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OFFICE OF THE PRESIDENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



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February 3, 1970

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MAY 22 2013

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MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 25 Concerning
Population Problems

Recommendation

"Bilateral and international agencies should press in aid negotiations for adequate analysis of population problems and of the bearing of these problems on development programs."^{1/}

Background

This recommendation is one of several concerned with population. The Commission comments that, although many of the developing countries are now convinced of the need for population policies to bring down birth rates, only a genuine conviction on the part of governments can produce the strong political support and determined leadership which family planning programs and population policy require. It therefore recommends that developing countries identify their population problem, recognize the relevance of population growth to their social and economic planning, and adopt appropriate programs.

The Commission urges energetic support for those countries which have already taken steps to bring down their birth rates, adding that "aid givers cannot be indifferent to whether population problems receive the attention they require ..."^{2/} The Commission also urges the developed countries to give firm support to a larger role by international organizations in helping the developing countries with population problems; up to now, the Commission believes, the international organizations have been held back to a considerable extent by the "ambivalence and confusion of the industrialized member countries"^{3/}

1/ Report, page 206.

2/ Report, page 20.

3/ Report, page 196.

Analysis

Insofar as the recommendation urges the Bank, as an agency providing development finance, to emphasize the implications of the population problem for the productivity of all development efforts, I am clear that the Bank should accept it. My first address as President of the Bank, at the Annual Meeting in 1968, identified the population problem as one of three requiring special attention by the Bank Group. It noted that the Bank was concerned above all with economic development, and that the rapid growth of population was one of the greatest barriers to the economic growth and social well-being of its members. I proposed that the Bank should, among other things, take steps to let the developing countries know the extent to which rapid population growth slows down their potential development, and that we should look for opportunities to provide advisory assistance to, and finance facilities required by, member countries to carry out family planning programs.

As the Directors know, a Population Projects Department and a Population Studies Division have been established, and we are prepared, as our professional staff in the relevant disciplines is built up, to offer technical advice to governments in need of it. ^{1/} We are also willing to offer financing where feasible, although the immediate need appears to be more for counsel than for funds. Further, each of our country economic missions to a country experiencing an excessive rate of population growth will include in its report an analysis of the problem and a candid discussion of the government's action or inaction in endeavouring to meet it.

The Commission also recommended that the implications of population growth for all aspects of economic development be brought home to the developing countries "in aid negotiations". Presumably the reference to "aid negotiations", in its application to the Bank Group, is not to be literally construed to mean the actual negotiation of loans or credits. The approach we have followed, which I believe we should continue to follow, is to take account of population growth as one element, albeit one deserving of special attention, affecting development potential and performance, which we evaluate in the course of a continuing dialogue with the member concerned on economic policies, the direction of the development effort and the flow of development finance.

Some of our developing country members do not yet accept the thesis that high rates of population growth inhibit their development prospects; others, while recognizing the problem, have not yet adopted a policy to deal with it; others have adopted official family planning programs, although in many of these countries the will and the organizational measures needed to carry out such programs are lacking. Our role and our action in each case must be adapted to

^{1/} We are cooperating with the UNDP, the United Nations and the World Health Organization in this area.

the particular circumstances of the country concerned, with due regard to the religious, political and cultural sensitivities involved.

The Bank Group's involvement in population programs, while recent, already has taken quite varied forms. The first Bank mission sent anywhere to appraise a specific proposal for the financing of a family-planning project went to Jamaica toward the end of 1969, after two earlier missions had helped the Government consider how to enlarge and organize its family-planning activities; an expert later went to Mauritius to help the Government in its consideration of whether and how its present support of private family-planning organizations might evolve into an enlarged, official program; at the end of last year a special mission was sent to help Tunisian authorities design an enlarged family-planning program; and a Bank team has been selected which will visit Pakistan in the first part of 1970 to try to estimate the current and possible future impact of family-planning activities on population trends in that country.

In Indonesia, the Bank has been engaged in a cooperative effort along with the UNDP, the United Nations and the World Health Organization: together with them, it has sent a mission to assist the Government in the preparation of a large-scale family-planning program and in the identification of projects which ultimately may prove suitable for external financing. In India, the Bank has been assisting in an effort to encourage and coordinate external aid to a population program: the Bank helped to prepare the way for a U.N. mission which visited India early in 1969 to make an analysis of the organization and effectiveness of the Indian program; and in November 1969, in Stockholm, the Bank chaired a consortium meeting devoted entirely to the program and means of supporting it.

Conclusion

I agree fully with the Commission's emphasis on the implications, for economic development generally, of the population problem and on the importance of action by governments to overcome it. I believe that the Bank's present and planned approach to population questions, in the context of its continuing relationship with its developing country members, is fully in accord with the spirit of the Commission's recommendation. We shall increasingly bring to governments' attention the importance of adequately analyzing and dealing with the population problem as it manifests itself in their countries. As our experience and capacity develop, we shall hope to proceed beyond the stage of economic analysis to assistance in policy formulation, in program development and, where necessary, in financing.





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February 3, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 26 Concerning Education

This recommendation is in two parts; they are discussed separately below:

Recommendation 26(a)

'Greater resources for education should be made available for: (a) research and experimentation with new techniques, including television and programmed learning; ...'^{1/}

Background

This recommendation is meant to apply to research and experimentation within individual developing countries, not to abstract or general studies.^{2/} It reflects a belief among educators that a change from existing practices (rote learning, stereotyped teacher-student combinations, and so on) to new techniques would greatly improve the quality of education and, per unit of expenditure, would produce a greater number of graduates and a higher level of educational attainment in the developing countries.

As indicated in the Report,^{3/} the Commission envisaged that research and experimentation might be the first of three stages in projects of educational reform. Second would come pilot projects, in which the results of research would be applied on a small scale, and finally would come projects in which the lessons learned would be applied full scale.

The Commission believed that Bank Group support for the first two stages should come from IDA rather than the Bank. Since research and experimentation

^{1/} Report, page 207.

^{2/} The recommendation is somewhat ambiguous. The member of the Commission's staff concerned with education confirmed the interpretation given to the recommendation in this memorandum.

^{3/} Report, page 201.

may be somewhat speculative, the Commission felt that they should be financed on easier than conventional terms. We understand that it also felt that developing countries, since they often are quite conservative in their views about education, might need the incentive of concessional terms to interest them in more modern and innovative educational practices.

Analysis

I fully share the Commission's views about the desirability of modernizing education and training in the developing countries.

The process of devising and applying new techniques embraces a number of elements: the development of new course content, preferably through research and experimentation; the devising of new teaching methods, often in experimental classrooms or experimental schools; the development or choice of instructional materials (which may range from books and tapes to television and computers); the training or re-training of teachers (and school inspectors) to handle the new elements; and the preparation of building designs and construction standards appropriate for the new techniques. These activities may be carried on singly or in various combinations (as, for example, in educational institutes). Bank Group financing of these kinds of activities can and will be much intensified.

I do not agree, however, that, within the Bank Group, IDA should invariably be the source of finance for research and experimentation. Clearly, much of the developmental work the Commission had in mind will be done in countries which receive assistance from IDA. But the purpose of IDA's preferential terms is to assist governments which have difficult balance of payments or resource mobilization problems, not to support particular kinds of projects. Developmental work is such an integral part of, and so necessary to, any educational system that it should be financed in accordance with the normal budgetary and financial practices in the country concerned, and should therefore be treated as appropriate for Bank financing in countries which are not receiving assistance from IDA.

The argument that special terms may be needed as an incentive is likewise difficult to accept as a generality. Countries which need such incentives are likely to lack a fundamental commitment to educational reform; the record unfortunately shows many examples of experiments which were continued so long as they were financed on easy terms but which recipient countries made no effort to follow up or to apply on a wider scale. The willingness of the Bank or IDA to finance research and experimentation would, in itself, usually imply a willingness to finance the larger project that would be the sequel, so that it should not be necessary to offer an additional incentive.

Recommendation 26(b)

"Greater resources for education should be made available for: ... (b) a systematic analysis of the entire learning process as it applies to developing countries".^{1/}

1/ Report, page 207.

Background

Like recommendation (a), this recommendation was intended to apply to specific analyses within individual developing countries, not to analyses in general. By "the entire learning process" the Commission meant both formal and informal education; we have been advised by the Commission's staff that the phrase was used in an effort to escape from stereotyped thinking about traditional educational structures.

Analysis

The Bank and IDA do, of course, base their education lending within a country on an analysis of the educational situation of the country. These analyses are often made, in the first instance, by Unesco under the cooperative agreement between Unesco and the Bank; and they have developed in the direction recommended by the Commission.

When the cooperative agreement took effect five years ago, the missions dispatched by Unesco were intended to identify projects suitable for Bank Group financing and, to the extent necessary, to help in the preparation of these projects for consideration by the Bank. This procedure would have been satisfactory had there existed, in every country where educational development was of potential interest to the Bank Group, adequate information concerning the educational effort as a whole and an adequate plan of educational development, to provide the basis for evaluating needs and selecting projects for financing. In fact, these two conditions often are not fully met.

In recognition of this fact, we have suggested to Unesco, and Unesco has agreed, that in the future the work undertaken by both Unesco and Bank missions should extend over a considerably broader area. It will be directed toward producing basic sector studies as well as specific projects, and these sector studies will become a regular part of the work done by or for the Bank Group preparatory to a loan or credit. At the same time, the studies are expected to take a broader view of the educational process: to pay less attention to traditional levels and formalized structures, and to survey not only formal education systems but also the benefits that may be had from adult education and other activities outside the formal systems. Identification and programming of preinvestment studies and projects will also be a part of the sector studies.

In my opinion, a further step remains to be taken. The shortcomings of educational planning in the less developed countries continue to be a major obstacle to the improvement of education; the additional information and a wider perspective to be expected from the new approach being taken by missions in the field will not produce their full benefit unless they serve to bring about better plans of educational development in the less developed countries. At the present time, educational planning is not embraced by the Bank/Unesco agreement. I believe that it should be, for the

purpose of strengthening the assistance that the Bank and Unesco can give in this respect. In the next several months, I expect to make detailed recommendations on this matter to the Executive Directors.

Conclusion

I think that we should accept the Commission's recommendations that increased Bank Group financing should be made available for research and experimentation in new techniques of education, and for systematic analyses of the entire learning process in developing countries. As a foundation for this expanded program, work undertaken by Bank and Unesco education missions should be directed toward producing basic sector studies as well as specific projects. Further, I believe that we should propose to Unesco that the terms of the Bank/Unesco cooperative agreement be broadened to bring educational planning in the developing countries within the scope of inquiry of missions sent out under that program. If Unesco agrees with this proposal, I shall submit specific recommendations for changes in the cooperative agreement for the consideration of the Executive Directors.

Robert S. McNamara



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February 3, 1970

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MAY 22 2013

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MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 28 Concerning
Country Economic Reports

Recommendation

"The World Bank should continue to assume responsibility for such /country economic/ reports for major recipients and accept reporting responsibility where it is requested to do so by the new multilateral groupings recommended in Chapter 6. For some of the smaller countries, however, the Bank's responsibility for economic reporting might well be passed to regional banks as their capacity grows."^{1/}

Background

This recommendation appears in the context of the Commission's consideration of ways to improve the multilateral aid machinery. It also appears in substantially the same form in that portion of the report devoted to aid coordination, where the Commission recommends the creation of new multilateral groupings, preferably on a regional basis.^{2/} There the Commission, noting that it would be possible for the new groupings to have their own reporting staff, says that on balance it would be preferable to take advantage of the Bank's experience and the fact that it must continue to engage in economic reporting for purposes of its own work. The Commission comments in passing that, although Bank economic mission reports "have set a high standard of data presentation and analysis", nonetheless, because the reports are based on brief visits, "they are often felt to do less than justice to the underlying problems of development". At the same time, the Commission expresses concern that because of the Bank's "prestige, experience and proven managerial capacity", it will be given too many diverse tasks to permit it to discharge all of them effectively. Accordingly, the Commission suggests the desirability of a policy under which the Bank would divest itself of some activities after their initial launching and would assign high priority to helping other agencies develop a capacity to take over these activities.^{3/}

*not
certain*

1/ Report, page 219.

2/ Report, page 131.

3/ Report, page 219.

Analysis

My memorandum analyzing the Commission's Recommendation No. 12, on aid coordination, outlines the scope of the Bank's expanded country economic reporting program and of the information and judgments which the economic reports are to provide. The program is designed to produce reports which are not only more regularly scheduled but also more comprehensive than they were in the past. The Bank will make these reports available to the various consortia and consultative groups,^{1/} and we would expect to make them available to any new multilateral groupings which may be formed. I see no difficulty, therefore, in the Commission's proposal that the Bank accept reporting responsibility for such new groupings, if it is asked to do so.

I think we ought also to accept the Commission's implicit suggestion that we should respond positively to any opportunities to help the regional banks to develop their capacity for economic reporting. In addition to our present practice of making our economic reports available to the regional banks, I think that we should also, in appropriate cases, invite the regional banks to designate staff members to participate in our economic missions, and that Bank missions should, as a regular practice, give high priority to consultations and exchange of views with regional bank headquarters. Moreover, where a regional bank has developed a special competence in or knowledge of a particular subject, we should draw upon it. The Inter-American Development Bank, for example, has done considerable work on regional economic integration problems, and has pioneered in refinancing export credits, subjects likely to be of interest to our economic missions. I have, accordingly, instructed the respective Area Departments and the Economics Department to keep in mind the desirability of taking action along the foregoing lines.

I do not believe that it is necessary or desirable to take any position now with respect to the Commission's suggestion that reporting responsibility for some of the smaller countries might eventually be passed to the regional banks. This matter should, I believe, be explored at some later stage. The questions which would then need examination would include the receptivity of the regional banks themselves to the assumption of this responsibility and the attitude of the developing countries involved and of any coordinating groups concerned with those countries.

Conclusion

I believe that we should accept the Commission's proposal that the Bank initially undertake to provide reporting services for any new multilateral

^{1/} In addition, country economic reports are received by the members of the Bank through the Executive Directors, and are also routinely sent to the United Nations, the U.N. Development Programme and the UNDP Resident Representative concerned, the appropriate U.N. regional economic commission and regional bank, and the relevant specialized agencies.

groupings which may be created, assuming that we are asked to do so. We should also, I think, do what we can to assist the regional banks, when requested, to increase their capacity for economic reporting.

Robert S. Mc Newman

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WBG ARCHIVES

February 3, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 29 Concerning Blending
of Loans and Credits for Single Projects and Programs

Recommendation

"A procedure, already in use, to reduce the effective rate of Bank loans is the practice of 'blending' IDA and Bank loans available to the borrower, thus reducing the average rate on loans from the World Bank Group as a whole. Sometimes a single project is financed by such a blend. We also suggest that the blending technique for single projects or programs be used more frequently".^{1/}

Background

The recommendation is preceded in the report by a discussion of the high cost of Bank loans. The report does not explain why the Commission considered blending on a project or program basis, in contrast to blending achieved by separate Bank and IDA operations in the same country, desirable. However, the Commission's staff has told us that what was in mind in the formulation of this recommendation was the case of projects which would not be viable at the current cost of borrowing from the Bank but which would be viable with financing at a lower rate; the Commission apparently felt that an appropriate mix of Bank and IDA funds would enable such projects to go forward. This was regarded as particularly important for projects in some of the least developed countries, e.g., some of the smaller African countries.

Analysis

The concessional terms of IDA credits are not intended to provide financial subsidies to the projects financed. Projects are recommended for Bank or IDA financing only if they will yield an acceptable economic return and

^{1/} Report, page 222.

also, if the project is revenue-producing, a satisfactory financial return; the rate of return required for approval of a particular project is not affected by whether the funds originate with the Bank or IDA or both.

This policy, in my judgment, is entirely sound and should be maintained. Indeed, IDA would not be complying with the requirement of its charter that it provide financing only for "purposes which ... are of high developmental priority" if it supported projects which would be economically or financially justified only on the basis of a substantial subsidy. During the past fiscal year, no project financed by the Bank or IDA had an economic return estimated at less than 9%; on average, the estimated economic return was about 15%. Such projects do not need subsidized financing. To finance projects providing a return so low that they require concessional terms to be viable would constitute a misuse of scarce development resources and might well result in distorting the borrowing country's investment pattern.

Having said this, I nonetheless entirely agree with the feeling which underlies the Commission's recommendation, i.e., that the terms of Bank Group lending are too hard for many of our members. We ought to do more blending, whether through joint Bank/IDA lending for a single project or through Bank and IDA financing of separate projects. We ought also to blend Bank and IDA funds in more countries. The over-all amount of blending operations in which we can engage depends, of course, upon the adequacy of IDA funds. The Commission itself has proposed a substantial increase in IDA's resources.^{1/} As the Executive Directors know, I hope that by June 30, 1970, the Part I countries will have agreed upon the arrangements which they will propose to IDA for a Third Replenishment for a period beginning July 1, 1971. Assuming that these arrangements contemplate a significant increase in the level of IDA resources, they would enable us to do more blending, on a broader geographic basis, than is projected for the balance of the Second Replenishment period.

Conclusion

I believe that we should continue the present Bank Group policy of financing only those projects and programs which promise a satisfactory economic and financial return, whether the funds are provided by the Bank or by IDA or by both institutions jointly. Accordingly, there is no reason to adopt a policy of deliberately emphasizing blending on a single project basis, as recommended by the Commission. However, to the extent that the availability of IDA funds permits, and where creditworthiness considerations suggest that it would be desirable, we should increase the over-all amount of Bank/IDA blending, on a country or project basis as appropriate, and extend the blending technique to a larger number of countries.



^{1/} Report, page 224.



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WBG ARCHIVES

May 8, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

Subject: Pearson Commission Recommendation No. 30 Concerning Bank/Fund
Collaboration

Recommendation

"The World Bank and the IMF, in countries where both operate, should adopt procedures for preparing unified country assessments and assuring consistent policy advice."^{1/}

Comment

On February 18, 1970, there was distributed to the Executive Directors a joint memorandum by the Managing Director of the IMF and the President of the World Bank describing further steps for collaboration between the World Bank and the IMF, a copy of which is attached. The paper refers to the desirability that the Fund and the Bank complement each other, that each make the fullest use of the expertise and information of the other, that the risk of inconsistent policy advice be reduced to a minimum and that duplication of requests for information to member governments be minimized. It takes note of the Pearson Commission recommendation and states that "both organizations will make every effort to avoid duplication of activities and to assure that their appraisals of, and policy recommendations to, each country are broadly consistent".

These agreements go far toward satisfying the objective of the Commission's recommendation, as far as now seems practicable. However, I intend to keep under review the possibilities for further measures of collaboration between the World Bank and the IMF.

Robert S. McNamara

in 1970 IMF provided staff for 90% of the mission

^{1/} Report, page 230.



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February 18, 1970

MEMORANDUM TO THE EXECUTIVE DIRECTORS

SUBJECT: Bank-Fund Collaboration

I believe the Executive Directors will be interested in the attached memorandum describing some further steps for collaboration between the Bank and the International Monetary Fund. This memorandum is also being circulated to the Executive Directors of the Fund. If any Director so wishes, I would be glad to schedule a Board discussion of the memorandum.

A handwritten signature in cursive script, reading "Robert S. McNamara".

Robert S. McNamara

February 18, 1970

Joint Memorandum by the Managing Director of the IMF
and the President of the IBRD

FURTHER STEPS FOR COLLABORATION BETWEEN THE IMF AND THE IBRD

Introduction

Since late in 1966, procedures for cooperation between the staffs of the Fund and the Bank have been guided by a memorandum of agreement between the Managing Director of the Fund and the President of the Bank. A recent review undertaken by the staffs of the two institutions has shown that effective collaboration has increased and is considered of mutual benefit. It is clear that the 1966 understandings have served the interests of the organizations and their member countries and continue to be valid as the basis for future cooperation.

Since 1966, practices have evolved, and are still evolving, that should be more widely known in the two institutions and more uniformly observed by the departments concerned. Extension of these practices would be particularly timely in view of the decision of both organizations to increase their mission activities substantially. The aim will continue to be for the Fund and the Bank to complement each other as they work to achieve their common objectives, for each to make the fullest possible use of the expertise and information of the other, to reduce to a minimum the risk of inconsistent policy advice, and to minimize duplication of requests for information to member governments.

Methods of Collaboration at Headquarters

Before missions depart^{1/}

In most cases it is now the practice, before Fund missions or Bank economic missions depart, for a discussion of the principal policy problems to take place between the staffs of the two institutions. In the future, the following practice should be consistently observed: each Fund mission, prior to departure, will be in touch with the appropriate area department of the Bank for a thorough discussion of the country's situation and of the important issues; and, conversely, each Bank economic mission before departure will be in touch with the appropriate area department of the Fund. The staff of each institution will seek the views of the other on all points of common

^{1/} Throughout this memorandum, the missions referred to are those which are sent to the same countries by both the Fund and the Bank. These are consultation and use of Fund resources missions in the case of the Fund and economic (rather than project identification, appraisal or supervision) missions in the case of the Bank.

interest, including those which may be the subject of discussion with the Fund regarding use of resources or which may be discussed in connection with proposals for Bank or IDA financing.

After missions return

Recent practice frequently includes oral debriefing by Fund staff to Bank staff, and by Bank staff to Fund staff, immediately after a mission's return. This practice will now be generalized to include such debriefings by all Fund missions and all Bank economic missions. This will provide an additional means for the staff of each institution to keep currently informed on developments in the member country and provide an opportunity for bringing to the surface any substantial differences of evaluation or approach which may exist.

With the agreement of the member country concerned, greater use will also be made of the technique of providing both staffs with basic data provided by the member to either organization; the aim should be to reduce the burden on officials of the member country caused by duplication of requests for basic information. Efforts will also be increased to use common definitions and series in the statistics of Fund and Bank reports.

Circulation of draft documents

Members of the Fund staff regularly receive Bank economic reports in draft, and participate actively in the meetings of the Bank's Economic Committee at which the policy questions raised by these reports are discussed. In the future each Fund area department will send its draft reports to the Bank staff at the same time that these drafts are sent for comment to the other departments of the Fund. In order to avoid any undue delay in the issuance of Fund documents, Bank staff will be asked to provide any comments within the same number of working days (usually two) as the Fund departments; it is expected that Bank staff observations will focus on major issues on which there appear to be inconsistent evaluations or policy views by the two institutions.

Technical assistance

Many of the technical assistance activities of the Fund and the Bank relate to the special responsibilities of the two organizations and present only incidental problems of coordination. This is true, for example, of Fund advice on simplification of exchange systems, central banking and balance of payments statistics, and of Bank advice on development strategy and programs. In the field of tax policy and fiscal administration, where both institutions have important interests but where in practice the Bank does not offer technical assistance, special working arrangements have been developed. The Fiscal Affairs Department of the Fund keeps the Bank staff informed of technical assistance requests received and of plans for responding to them. Discussions are regularly held with Bank staff during briefings and debriefings of staff members and panel members on technical assistance assignments. Contacts are normally made through the Bank's Economics Department.

Exchange of final documents

After Fund documents are submitted to the Executive Board for consideration, present practice provides for transmittal of such documents on an ad hoc basis to area departments of the Bank. In the future, each area department of the Fund regularly will send to the area department of the Bank two copies of each Fund consultation and use of resources document. Bank economic reports will continue to be sent by the Bank to the Fund on a routine basis.

Collaboration in the Field

Timing of missions

On some occasions in the past, the timing of Fund and Bank missions to a country has been arranged so that their visits overlap. Assuming that there is agreement with the country concerned, such parallel missions can be of considerable benefit; they can provide for exchange of data and other information between the two missions, can afford an opportunity for an exchange of views and can reduce the burden on the host government, for example, by enabling both missions to obtain government views and information at the same time on matters of mutual interest. Every effort should be made to increase the number of overlapping or parallel missions to the greatest practicable extent. To this end, the responsible departments of each organization will, before drawing up mission schedules, consult with the corresponding staff in the other organization.

Resident missions

Resident missions should be guided by the same principles as those set forth for collaboration at headquarters. Where both institutions have a resident mission in the same country, a resident mission will discuss its views with the other mission before taking a position on any subject of significance. Where one organization has a resident mission but the other does not, a visiting mission from the latter institution will be in touch with the resident mission of the other on arrival and will remain in contact during its stay.

Exchange of staff

Staff members of the Bank have on numerous occasions participated in Fund missions and this practice will be continued. Staff members of the Fund (especially from the Fiscal Affairs Department) have participated in Bank missions. While staff limitations will continue to govern the number of Fund staff who can participate in Bank missions, every effort will be made to make Fund staff available for analyzing selected issues whenever this would be to the mutual interests of the two institutions.

Economizing Staff Resources

The staffs of the two institutions have discussed various approaches designed to make better use of the special staff talents in both institutions so as to improve their basic economic reports. There is common agreement on the desirability of having one institution cover a particular sector or topic within its special competence in such manner as to meet the needs of the other institution. Thus, for example, the section of a larger report prepared by the staff of one organization would be incorporated (either directly or in a more summary manner) in the economic report of the other. It is expected that the section so incorporated would normally be essentially factual and analytical in character; it would not generally contain policy conclusions, except as a result of previously agreed terms of reference.

The extent of operations under this experimental program will be determined by the initiative and common decision of the appropriate area departments. For example, if the Fund staff is to prepare a section on monetary and credit developments for use by both organizations, it will be necessary at the outset for the Fund staff to agree with the Bank staff on the scope of the section so as to ensure that the final product will meet any specialized needs of the Bank which might not otherwise be covered in the analytical section of the Fund report.

Pearson Commission Recommendation

The Pearson Commission recommended "that the World Bank and the IMF, in countries where both operate, adopt procedures for preparing unified country assessments and assuring consistent policy advice" (Commission Report, p.230). As this memorandum indicates, both organizations will make every effort to avoid duplication of activities and to assure that their appraisals of, and policy recommendations to, each country are broadly consistent.