member countries, we have made full-scale economic surveys, in an attempt to help <sup>them</sup> ~~our members~~ to draw programs of economic development. Among others, Libya, Nigeria, Uganda, Tanganyika (now Tanzania), Kenya and Morocco have had the benefit of such surveys. We have recently completed ~~done~~ a study of transport problems in Zambia and are making a road survey in Nigeria, a cocoa rehabilitation study and feasibility study of road improvement in Cameroon, a port engineering study in Somalia and a review of a large irrigation scheme in the Sudan. We also assign, if requested, resident advisors to assist on major problems of development and programming and also on general economic and financial policies. We have established the Economic Development Institute, a staff training college in Washington for the officials of our member countries. Our economic research staff is devoting much time to study current situations and future prospects of the most important raw materials moving in international trade, such as coffee, rubber and cocoa. We hope to establish ~~some~~ facilities, under the Bank's sponsorship, for the settlement of investment disputes. Such facilities, when established, will be available to foreign investors and host governments, wishing to bring investment disputes to conciliation and arbitration.

The Bank Group, under the able leadership of its President, Mr. George Woods, has been evolving new policies. For instance, our lending policies are undergoing greater flexibility in providing loans with longer maturities and grace periods and in financing part of local currency costs, in addition

to foreign costs....

to foreign costs, ~~and projects~~. We are also beginning to give increasing importance to regional approach in problems of economic development. For instance, the Bank is playing an important role in the development of <sup>a</sup> regional telecommunications network in Central America. One of the largest projects financed by our Bank in Africa, CAMILOG, which consists of the development of large manganese deposits, is really an international project because, while the mine is in Gabon, a large part of the transport of the ore is made through another country, Congo (Brazzaville).

So far the bulk of our agricultural financing has been limited to the development of large scale plantations, of dams and of irrigation schemes. We are now trying to assist our member countries in developing and in carrying out comprehensive agriculture schemes, to increase productivity on individual land holdings, and <sup>we</sup> hope to help strengthen institutional frameworks to carry out <sup>productive</sup> ~~and~~ agricultural development at ~~individual~~ farm level. We are closely cooperating with FAO in this area.

A large part of our initiative in the industrial field consists of our support of industrial development banks or companies: our affiliate - the International Finance Corporation - takes part in equity capital of these companies and the World Bank itself gives lines of credit to them. <sup>The World Bank is</sup> ~~is~~ in <sup>substantial funds</sup> the process of making arrangements to lend <sup>to enable it to</sup> ~~to~~ the International Finance Corporation ~~substantial funds which will help~~ it expand its lending and investment operations.

The newest field in which the Bank and IDA are getting involved is education. We have within the last 3 years financed a number of projects in Africa and in Asia and there are several more in the pipeline, including one in Ethiopia. Here again we are closely cooperating with UNESCO.

Based upon the 17 years of our experience, we believe that the flow of good projects coming forward from many developing countries is not enough to realize the growth rate which is within their capacity to achieve; it is particularly true of the African continent. This is why Mr. Woods announced last December the opening of a Bank office in Abidjan, and a similar office is expected to open soon in Nairobi. The purpose of these offices would be to assist our member-countries in the preparation of viable projects which could then be submitted for financing from any suitable source.

As independent international organizations, the World Bank and its affiliates are, we believe, providing a useful service to its member-countries. In performing our functions, we make it a point to cooperate with other international and bilateral agencies. We have close working relations with our sister-institution, the International Monetary Fund, and also with other UN agencies such as FAO, UNESCO, UNTAB, UNSF, and others. We also keep in close liaison with UN regional agencies such as the Economic Commission for Africa. We hope to expand working arrangements with these and to develop new means of cooperation with other agencies, wherever such relations promise to produce beneficial results to our member countries.

We also give a great deal of importance to a new African institution, the African Development Bank, and hope to cooperate with this Bank in developing and financing national, regional, and sub-regional projects in Africa.

In spite of the achievements of our institutions, we believe that we are still in the process of learning. Our perspectives are still widening and we hope to continue to adjust our policies to enable us to, at least, keep up with the changing needs of the developing countries. As our

President said....

President said recently: "The goals we are seeking today already are different from those of yesterday; and tomorrow's techniques and goals, in their time, will also be new. The subject of economic development will always be fresh, always worthy of the best minds and sharpest analyses we can bring to it."

We in the World Bank Group consider ourselves fortunate to be cooperating with others in improving the material well-being of people the world over.

Speech by M. A. Burney, International  
Bank Representative in Addis Ababa  
in connection with International  
Cooperation Year - 1965.

Draft for Mr. Burney  
ECA Meeting, Lagos, February 13, 1967

Donald J. Pryor  
February 1, 1967

Mr. Chairman:

I am very pleased to be able again to represent the World Bank Group of institutions at a meeting of the Economic Commission for Africa.

Members of the Commission have the latest Annual Reports of the Bank and its affiliates, the International Development Association (IDA) and the International Finance Corporation (IFC), and I shall not repeat what you already know. I should like, however, to present a brief factual account of operations in Africa since June 30, the end of our fiscal year, and to make a few comments on the changing picture in African development.

Our operations in Africa have been accelerating rapidly. In slightly more than seven months since the end of June, our three institutions have made loans, credits and investments in 11 African countries aggregating \$136 million, or more than 80% of the total for the previous 12 months. Considering IDA alone, credits of about \$49 million to six countries between June and January exceeded the 1966 fiscal year total by more than 70%.

Two of these new IDA projects are in the field of education -- one in Tunisia, the other in Kenya. As you know, we are concentrating our attention on those aspects of education where the limited resources we can make available will have the greatest impact in hastening economic development. These two new projects are good examples. In Kenya, IDA is providing \$7 million to help expand facilities for secondary and technical education and the training of teachers, meeting the needs in these critical fields for the

next several years. A credit of \$13 million in Tunisia will help to provide places for nearly 20,000 additional students in secondary schools and agricultural training centers, and will make more adequate facilities available for another 27,000 students. I stress such projects as these because of the overwhelming need of Africa for middle-level manpower. The shortage of such personnel is probably the most crucial obstacle to more rapid economic growth.

Several other new projects deserve special mention. In August, the IFC joined with European and domestic investors in financing the first fertilizer plant on the west coast of Africa, in Senegal. In East Africa, a \$13 million loan approved on February 9 will meet half the cost of a five-year expansion and improvement program being carried out by the East African Posts and Telecommunications Administration. This is the largest telecommunications loan we have made in Africa, and the only one on a regional basis. Finally, the IFC broke additional new ground last December by entering the field of financing for tourism. In loans and equity, it committed up to \$3.2 million to assist in financing a modern hotel and game lodge complex in Kenya, in cooperation with local investors and others in the United States, the United Kingdom, and Germany.

The World Bank Group has so far provided \$1,548 million for 110 projects in 32 African countries. That represents more than 13% of our total lending for development over the last 20 years. It is already within close range of the population ratio between our African member countries and those in all less developed areas. I mention this, Mr. Chairman, because I am struck

by how much has happened in Africa in such a short time. The World Bank was active in a number of African countries before they became independent, but independence has brought us much closer together. It is worth remembering that until nine years ago the only World Bank members on this vast continent north of the Limpopo River were Ethiopia and the United Arab Republic, and our total lending in Africa was \$397 million. Six years ago there were seven African members, and only three of those were south of the Sahara. Four years ago there were eight more, three years ago another 16, and now there are 36 altogether. So we and our African members have had a very short time to work together since most of them gained their independence -- five and a half years on the average, compared with nearly 17 years in Latin America and more than 14 in Asia and the Middle East.

Considering the time available, the results have been encouraging. But they are by no means enough. We all know how much more needs to be done. We also know much more today about the difficulties involved than we did a few years ago. Success in Africa is going to require a massive effort of cooperation -- not only between the providers and recipients of aid, but among the African countries themselves. Every tendency toward regional development, therefore, is cause for added hope. In West Africa, for example, the joint efforts of Guinea, Mali, Mauritania and Senegal to develop the Senegal River Basin are encouraging. I think we can have confidence that the African Development Bank will give significant new impetus to this trend, and we intend to assist in every way we can.

Whatever the volume of our financing, the core of our activity in Africa for some time to come will be our effort to meet the great and urgent needs for technical assistance. In this, we will continue to work in close

cooperation with other members of the United Nations family. In this connection, special mention must be made of the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Educational, Scientific and Cultural Organization (Unesco). We will also continue in other ways to provide all the help we can to governments in solving the multitude of economic, administrative and other technical problems which beset them in their struggle to advance.

I believe we can expect the work of our two permanent missions in Abidjan and Nairobi to be reflected in an ever-increasing flow of projects, especially in the fields of agriculture and transportation. They have already built up a good deal of experience in helping member countries identify and prepare projects, a number of which are now under active consideration by the Bank and IDA.

Whatever technical assistance methods we may use now or develop in the future, however, our hope and objective will be the final elimination of the need itself. And I cannot emphasize too strongly that the most essential keys to success are improved cooperation among all concerned and commitment by the African countries to education for development.