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THE WORLD BANK

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AID/IBRD MTGS.: 8/27; 9/2; 9/6; 9/16/71  
Joint Mts. on Agric'l. Development

  
**Archives**



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CGIAR: Joint Meetings on Agricultural Development between AID, and IBRD -  
Correspondence

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UNITED STATES GOVERNMENT

# Memorandum

TO : AA/TA, Joel Bernstein  
THRU : DAA/TA, Ervin L. Peterson  
FROM : TA/AG, Omer J. Kelley

DATE: October 8, 1971

SUBJECT: Four Meetings by TA/AG and Regional Bureaus with IBRD Agricultural Staff

## 1. The Meetings

Four joint meetings were recently held by TA/AG and IBRD agricultural staff with each of A.I.D.'s Regional Bureaus. At the fourth meeting, which was held for the Latin America Bureau, the Inter-American Development Bank's (IDB) agricultural staff was also present. The meetings were scheduled at one week intervals on August 27, September 2, September 9, and September 15, 1971.

Each meeting featured a presentation by an A.I.D. Regional Bureau of its agricultural programs, including agricultural development loans, and presentations by TA/AG and IBRD staffs of their programs in their respective regions. In the meeting on Latin America, a presentation was also made by the Inter-American Development Bank. There was some discussion following each presentation.

The principal participants of IBRD at each meeting were L. J. C. Evans, Director, and W. A. Wapenhause and Noel McIvor, Deputy Directors. Mr. Cadral, Director of Agricultural Programs, was the principal officer representing the Inter-American Development Bank. Technical staff members made presentations on each subject covered in each region.

## 2. General Impressions and Interest of Follow-up Seminars

The discussions revealed that A.I.D., IBRD, IDA and IDB each supported some projects unknown to each other. In addition to providing excellent orientation on programs of each organization, the meetings served to stimulate follow-up dialogue among individual staff members of the Bureaus and those of IBRD and IDB on several subjects identified in the meetings as being of mutual interest.

For example, the IBRD and IDB staff members concerned with water development were interested in A.I.D.'s activities in this area in India, Pakistan, the Mekong, Indonesia, and Latin America and wanted follow-up discussions with persons in A.I.D. responsible for programs in these areas. Interest was expressed in A.I.D.'s underground water and water management programs.



The IBRD staff expressed interest in A.I.D.'s sponsored study of grain storage, made recently in Indonesia by Weitz-Hethelsater.

The Africa Bureau of A.I.D. requested further discussions with IBRD's staff about its comprehensive area and agricultural development projects in Malawi. Subsequent discussions have already been held on the Lilongwe project, a four phase, thirteen year program in Malawi for integrated development of agriculture on some one million acres, including 160,000 of cattle ranching.

Mutual interests of IBRD, IDB, and A.I.D. in economic sector analysis programs stimulated interest for follow-up dialogue among individuals of these organizations.

The philosophy and methodology of A.I.D. and IBRD-IDA in agricultural sector analysis appear to differ somewhat, although there is mutual interest in the respective approaches of each as well as a feeling that each can benefit from the other's experience and knowledge in this area.

A follow-up meeting between the East Asia Bureau and IBRD credit staffs has already been held on agricultural credit in Thailand.

IBRD's emphasis and priority lending for livestock development in Africa and especially Latin America were eye-openers to several A.I.D. officials, especially those of the Latin America Bureau where livestock receives little, if any, attention.

The discussions stimulated expressed interest in follow-up joint seminars by TA AG and IBRD on the following specific subjects which could not be treated adequately in these orientation meetings:

- a. Agricultural sector analysis - purposes and methodology;
- b. Strengthening local institutions and competency for sector analysis work;
- c. Social criteria for agricultural investment;
- d. Labor intensive and employment generation projects;
- e. Project formulation;
- f. Social equity considerations in agricultural investment;
- g. Getting results of academic research into hands of technical assistance agencies and LDC institutions;
- h. Water development and soil and water management needs and activities in the Mekong, other parts of Asia, Latin America, and Africa.



### 3. IBRD's Lending Philosophy and Record for the Agricultural Sector

The Bank group (IBRD, The International Development Association (IDA), and the International Finance Corporation (IFC) has increased its rate lending to agriculture by several fold during the last three years. Its annual lending now runs between \$400 to \$500 million per year, which is about 20% of the group's total annual lending.

In contrast, IBRD-IDA lent only \$628 million in agriculture during the 15-year period 1948 to 1963, which was 8.5 percent of total loans.

Increases in lending for agriculture resulted from changes in the Bank policy beginning under the Wood's administration and accelerating under the current administration. More liberal policy was made possible by cheaper money available under IDA and IFC programs, the rendering of technical assistance by the Group to LDCs for project development and project management, availability of better formulated projects, more trained people in LDCs to generate projects and assist in their management, and improved infrastructure and overall development in LDCs, especially those countries which received no or little financing in the period 1948-63.

Most of the Group's loans have gone to irrigation projects and export crops, such as coffee, tea, cacao, and rubber. However, during the past three years, livestock development, particularly in South America, and more recently in Africa, has received considerable emphasis in lending. Agricultural support financing (markets, processing and storage facilities, and rural roads) and agricultural credit also receive greater emphasis. IBRD made its first loan to research in Spain in 1969.

The Group has had difficulty in finding bankable projects in food crop production. An attempt is being made to assist in this area through regional development programs, such as the Lilongwe project in Malawi.

The lending criteria of IBRD-IDA in analyzing the feasibility of projects for loans is based on potential of production capacity and its contribution to gross domestic product. Social equity considerations have not been principal considerations, although the Bank is being pressed to give greater consideration to such factors as land tenure practices, income distribution and employment in lending programs. Social equity considerations have apparently played more important roles in lending criteria of the Inter-American Development Bank.

A more detailed discussion of the IBRD-IDA's lending record and policy for agriculture is contained in Attachment 1.

Copy to:

ARA-LA/DR/AI, Stanley Applegate  
AA/TA, Joel Bernstein  
NESA/TECH, James M. Blume  
TA/AG, Madison Broadnax  
AFR/TAC, John L. Cooper  
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NESA/SA, C. Herbert Rees  
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PPC/RS, Sidney L. Brown  
PPC/RC, Edward L. Fei  
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AFR/CDF, Albert P. Disdier  
AFR/TAC, Princeton Lyman  
AFR/SAF, Athol Ellis  
SA/VN/ND/CDF, Frank Collins  
SA/IR/DP, Charles H. Breecher  
SA/IR/RD, Kenneth M. Rabin  
SA/IR/LT, Victor Morgan



Attachment 1

DISCUSSION OF IBRD-IDA's LENDING RECORD AND POLICIES  
AS REVEALED BY FOUR JOINT MEETINGS WITH TA/AG and  
REGIONAL BUREAU AGRICULTURAL STAFFS  
(August 27 to September 15, 1971)

1. IBRD's Lending Philosophy and Lending Trends for the Agricultural Sector

The Bank Group ((IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC)) has increased its rate lending to agriculture by several fold during the last three years. Its annual lending now runs between \$400 to \$500 million per year, which is about 20% of the Group's total annual lending.

In contrast, IBRD-IDA lent only \$628 million in agriculture during the 15 year period, 1948 to 1963, which was 8.5 percent of total loans.

Increases in lending for agriculture resulted from changes in the Bank policy beginning under the Wood's administration and accelerating under the current administration. More liberal policy was made possible by cheaper money available under IDA and IFC programs, the rendering of technical assistance by the Group to LDCs for project development and project management, availability of better formulated projects, more trained people in LDCs to generate projects and assist in their management, and improved infrastructure and overall development in LDCs, especially those countries which received no or little financing in the period 1948-63.

Most of the Group's loans have gone to irrigation projects and export crops, such as coffee, tea, cacao, and rubber. However, during the past three years, livestock development, particularly in South America, and more recently in Africa has received considerable emphasis in lending. Agricultural support financing (markets, processing and storage facilities, and rural agricultural credit, are also receiving greater emphasis. IBRD made its first loan to research in Spain in 1969.

The Group has had difficulty in finding bankable projects in food crop production. An attempt is being made to assist in this area through regional development programs, such as the Lilonwe Project in Malawi.

The lending criteria of IBRD-IDA in analyzing loans is based on potential of production capacity and its contribution to gross domestic product. Social equity considerations have not been principal considerations, although the Bank is being pressed to give greater consideration to such factors as land tenure practices, income distribution and employment in lending programs. Social equity considerations have apparently played more important roles in lending criteria of the Inter-American Development Bank.

## 2. Lending Record

### a. Geographic Distribution

During the period, 1948-1963, the bulk of the Group's lending for agriculture went to East and South Asia. There were seven loans to Africa (East) for \$60.7 million during this period in contrast to 29 to East and South Asia for \$375.6 million. There were 11 to South America for \$57.4 during this period. During the period 1963-1970, there were 22 loans for Africa for \$97 million, 24 to East and South Asia for \$431.2 million, and 7 for South America for \$58.4 million.

Projection for the Group's lending for the period 1971-1975 for agriculture totals \$4,703.8 million with Africa to get 163 loans for \$837.7 million, East and South Asia to get 145 loans for \$2,022.0 million, and South America to get 43 for \$522.6 million. Lending records for the Middle East and Caribbean-Central America areas were very light during the 1948-63 period and the 1963-70 period, with projections considerably increased for the 1971-75 period.

### b. Types of Projects

#### General

Loans to irrigation projects, including tube wells and drainage, have dominated the Bank's lending in East and South Asia, while livestock has dominated the field in South America, and commodities have been predominate in Africa; although lending for livestock in Africa has been accelerating and is projected to receive increasing amounts of assistance. Regarding the Bank Group's priority for lending for development of the livestock industry in South America, the Bank's livestock specialist pointed to the potential of the industry there as being a "sleeping giant." In addition to agriculture, the Group provides loans to fisheries and forestry.



### Irrigation

The emphasis on irrigation started with large projects such as dams for reservoirs and primary and secondary delivery systems for irrigation. Recently, tube wells for exploitation of underground resources have received attention.

The Bank has found that the development of water projects for irrigation to be rather simple. But getting the water into use on farms for intensive cropping has been much more difficult, and has caused delays. tying up capital in unproductive use for a long periods. Earlier methods of project appraisal, which used rough capital output ratios or annual cost/benefit ratios did not sufficiently highlight the fact that substantial amounts of capital were being locked up in slow-yielding projects. The application of financial and economic internal rates of return has served to highlight the need for early and effective agricultural development of irrigated land. As a result, the Bank-IDA are now including tertiary systems of water delivery to get the water on farms in water projects for loans. Also, needs for land levelling on farms and the availability of improved technology, seeds, fertilizer, and agricultural credit are being considered in water project loans.

One of the difficulties the Bank has experienced with irrigation projects in East and South Asia has been the traditional concepts of developing water supply reserves. Irrigation in the arid and monsoon countries of these areas was developed to provide protection for crops during droughts. The concept of use of irrigation for intensifying production through second and third cropping did not exist in much of the area. Resources studies are necessary to determine if, indeed, they are adequate for the latter purpose in many of these areas.

### Livestock Projects and Programs

The Group follows an integrated approach also in lending for livestock development. Loans are made to tribal groups, associations, cooperatives, and ranch organizations.

Programs for development and improvement of livestock industries are specific and concrete, including the following principal goals and targets:

(1) to increase the average marketable weight of livestock 50 pounds per head by: (a) establishing water holes and feeding stations along market trails (in Africa), and feeding lots in market centers; (b) financing feed imports and agricultural credit for feed purchases by producers and marketers.

(2) establishing veterinary services at the feeding stations and centers for inspection, vaccination, animal dipping facilities, and other disease control measures, and improving veterinary and other programs for livestock disease and parasite control;

(3) introduction through technical assistance of modern quasi-intensive methods of tropical beef production from mixed tropical and sub-tropical grasses and legume pastures, utilizing the large areas of available improved pasture lands; methods used are largely those developed for tropical and sub-tropical areas in New Zealand and Australia;

(4) providing technical assistance for developing institutional arrangements through which credit can be channeled to procedures and marketers;

(5) providing policy guidance to governments to improve policies which constrain development of livestock industry, such as reduction of government interference in pricing and marketing for protection of consumers, and allowing producer prices to move closer to world market levels (as in Brazil, Uruguay, Spain and Argentina);

(6) financing breeder stock, and feeder stocks from commercial breeders to small scale livestock producers for fattening, utilizing farm residue for feeding.

The Bank has found that these measures for livestock lending have had impact in several countries. Uruguay and Chile are prime examples.

#### Loans for Agricultural Support

The third area of importance has been for agricultural support areas (marketing, storage, processing facilities, rural roads, and other rural infrastructure). This type of lending falls under the general category of agricultural credit, and the bulk of loans has gone to East and South Asia for this purpose. However, Africa and South America are receiving increased attention.



### Commodity Loans

Among commodities, export crops, such as oil palm, tea, coffee, tobacco, and cacao are ones receiving most loans.

### Food Crops

The area that the Bank has found greatest difficulty in lending is for food crops. Here bankable projects have been hard to find. This is due to a number of constraining factors for investment in food crops, but the principal ones are:

- (1) Lack of organized and stable internal markets;
- (2) Government policies which maintain price ceilings for consumers;
- (3) Lack of incentive price for producers;
- (4) Low level of technology and inefficiency of production;
- (5) Low incomes which restrict purchasing power and demand in the LDCs;
- (6) Lack of adequate rural infrastructure;
- (7) Lack of available technology for farmers to utilize improvements made through project loans, such as, for example, reservoirs.

The Bank Group is trying a new approach to lending in this area. It is identifying rural areas with potential for development and is developing integrated package programs for loans to such areas through local villages, cooperatives, or similar such responsible groups. Integrated programs are planned for comprehensive agricultural development, including rural roads, other rural infrastructure, land development or improvement, irrigation and marketing and credit organizations and facilities. Technical assistance is provided by the Bank along with the loans. Examples of projects of this nature are those in Malawi, mentioned above.

### Agricultural Credit

The Bank Group has increased lending activities in this area in recognition that not only public infrastructural investment but also farm credit must be provided. Medium and long term credit for farm development are being emphasized. Technical assistance is also provided to develop credit institutions and their management and equipping them to provide technical services as well as banking services to farmers.

The pattern of lending has emerged in which the finances needed for on-farm development is provided partly by government, partly by the Bank or IDA and partly by the farmer himself.

In several countries private banks, long shy of agricultural development credit, have been brought into medium and long term agricultural lending. In Mexico, Uganda, Costa Rica, Brazil, the Philippines, and Uruguay, the Bank and IDA have provided loans to central banks enabling them to refinance loans made by private banks to farmers.

#### Lending to Small Holders for Export Commodity Crops

For a number of plantation type crops, effective lending programs for small holders have been developed, utilizing large "nucleus plantations" which have processing facilities and technology as the center for providing technical advice, supervision, credit, and markets to small holders (as done in the Ivory Coast). In another type of situation, a central authority provides these services (e.g., tea in Kenya, Uganda and Tanzania).

#### Resettlement Projects

The Bank has never been interested in financing the conventional resettlement project. But the Bank has been interested in assisting spontaneous resettlement efforts, such as those which occur along newly constructed rural roads. To take advantage of this natural, low cost resettlement, the Bank envisages a loan for settlers in Colombia.

#### Research

This is a new area of lending. A first loan was made to Spain in 1969 for \$12.7 million. This is a 20-year loan to support a project designed to upgrade the standard of agricultural research. Financing is shared, 45% by IBRD and 55% by the government. The project established six commodity oriented specialized research centers in Spain. The loan is for capital costs of buildings, laboratory, farm development, equipment, and utility systems.

In addition to the loan, a technical assistance component of 20 research specialists is provided for 5 years, and 30 short-term consultants, and 200 training fellowships are provided.

#### Rainfed Agriculture and Upland Crops

While this area has received little attention, the view was expressed by IBRD members that it should receive more attention in the future.



c. Sector Analysis Work

The Bank explained that the purpose of its sector analysis work is to provide the Bank with information on country policies and project potentials to create a dialogue with the government. These studies are not definitive, but they identify country policy constraints which need remedying to make productive projects feasible. The Bank uses its lending leverage to bring about any necessary policy changes for providing loans. This approach has worked very well for the Bank and has made impact in a number of countries where the Bank/IDA lending has been sufficiently large to provide substantial leverage. In countries where the Bank and IDA lending have not been a major factor in agricultural development, changes in policies and programs attributable to the Bank/IDA lending have been limited to those directly related to the projects financed. Examples given of countries where significant policy changes were made by the Bank/IDA lending policies include India, Pakistan, Brazil and others.

Examples of policy changes which the Bank often seeks to remove constraints to development and production are:

- (1) Removing ceilings on producer prices of farm products to protect consumers, and allowing them to adjust to the international level to provide incentive to producers;
- (2) Removing import taxation that is a disincentive to farmers to invest in imported farm inputs;
- (3) Persuading credit institutions to shift their thinking from emphasis on collateral to a critical evaluation of economic and financial returns on investment;
- (4) Adjusting interest rates to capital costs, national fiscal policy, and inflation in the country.

d. General Lending Policy

The principal criteria used by the Bank/IDA in determining loans is the generation of production capacity to increase the gross domestic product. Social equity considerations have not been principal considerations, although the Bank is being pressed to give greater consideration to such factors as land tenure practices, income distribution, and employment in lending programs.

Contrary to common criticism, the Bank/IDA maintain that they do not skim off the cream for investment. Their policy is to provide loans where other sources of credit are not available, according to the officials.

Also, the Bank has endeavored to reach small holders as well as large holders, and has considerable data showing the number of farmers benefitting from their loans.

#### Channeling Loans Outside Ministries

The Bank/IDA policy is to channel their loans to the national banks and institutions outside the ministerial set-up. These institutions in turn channel the loans to project organizations and credit institutions and organizations lending to farmers. However, ministries are involved through the establishment of an inter-ministerial committee which functions like a board of directors and directs the executive director of the institution handling the loan.

### 3. The Inter-American Development Bank (IDB)

The IDB, established in 1960, has lent \$4.3 billion with 25% going to agriculture.

In the early days loans went to finance institutions and irrigation. Now, loans are granted for developing institutions, rural infrastructure, agricultural credit, livestock, irrigation, marketing, fisheries, and forestry. Technical assistance is also provided by IDB.

Challenges which IDB faces are (which were identical to those faced by the IBRD Group):

- a. Shortage of well formulated projects;
- b. Lag in implementation after loan;
- c. Lack of priorities for development in countries;
- d. Shortage of local counterpart capital;
- e. Difficulty to identify high-marginal productivity, capital projects;
- f. Lack of institutional development and trained management.

IDB is making an effort to learn from its experience through studying past loans.

#### Irrigation

IDB has 33 irrigation projects which have received \$325 million in loans on projects costing \$900 million. These projects will ultimately irrigate one million hectares; and 350,000 hectares are already under irrigation.



### Marketing

Twelve (12) loans for \$93 million have been made in marketing, including grain storage, wholesale and retail warehouses, and agro-industries.

### Agricultural Diversification

The IDB has made a number of loans for agricultural diversification, and studies are underway in Central America and elsewhere for additional such loans aimed at increasing rural employment.

### Sector Studies

The IDB staff expressed keen interest in seminars on sector studies to share experience for improved methodology. Several sector studies have been made by IDB in LA to identify and promote project development, to seek complementary in project financing, to coordinate efforts with the government, to identify strengths and weaknesses in local institutions, and to identify issues. Such studies are classed as pre-investment, operational research. Four major studies have been made in Uruguay, Honduras, Barbados, and Paraguay for loans. Two are scheduled for Tobago, and Trinidad, and a sub-sector study for Ecuador.

Operational studies (sub-sector) have been made in the area of agrarian reform, marketing, agricultural statistics, diversification and employment, cooperative financing, and rural industrialization.

### Detailed Loan Record

IDB extended 143 loans to the agricultural sector totalling \$1,108,277 million during the period 1961 to June 30, 1971. Following is a breakdown of these loans:

	<u>No. Loans</u>	<u>Amount in \$000</u>
1. Agricultural credit	68	\$ 430.332
a. Agricultural Development and crop diversification	48	(295.023)
b. Livestock development	13	( 69.926)
c. Farm machinery	4	( 61.014)
d. Cooperatives	3	( 4.369)
2. Marketing	4	28.921
3. Agriculture Research and Extension	3	13.600
4. Irrigation	33	324.848
5. Land Settlement	19	134.050
6. Integrated Development Projects	6	119.370
7. Community Development	3	22.234
8. Foot and Mouth Disease Control	4	28.600
9. Other	3	6.322
	<u>143</u>	<u>\$1.108.277</u>



UNITED STATES GOVERNMENT

# Memorandum

*Kelley*  
*OCM: Aug. 27 - 2404*  
*Sept. 2 - 2404*  
*DATE: August 17, 1971*  
*Sept. 9 - 2404*  
*Sept. 16 - 1:30 2404*  
*IBRD*

TO : See Distribution

FROM : *Madison Broadnax*  
TA/AGF, Madison Broadnax

SUBJECT: Joint Meetings on Agricultural Development between A.I.D. and IBRD

Pursuant to our previous meetings and discussions on this subject, we are attaching an Agenda for the subject meetings as planned.

Attachment

## Distribution:

IBRD:L.J.C. Evans  
Noel McIvor (15)  
SA/IR/TECH/ARD:Francis J. LeBeau (5)  
SA/IR/TECH:Robert R. Johnson  
ARA-LA/DR/AI:Donald R. Fiester (5)  
ARA-LA/DR:Louis G. Sleeper  
VN/ND/ID/AGR:Lawrence W. Doran (2)  
AFR/TAC/AGR:John L. Cooper (8)  
NESA/TECH:James M. Blume  
NESA/ID/AGR:O.L.Mimms (5)  
TA/AGF:Professional Staff  
TA/RUR:Stefan H. Krashevski (2)  
PPC/PDA:Antonio Gayoso (2)



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

PROGRAM IBRD/AID SEMINAR  
on  
AGRICULTURAL DEVELOPMENT

Purpose

To acquaint responsible officials with the respective agricultural programs of A.I.D. and IBRD in LDCs.

Procedure:

Organize a series of four seminar discussions among the responsible officials of TA/AGF, Africa Bureau, NESA Bureau, Supporting Assistance Bureau, Latin America Bureau, IDB and IBRD.

Date, Time and Place

The program sequence, time and location suggested and attendance are:

	<u>Date</u>	<u>Time</u>	<u>Place</u>	<u>Attendance*</u>
1. AFRICA	8/27/71	2:00 - 4 p.m.	IBRD	30
2. NESA	9/ 2/71	2:00 - 4 p.m.	IBRD	30
3. SA/IR/TECH/ARD	9/ 9/71	2:00 - 4 p.m.	IBRD	30
4. Latin America	9/16/71	1:30 - 4 p.m.	IBRD	30

\* AFRICA- 8; AGF - 10; IBRD - 12  
NESA - 5; AGF - 8; IBRD - 12  
SA/IR/TECH/ARD - 5; AGF - 8; IBRD - 12  
LA - 5; AGF - 8; IBRD - 12; IDB -  
PPC - 2; RUR - 1; VN - 2

NOTE: IBRD does not operate in Vietnam, therefore, no program is planned with the Vietnam Bureau.



IBRD Conference Room - D1056 - Tenth Floor  
August 27, 1971 - 2:00 p.m.

P.M.

*Room C1006*

2:00 Chairman: Mr. L. J. C. Evans, Director  
Agriculture Projects Department  
IBRD

2:00 - 2:05 Introductions

2:05 - 2:40 Agricultural Development in Africa - Past, Present, Future -  
with Emphasis on Strategy, Policy, Loans, Research, Outreach, etc.

Presiding: John L. Cooper - Principal Agricultural Advisor

Woodrow W. Leake - North Africa  
L. Stanley Peek - West Africa Regional  
Carl F. van Haeften - West Africa (Central)  
Charles A. Sanders - Eastern Africa  
Enio Siira - Southern Africa

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD Agriculture Programs in Africa (7 minutes each)

West Africa - Roger Rowe, Chief, General Agriculture,  
Division I.  
East Africa - Dennis Parsons, Chief, General Agriculture,  
Division II.  
Agricultural Credit, Africa - Paul Goffin, Chief  
Agricultural Credit Division.  
Livestock, Africa - Don Stoops, Chief, Livestock Division.  
Agriculture Sector Reviews - Jim Hendry, Chief,  
Economics Division.

(Not Covered: Irrigation - U.A.R.  
Morocco  
Malagasy  
Fisheries - Ghana  
Tunisia)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF African Programs

Presiding: Dr. Omer J. Kelley, Director, TA/AGF  
*will different people be here at other meetings*  
Research Network - Dr. Milo L. Cox  
Crop Production - Dr. Samuel C. Litzenberger  
Sector Analysis - Dr. Arthur J. Coutu  
Tropical Soils & Water - Dr. Tejpal S. Gill  
Animal Agriculture - Michael Galli

Resource Specialists: Dr. Antonio Gayoso, PPC - Loans  
Dr. Stefan H. Krashevski, TA/RUR - Research and  
Grants

Recorder: Daniel B. Blake

3:50 - 4:00 General Discussion

4:00 Adjourn

Thursday, September 2, 1971 - 2:00 p.m.

P. M.

2:00 Chairman: Dr. James M. Blume, Director  
Office of Technical Support  
NESA/TECH

2:00 - 2:05 Introductions

2:05 - 2:40 NESA Agricultural Development - Past, Present, Future -  
with Emphasis on Strategy, Policy, Laws, Research, Outreach, etc.

Presiding: Roy Mimms, Chief, Agriculture Branch,  
Institutional Development Division  
Office of Technical Support

Charles Horton - Turkey, Afghanistan  
George Ramsay - Jordan, Pakistan  
John J. Young - India  
William - Nepal, CENTO

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD - Agriculture Program in NESA (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I  
Turkey  
Iran  
Ceylon  
Greece

Irrigation - David Haynes, Chief, Irrigation Division II  
India  
Pakistan  
Afghanistan  
Nepal

Credit - Paul Goffin, Chief, Agriculture Credit Division  
India  
Pakistan  
Afghanistan  
Iran  
Israel  
Jordan

Agriculture Industries - Leslie Helmers, Chief,  
Agriculture Industries Division  
India  
Pakistan  
Turkey

Research and Livestock - Jim Fransén, Senior Research Officer  
Spain  
Turkey  
Iran  
Afghanistan

(Not covered: Agricultural Sector Review - Iran, Portugal,  
Seeds, India)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - NESA Program

Presiding: Dr. Omer J. Kelley, Director, TA/AGF

— Research Network - Dr. Milo L. Cox  
— Crop Production - Dr. Samuel C. Litzenger  
— Sector Analyses - Dr. Arthur J. Coutu  
— Tropical Soils & Water - Dr. Tejpal S. Gill  
— Animal Agriculture - Michael Gail



Charles Horton - Turkey, Afghanistan  
George Ramsay - Jordan, Pakistan  
John J. Young - India  
William - Nepal, CENTO

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD - Agriculture Program in NESA (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I  
Turkey  
Iran  
Ceylon  
Greece

Irrigation - David Haynes, Chief, Irrigation Division II  
India  
Pakistan  
Afghanistan  
Nepal

Credit - Paul Goffin, Chief, Agriculture Credit Division  
India  
Pakistan  
Afghanistan  
Iran  
Israel  
Jordan

Agriculture Industries - Leslie Helmers, Chief,  
Agriculture Industries Division  
India  
Pakistan  
Turkey

Research and Livestock - Jim Fransen, Senior Research Officer  
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Turkey  
Iran  
Afghanistan

(Not covered: Agricultural Sector Review - Iran, Portugal,  
Seeds, India)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - NESA Program

Presiding: Dr. Omer J. Kelley, Director, TA/AGF

- Research Network - Dr. Milo L. Cox
- Crop Production - Dr. Samuel C. Litzenger
- Sector Analyses - Dr. Arthur J. Coutu
- Tropical Soils & Water - Dr. Tejpal S. Gill
- Animal Agriculture - Michael Galli

Resource Specialists: Dr. Antonio Gayoso, PPC - Loans  
Dr. Stefan H. Krashevski, TA/RUR - Research and Grants

Recorder: Daniel B. Blake

3:50 - 4:00 General Discussion

4:00 Adjourn

PROGRAM

IBRD Conference Room - C1006 - Tenth Floor  
Thursday, September 9, 1971 - 2:00 p.m.

P.M.

2:00 Chairman: Robert R. Johnson, Director  
Office of Technical Services  
Inter-Regional Affairs  
Supporting Assistance Bureau (SA/IR/TECH)

2:00 - 2:05 Introductions

2:05 - 2:40 SA/IR/TECH/ARD - Agricultural Development - Past, Present, Future -  
with Emphasis on Strategy, Policy, Loans, Research, Outreach, etc.  
Presiding: Francis J. LeBeau, Chief  
Agriculture and Rural Development  
Office of Technical Services  
Inter-Regional Affairs  
Supporting Assistance Bureau

South Korea  
Laos  
Philippines  
Thailand  
Indonesia  
Regional

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD Agriculture Program in East Asia (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I.  
Korea  
Malaysia  
Thailand

Irrigation - David Haynes, Chief, Irrigation Division II.  
Indonesia  
Philippines

Credit - Paul Goffin, Chief, Agriculture Credit Division  
Philippines  
Taiwan  
Malaysia

Estate Crops - Ralph Wadsworth, Deputy Chief, General  
Agriculture Division I.

Indonesia  
Malaysia  
Papua and New Guinea

Agricultural Sector Review - Jim Hendry, Chief, Economics Division  
Malaysia

(Not covered: Korea - Livestock  
Indonesia - Fisheries  
Seeds  
Taiwan - Fisheries  
Philippines - Rice Processing)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - East Asia Program

Presiding: Dr. Alvin D. Avers, Chief, Agricultural Operations



2:00 - 2:05 Introductions

2:05 - 2:40 SA/IR/TECH/ARD - Agricultural Development - Past, Present, Future -  
with Emphasis on Strategy, Policy, Loans, Research, Outreach, etc.  
Presiding: Francis J. LeBeau, Chief  
Agriculture and Rural Development  
Office of Technical Services  
Inter-Regional Affairs  
Supporting Assistance Bureau

South Korea  
Laos  
Philippines  
Thailand  
Indonesia  
Regional

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD Agriculture Program in East Asia (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I.  
Korea  
Malaysia  
Thailand

Irrigation - David Haynes, Chief, Irrigation Division II.  
Indonesia  
Philippines

Credit - Paul Goffin, Chief, Agriculture Credit Division  
Philippines  
Taiwan  
Malaysia

Estate Crops - Ralph Wadsworth, Deputy Chief, General  
Agriculture Division I.

Indonesia  
Malaysia  
Papua and New Guinea

Agricultural Sector Review - Jim Hendry, Chief, Economics Division  
Malaysia

(Not covered: Korea - Livestock  
Indonesia - Fisheries  
Seeds  
Taiwan - Fisheries  
Philippines - Rice Processing)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - East Asia Program

Presiding: Dr. Alvin D. Ayers, Chief, Agricultural Operations  
Division, TA/AGF

Research Network - Dr. Milo L. Cox  
Crop Production - Dr. Charles A. Breitenbach  
Sector Analysis - Dr. Lawrence W. Witt  
Soils and Water - Dr. Tejpal S. Gill  
Animal Agriculture - Dr. Nels Konnerup

Resource Specialists: Dr. Antonio Gayoso, PPC - Loans  
Dr. Stefan H. Krashevski, TA/RUR - Research  
and Grants

Recorder: Daniel B. Blake

3:50 - 4:00 General Discussion

4:00 Adjourn

PROGRAM

IBRD Conference Room - C1006 - Tenth Floor  
Thursday, September 16, 1971 - 1:30 p.m.

P.M.

1:30 Chairman: Dr. L. J. C. Evans, Director  
Agriculture Projects Department  
IBRD

1:30 - 1:35 Introductions

1:35 - 2:00 Agricultural Development in Latin America - Past, Present, Future -  
with Emphasis on Strategy, Policy, Loans, Research Outreach, etc.

Presiding: Donald R. Fiester, Chief  
Agro-Industrial Development Division  
Office of Development Resources (ARA-LA DR/AI)

Joseph E. Walker  
Boyd T. Whittle  
David L. Peacock  
Jack Anderson  
John Halpin  
Charles B. Seckinger

2:00 - 2:10 Discussion

2:10 - 2:40 IDB - Agriculture Development Program in Latin America

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD - Agriculture Program in Latin America (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I  
Mexico  
Colombia

Credit - Paul Goffin, Chief, Agriculture Credit Division  
Costa Rica  
Jamaica  
Colombia

Livestock - Don Stoops, Chief, Livestock Division  
Central America  
South America

Agriculture Sector Review - Jim Hendry, Chief, Economics Division  
Brazil

(Not covered: Settlement - Colombia  
Trinidad and Tobago  
Peru - San Lorenzo  
Fisheries - Ecuador  
Panama)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - Agriculture Development Program

Presiding: Dr. Omer J. Kelley, Director, TA/AGF

Key Problems:

Sector Analysis - Dr. Arthur J. Coutu

Presiding: Donald R. Fiester, Chief  
Agro-Industrial Development Division  
Office of Development Resources (ARA-LA/DR/AI)

Joseph E. Walker  
Boyd T. Whittle  
David L. Peacock  
Jack Anderson  
John Halpin  
Charles B. Seckinger

2:00 - 2:10 Discussion

2:10 - 2:40 IDB - Agriculture Development Program in Latin America

2:40 - 2:50 Discussion

2:50 - 3:25 IBRD - Agriculture Program in Latin America (7 minutes each)

Irrigation - Lester Bartsch, Chief, Irrigation Division I  
Mexico  
Colombia

Credit - Paul Goffin, Chief, Agriculture Credit Division  
Costa Rica  
Jamaica  
Colombia

Livestock - Don Stoops, Chief, Livestock Division  
Central America  
South America

Agriculture Sector Review - Jim Hendry, Chief, Economics Division  
Brazil

(Not covered: Settlement - Colombia  
Trinidad and Tobago  
Peru - San Lorenzo  
Fisheries - Ecuador  
Panama)

3:25 - 3:35 Discussion

3:35 - 3:50 TA/AGF - Agriculture Development Program

Presiding: Dr. Omer J. Kelley, Director, TA/AGF

Key Problems:

Sector Analysis - Dr. Arthur J. Centu  
Animal Agriculture - Michael Galli  
Soils & Water - Dr. Tejpal S. Gill  
Crop Production - Dr. Samuel C. Litzenberger  
Research Network - Dr. Milo L. Cox

Resource Specialists: Dr. Antonio Gayoso, PPC - Loans  
Dr. Stefan H. Krashevski, TA/RUR - Research  
and Grants

Recorder: Daniel B. Blake

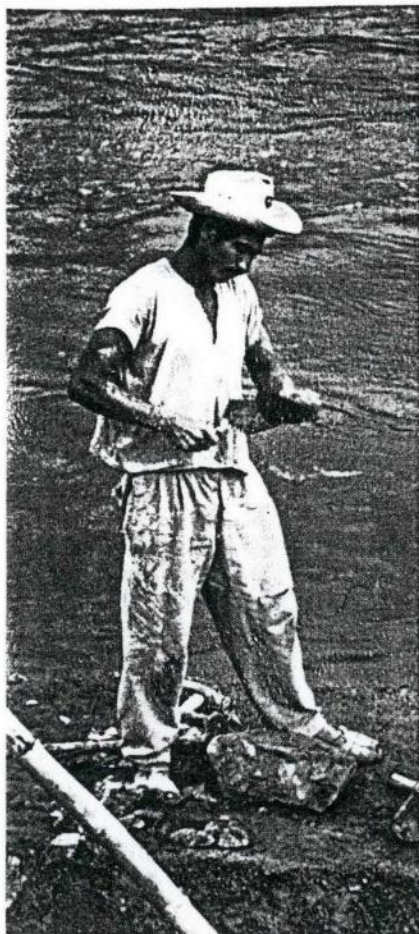
3:50 - 4:00 General Discussion

4:00 Adjourn



WORLD BANK GROUP

# Profiles of Development





# Introduction

Progress in development is usually expressed by statistical measurements—for example, levels of gross national product or rates of change of gross national product. Necessary as these indicators are, they do not adequately measure the full development of a nation. Nor are they satisfactory terms in which to frame the objectives of development programs . . . objectives which, in the Second Development Decade, must necessarily involve qualitative, as well as quantitative, considerations.

Quality in development means a whole new dimension of social concern. It means analysis and decision making on a wide range of development problems, in addition to the traditional ones of economic growth: Questions of population increase, urbanization, income distribution, public health, adequate educational opportunities, environmental preservation. If these qualitative matters are neglected, even though quantitative achievements may be recorded in rising growth rates, the result will be failure. For development is a long term social economic struggle that requires discipline and determination, particularly on the part of developing societies themselves. Outsiders can help, but that is all.

Where there is determination and perseverance, progress is possible. Selected glimpses of that progress are illustrated in the following pages—World Bank financed projects in education, agriculture, industry and other vital sectors. What does not show is the immense amount of effort involved in setting these projects in motion: Planning, studies to determine investment priorities, supervision of projects. What also does not show is the all-important ingredient—human will. Development is, after all, people, determined people.

September 1971

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Afghanistan Agriculture	10
Indus Waters Development	16
Ethiopian Highways	22
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World Bank Group Financing	32



# Tunisian Education

Education is now universally accepted and demanded as essential to participation in the development process. This is so because it is relevant to virtually all aspects of development: It can help make a more effective worker, a more creative manager, a better farmer, a more efficient administrator, a human being closer to self-fulfillment.

The World Bank has been increasing its investment in education by providing financial assistance for a variety of educational improvement efforts, and at all levels of the education process.

Mme. Bahia Maalej has benefited from the Bank's activities. She teaches general science at the Lycée Technique de Sfax, a Tunisian institution that was expanded with financial assistance from an International Development Association (IDA) credit. She is, incidentally, a graduate of the École Normale de Professeurs Adjoints in Tunis, which trains teachers and which also was expanded and modernized with funds from the same IDA credit.

In 1958 the Government of Tunisia prepared a ten-year program (1962-1971) to expand primary, middle and secondary education. Four years later the program received the equivalent of \$5 million from IDA. This was the first financing by a member of the World Bank Group for education. Since then IDA has made a second credit to the Government of Tunisia, this one for \$13 million, to support expansion of the education system.

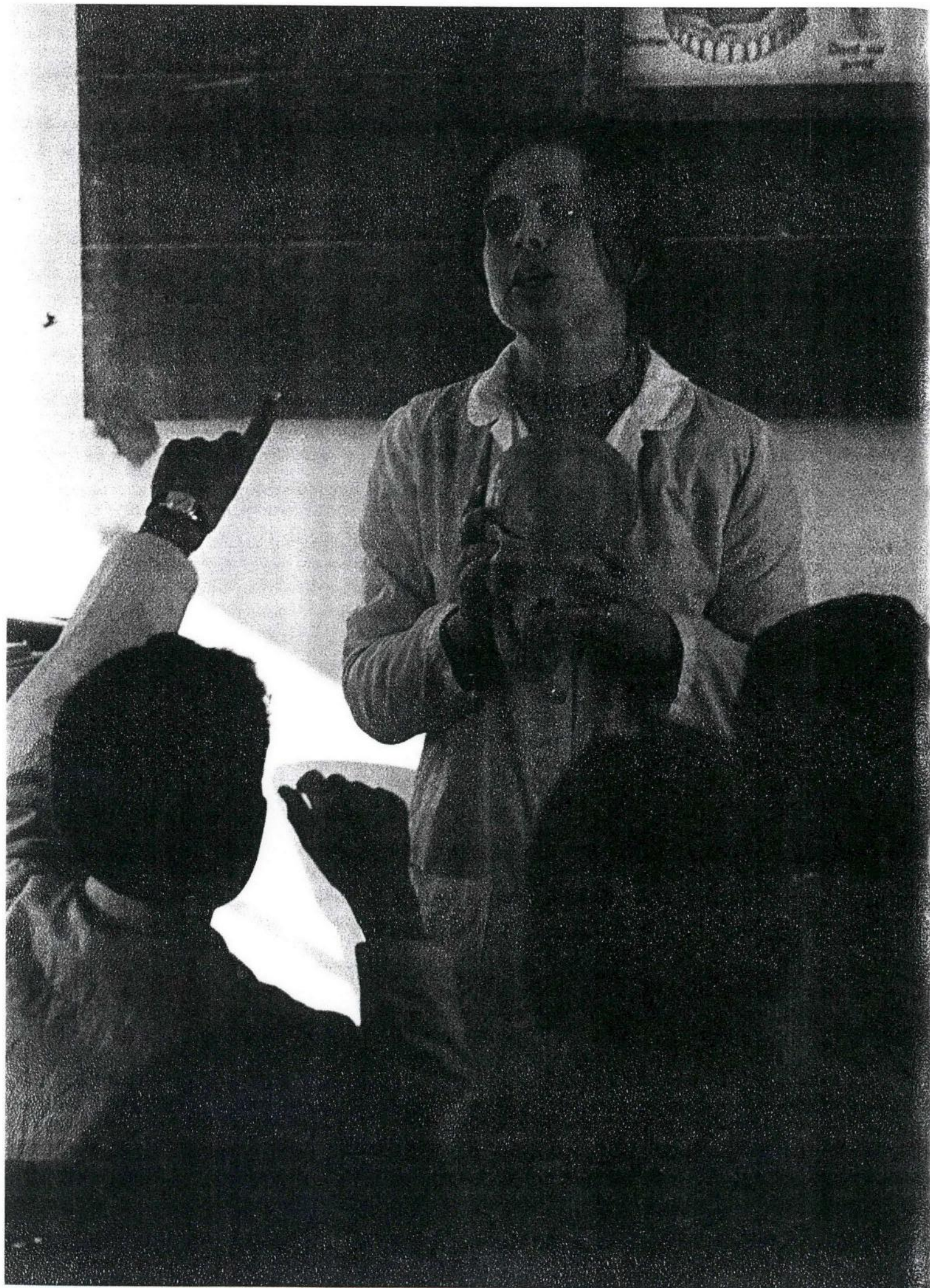
The World Bank has also made a \$375,000 grant to Tunisia for studies aimed at achieving economies and modernization of school building and design. The adoption of standards resulting from these studies will mean considerable savings and improvements in the construction and equipping of the schools and colleges now being assisted by IDA.

The first IDA credit was used, among other purposes, to construct the Lycée Technique de Jeun Rades (designed to provide a six-year secondary education with emphasis on mathematics and technical subjects), and also to construct the new Lycée de Jeunes Filles de Rallia Parc, a secondary school for girls.

## Lending for Education (US\$ Millions)

	BANK LOANS		IDA CREDITS		TOTAL	
	No.	Amount	No.	Amount	No.	Amount
AFRICA	5	\$ 40.3	22	\$150.7	27	\$190.3
ASIA & MIDDLE EAST	5	48.8	7	49.7	12	98.5
OCEANIA	—	—	—	—	—	—
EUROPE	3	39.3	—	—	3	39.3
WESTERN HEMISPHERE	13	84.3	3	12.0	16	96.3
TOTALS	26	212.7	32	211.7	58	424.4







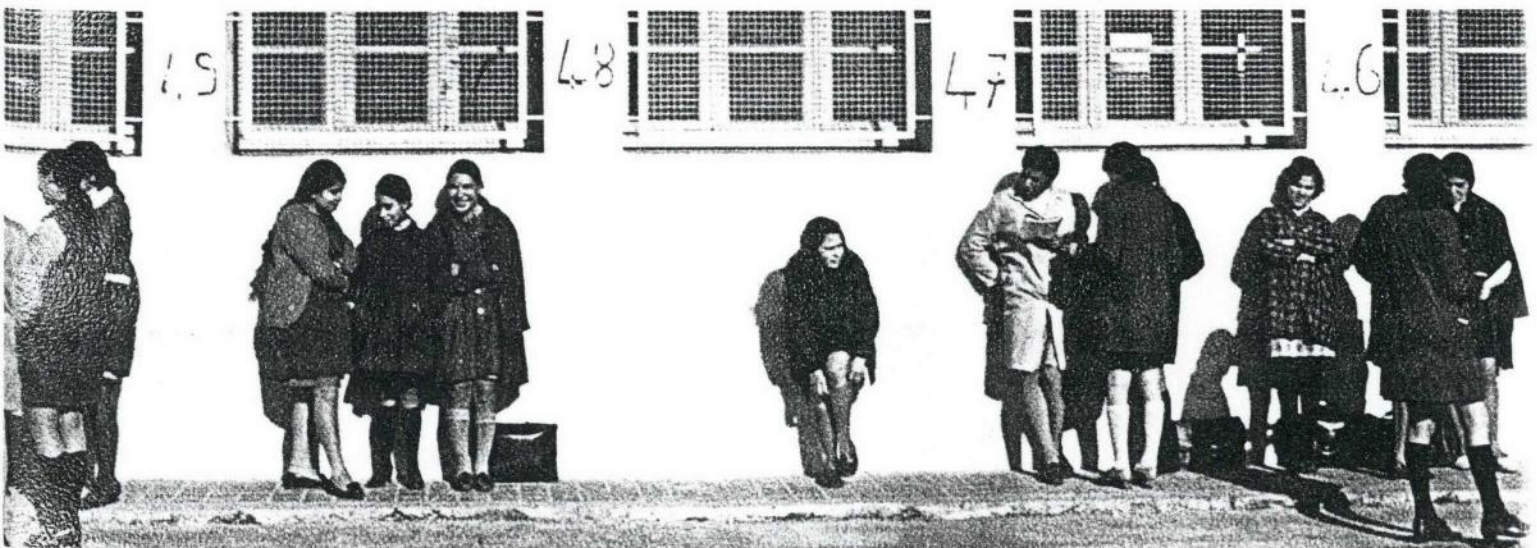
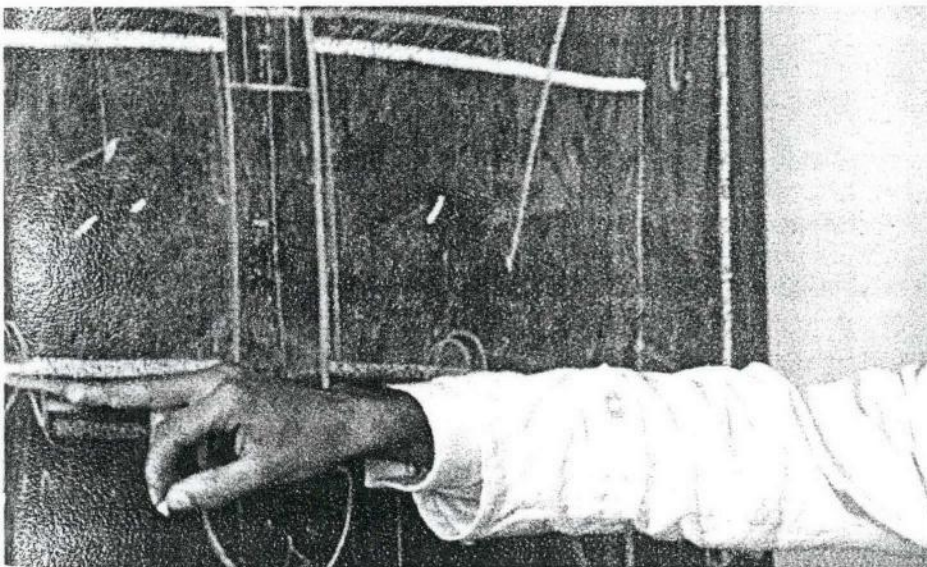


drawing and of developing a range of practical skills upon which apprenticeship can be successfully built.

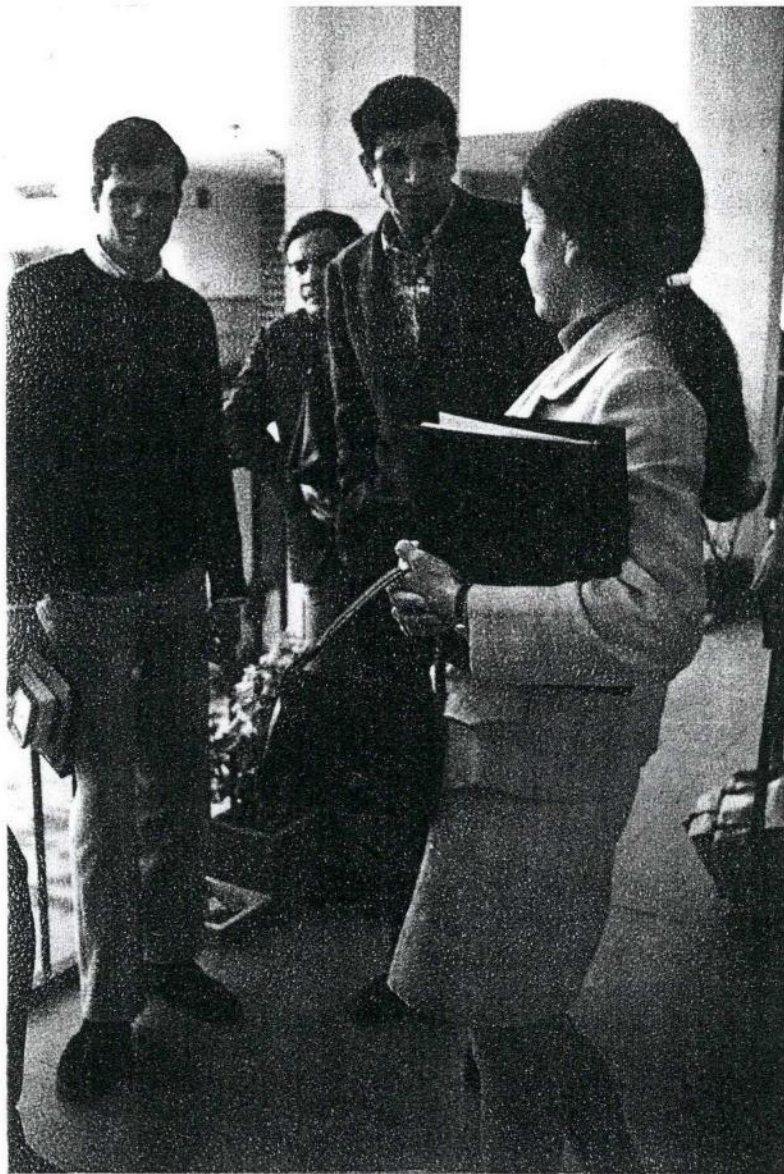
Elsewhere, modernization shows its face in different forms: In an exercise class at a new dormitory built with Bank funds at the Lycee Technique de Sfax or in the more informal apparel that is slowly replacing the traditional blue scholastic uniform worn by girls.

The status of women in Tunisia has changed dramatically since independence in 1956, and education is regarded as a crucial factor in the transformation. Girls now attend co-educational schools at all levels of education and although they are fewer than boys in total school enrollment, efforts are underway to increase their number and length of stay in schools. Employment of women also is increasing in government offices, banks and private enterprises.

Young people taking an active part in their country and in the world. This is the final product—persons such as M. Moncef Shoura, Miles. Souad Koubaa and Fouzia Chtourou, who all work for the NPK Enghais fertilizer plant







In Sfax, Tunisia's second largest city and the economic center of the South, the credit assisted expansion of the Lycée Technique de Sfax. Other funds from the same credit helped build two large middle schools: one, the College Moyen et Secondaire de Grombalia, located in the principal town of the Cape Bon area, and the other at the important agricultural center of Medjez-el-Bab. These six schools made available space for an additional 4,000 students.

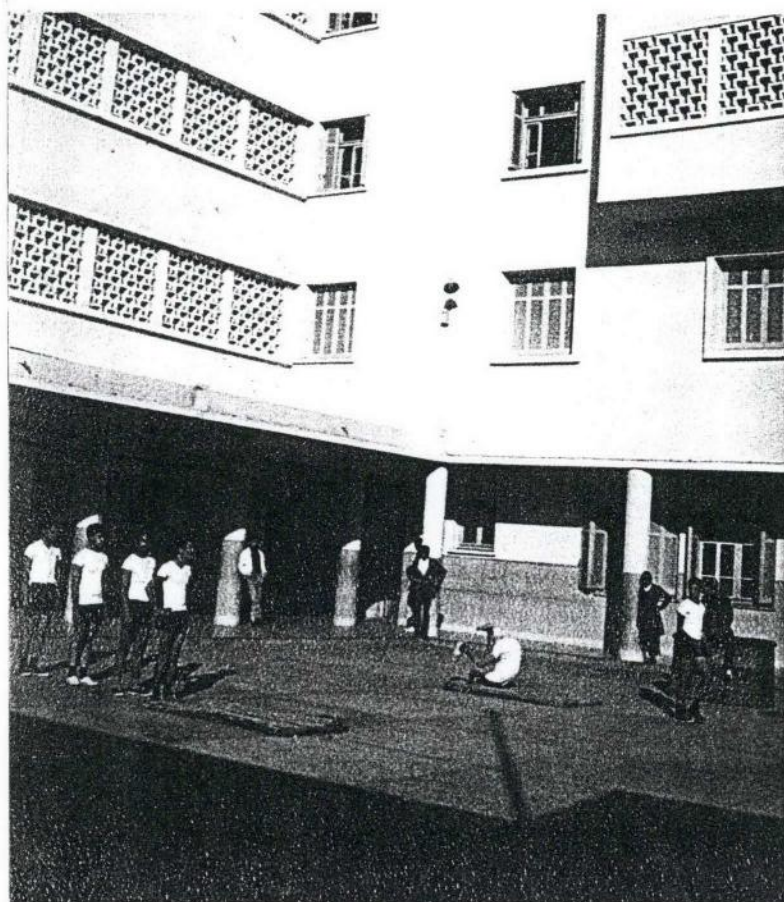
A second IDA credit, made in 1966, is assisting the secondary level education system to meet a trained manpower shortage. It is also helping prepare students for entry into universities. The project involves construction and equipping of 15 secondary schools, in addition to the purchase of equipment for 16 more secondary schools. This program will provide 19,700 new school places for students. The equipment for the 16 secondary schools will provide better training facilities for some 27,000 students.

The effects and benefits of this financial assistance are evident: Four young students being trained to be teachers at an IDA financed institution in Tunis; two prospective biology teachers hard at work in the same training center. The surroundings are conducive to learning; curriculum is varied.

Students wishing to be trained as primary school teachers in Tunisia receive a government grant throughout their training period. They take three years of general studies in secondary education plus an additional year of pedagogical training with supervised periods of practice teaching. On completion of the formal course, the trainee serves one probationary year of teaching during which he or she is subject to supervision and guidance from inspectors and professional colleagues. Appointment may be confirmed at the end of the year or, if additional training is deemed necessary, may be deferred for one or more probationary years.

One product of the teacher training effort is a slight, retiring 23 year old, M. Ben Salem, an instructor at the Lycee de Jeunes Filles Elomrane, outside Tunis. A graduate of Elomrane, M. Salem teaches weaving techniques.

Technical training of this sort is given high priority in Tunisia. To meet the needs of many young people who have not completed even a primary education, pre-apprenticeship courses of one year's duration have been established in centers throughout the country. The courses serve the dual purpose of providing basic knowledge of Arabic, French, workshop calculations, technical science,





At one textile factory, a young technician, H. Hamda Khechana, checks wool dyeing machinery. He received a diploma from the mechanics department at the Lycée Mixte de Kairouan, which also has received World Bank assistance. Industrial enterprise is concentrated in and around Tunis, which accounts for about 60% of all manufacturing activity. The remainder is distributed almost evenly between Sfax, Bizerte and Gabes. Most of Tunisia's industrial capacities are now publicly owned.

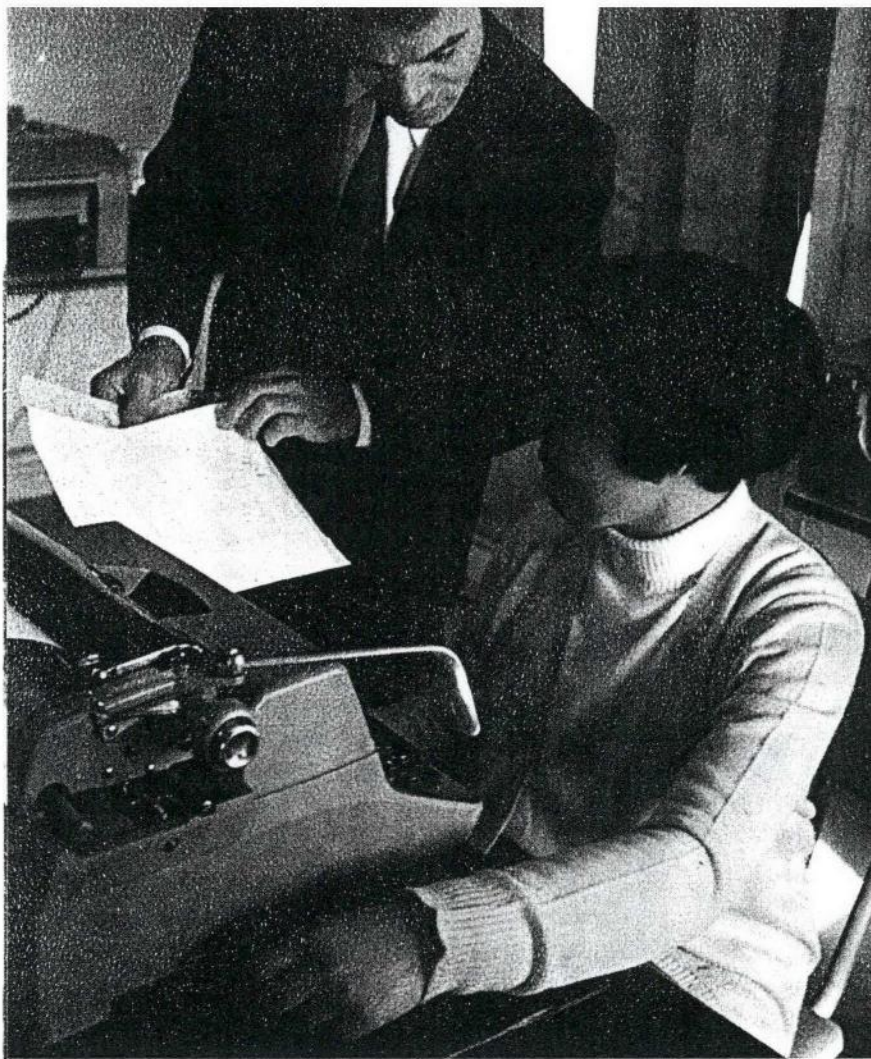
Two sisters, Mlle. Zakia and Mlle. Rebeia Sfasci, attended the Collège Moyen de Jeunes Filles Kairouan and are now involved as social workers in the upbringing of young children. Rebeia teaches baby care to teenagers in the mornings, then, by motorcycle, makes home visits to Bedouin families five or six miles outside town. One of the children in this family attends her school in the morning. This is a frequent routine—visiting the families of her students and following up the results of her health and child care courses. Zaki is a teacher at the Women's Association in the Madina in Kairouan.

At the kindergarten in the Madina in Kairouan, two graduates of the Lycée Mixte de Kairouan, instruct the very young generation. Mlle. Najet Runene completed three years of general study before joining the kindergarten; Mlle. Chebbi Bechira has been working in the kindergarten for eight years.

The cycle continues as the people progress, and the development of Tunisia proceeds.







at Sfax, a plant built with the financial assistance of the International Finance Corporation, a member of the World Bank Group.

M. Shoura is an accountant at the fertilizer plant and obtained his position after graduating from the Lycée Technique de Sfax. Mlle. Ohtourou is a secretary with NPK and was taught at Lycée de Jeunes Filles in Sfax where she obtained a diploma from the commercial studies program. Mlle. Koubaa attended the Lycée Technique de Sfax and started working in the laboratory of the fertilizer plant as a technician after a three months' training program at the factory. She already holds her Brevet Technique diploma, and is working toward a chemical engineering diploma.

The need for trained individuals such as Mlle. Koubaa will increase as Tunisia's economy changes. Principal objectives of the government's economic strategy are to accelerate growth of production, especially in the agricultural sector, and of exports; to increase employment and contain population growth; and to maintain financial stability in the economy. Tunisian manufacturing still consists predominantly of light industry producing consumer goods for the domestic market. Food processing, textiles, leather and woodworking contribute more than two-thirds to manufactured output.





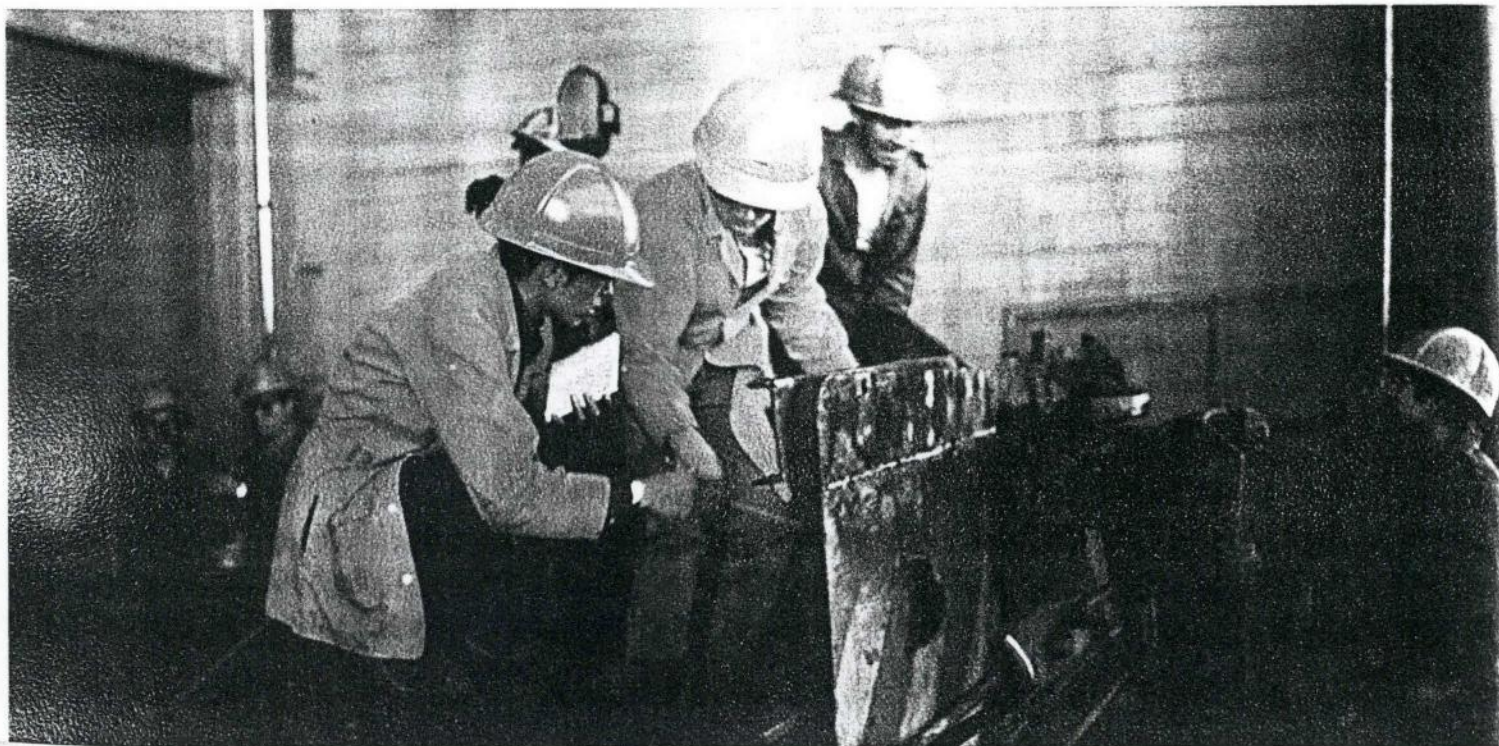
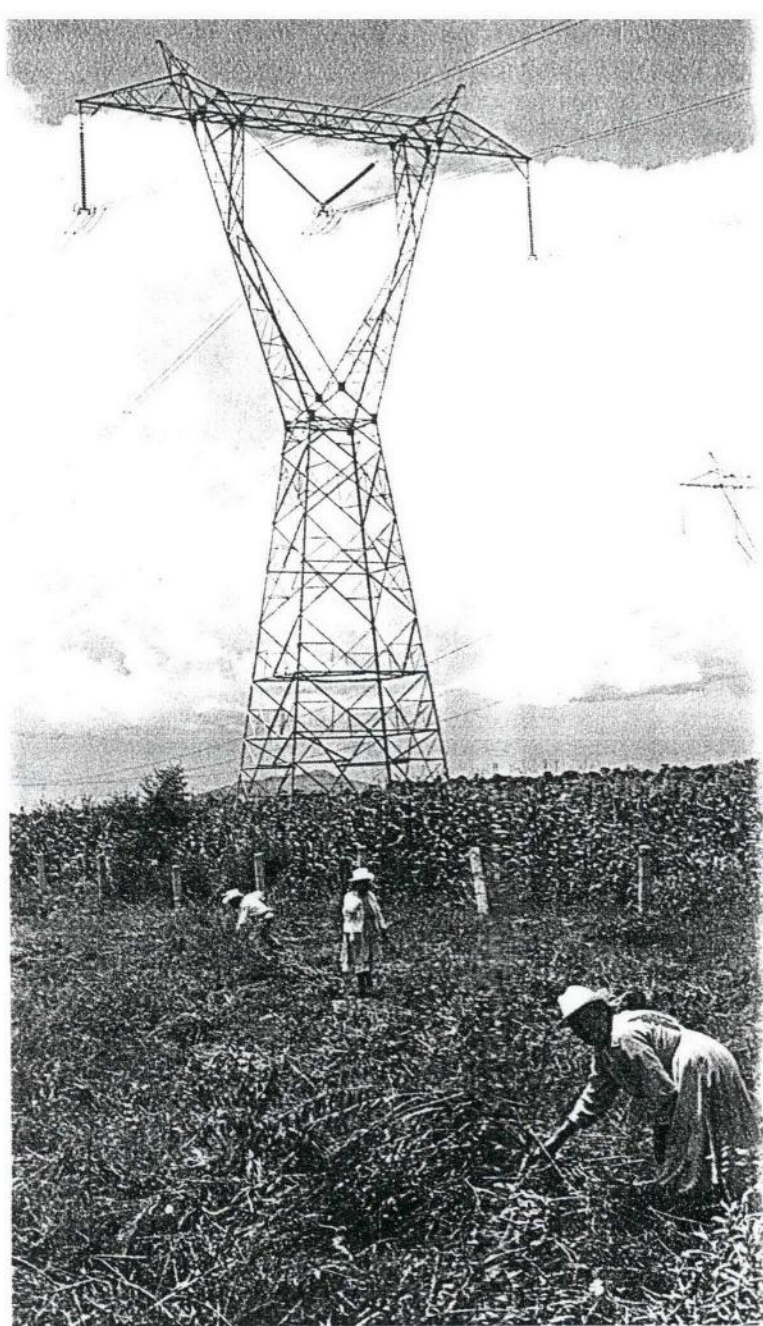
It was the stream of loans, rather than any single one, that helped create the opportunity for achieving important improvements such as these. Experience has demonstrated that continuity—in lending, in project development and supervision, in affecting needed policy changes—is critical for effective development of the power sector.

Investment in power facilities by the developing countries has been increasing at the rate of about 10% a year in the past and is expected to continue at a high rate. There is no reason to expect that power investment will, in the future, be any less than the one-sixth of total public investment that has been observed in the recent past.

In Mexico, for instance, energy sales have been increasing at a rate averaging 11% annually. Present expectations are that the economy will continue to grow at the same or even higher rates than in recent years, and that the need for energy will likewise continue to increase at least at the present 11% rate. Urban developments are totally electrified. Television, refrigeration and home appliances are now available to more and more Mexicans.

World Bank funds have been used to construct hydroelectric facilities such as the Malpaso plant. Thermo power plants have also been constructed in areas where power was in demand but hydroelectric resources were inadequate.

This surge of power is essential for the development of such heavy industrial and manufacturing plants as the Industria del Hierro steel works at Queretaro.





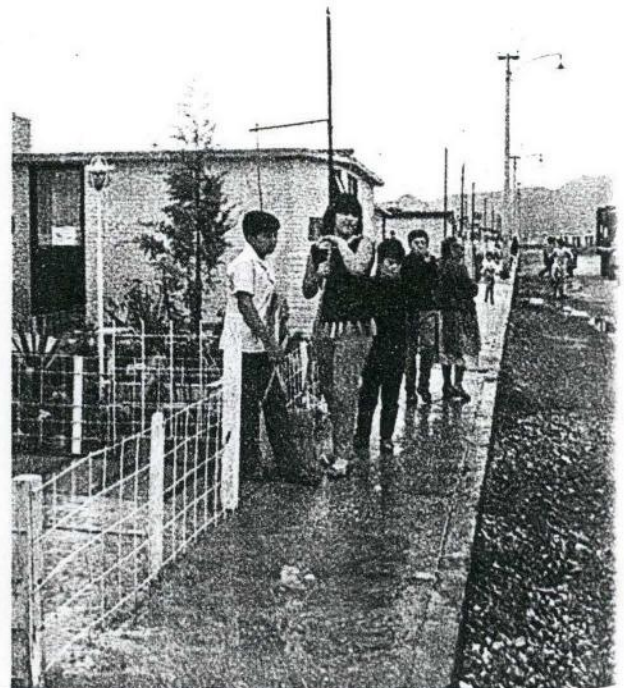
# Mexico Power

Electricity can be the adrenaline of development—a vital, energizing force that can help open up new economic opportunities for the people of developing lands. Where electricity flows there is not only light but important new forces for agricultural and industrial advance.

Mexico is one developing country that has recently experienced the catalytic effect of well-planned electricity supplies. Over the past two decades a highly fragmented and inefficient power sector has been transformed into a strong national network. This transformation has been aided by 10 World Bank loans totaling nearly \$580 million. The first loan, \$24.1 million, was signed in January 1949.

The Mexican economy has evolved rapidly from a primary production type, dependent on agriculture and mining, to a more diversified and sophisticated variety. Manufacturing is now the dominant economic sector. This dominance has been made possible by the provision and expansion of basic infrastructure facilities, the most important of which has been a growing supply of electric power.

A public agency, Comision Federal de Electricidad (CFE) is charged with the development of electric power in Mexico. It has received Bank assistance and has grown to the point where it now has begun to borrow internationally on its own credit. Tariffs have been unified and a consistent revenue policy introduced. Some progress has also been made towards standardizing the frequency of the power supply in Mexico's important central region.









# Afghanistan Agriculture

Gnarled hands of the land symbolize the dominant sector of the Afghanistan economy. Agriculture supports about 80% of Afghanistan's 14 million people. Effective development of the country depends on improvement of the agricultural sector. The World Bank Group is assisting Afghanistan in its pursuit of this essential objective.

The challenges are varied and formidable and progress is slow. The chief agricultural challenge, perhaps, is to develop reliable and adequate supplies of water. Most of the country's agriculture depends on irrigation. Existing irrigation systems are not capable of serving as the basis for modern, year round cultivation. This is why a central element in the country's agricultural development strategy is to rehabilitate and improve irrigation facilities. To help accomplish this is the objective of an International Development Association credit of \$5 million, approved in June, 1971. It will help finance the first phase of a program for modernizing the irrigation system in the Khanabad valley of Kunduz province, one of the most fertile areas in Afghanistan. Major

benefit of the project will be a substantial increase in crop production, resulting from improved water control. Rural incomes will be improved as a result.

Another IDA credit of \$5 million, approved in 1970, is assisting Afghanistan agriculture in a different way. The funds are being used to help finance a three-year lending program of the Agricultural Development Bank of Afghanistan (AGBANK), the main institutional source of agricultural credit. AGBANK provides medium and long-term loans to farmers for the purchase of farm equipment, including tractors and pump-sets, and for the improvement of small irrigation systems. Technical assistance is also being provided under the project to help improve AGBANK's lending techniques and to increase the effectiveness of the Ministry of Agriculture and Irrigation (MAI), which is providing technical and extension services to farmers. As a result of the program, farmers' incomes are expected to rise from increased production of staple foods and cotton. Increased annual production is estimated at \$12 million.

**Lending for Agriculture, Forestry and Fishing**  
(US\$ Millions)

	BANK LOANS		IDA CREDITS		TOTAL	
	No.	Amount	No.	Amount	No.	Amount
AFRICA	26	\$ 203.9	30	\$158.7	56	\$ 362.6
ASIA & MIDDLE EAST	33	565.7	44	586.7	77	1,152.4
OCEANIA	5	—	2	6.5	7	6.5
EUROPE	18	199.5	4	51.4	22	250.9
WESTERN HEMISPHERE	50	528.3	11	46.9	61	575.2
TOTALS	132	1,497.4	91	850.2	223	2,347.7



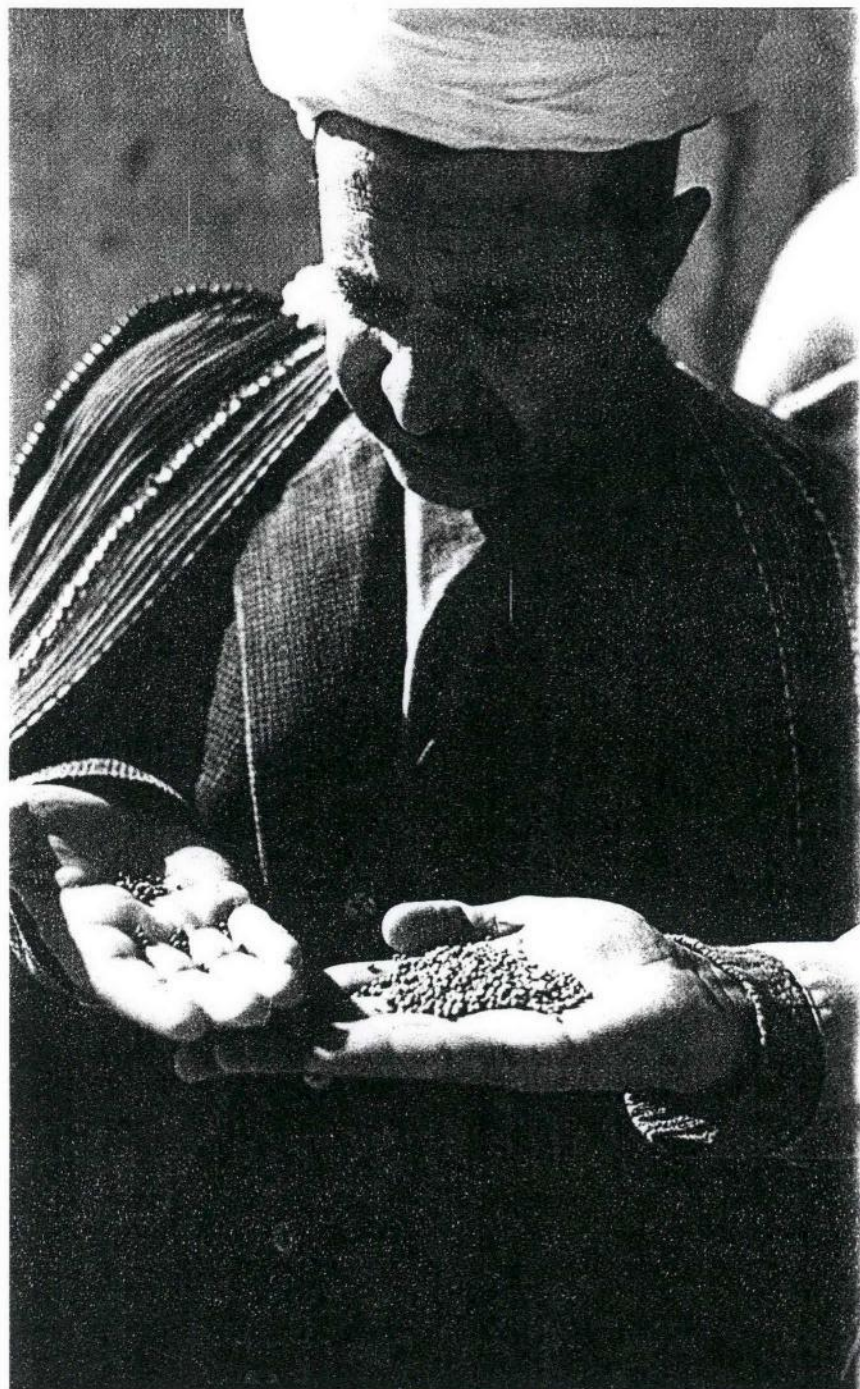
It is the people who will ultimately benefit. The money made available to the Government of Afghanistan is designed to improve their living and social conditions. One who is being helped is M. Abdul Kayum, a farmer. He and his wife, Zarghona, and a young son, Juma, sit each evening before sundown and drink tea.

M. Kayum was not always a progressive farmer. Some years ago he resisted the introduction of an improved wheat variety, despite the fact that wheat was his main crop. Now he sows it over a considerable area. And his farm land is being used as a demonstration area for all nearby farmers.

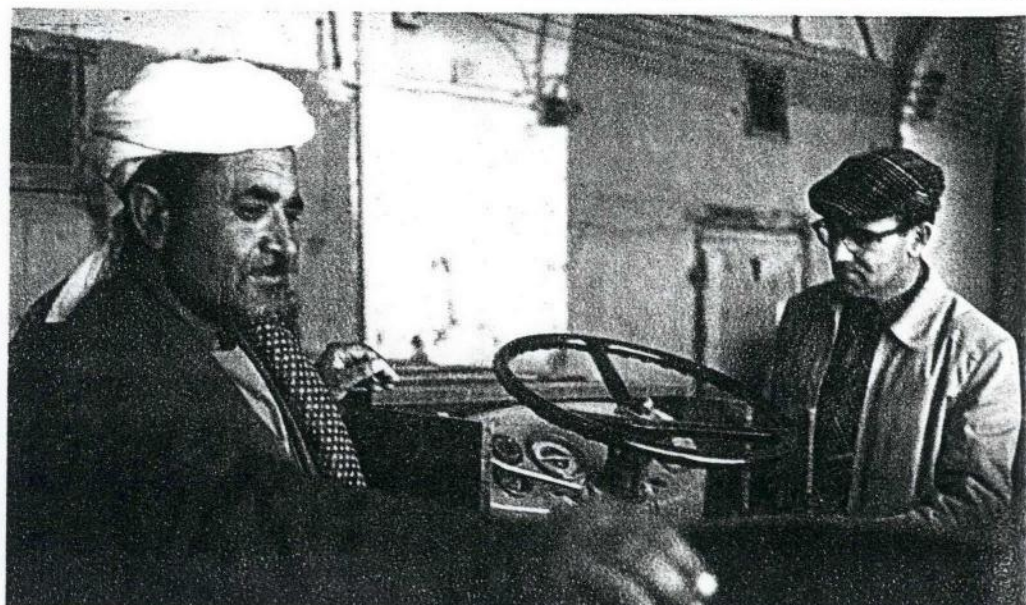
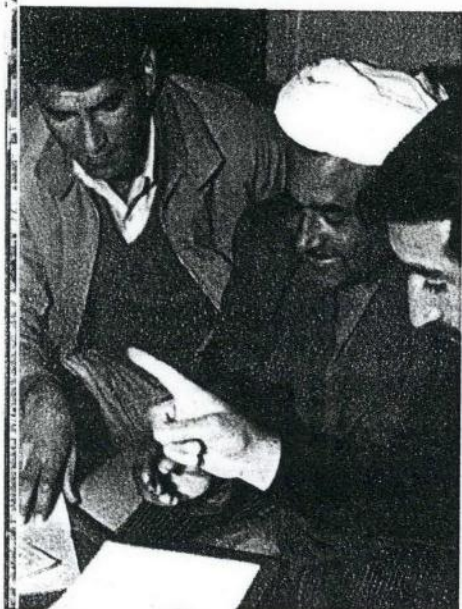
A special farmer's advisory committee has also played an important role in M. Kayum's becoming a progressive farmer. This committee was established in the spring of 1970. It is associated with a finance agency of the Agricultural Development Bank of Afghanistan (AFA). As a member of this committee, M. Kayum can share his problems, needs and ideas with other farmers. At the same time, the Bank provides the means to supply modern agricultural practices. Through the Bank and the committee, M. Kayum and his fellow farmers can see the need for modern agricultural techniques and, simultaneously, get access to the fertilizers, improved seeds and the machines necessary for good farming.

M. Kayum is an agent of change. He has taken advantage of new credit being made available to farmers to buy equipment. He was one of the first Afghan farmers to apply for credit to purchase a new tractor. He discusses the tractor's potential with an agricultural credit advisor.

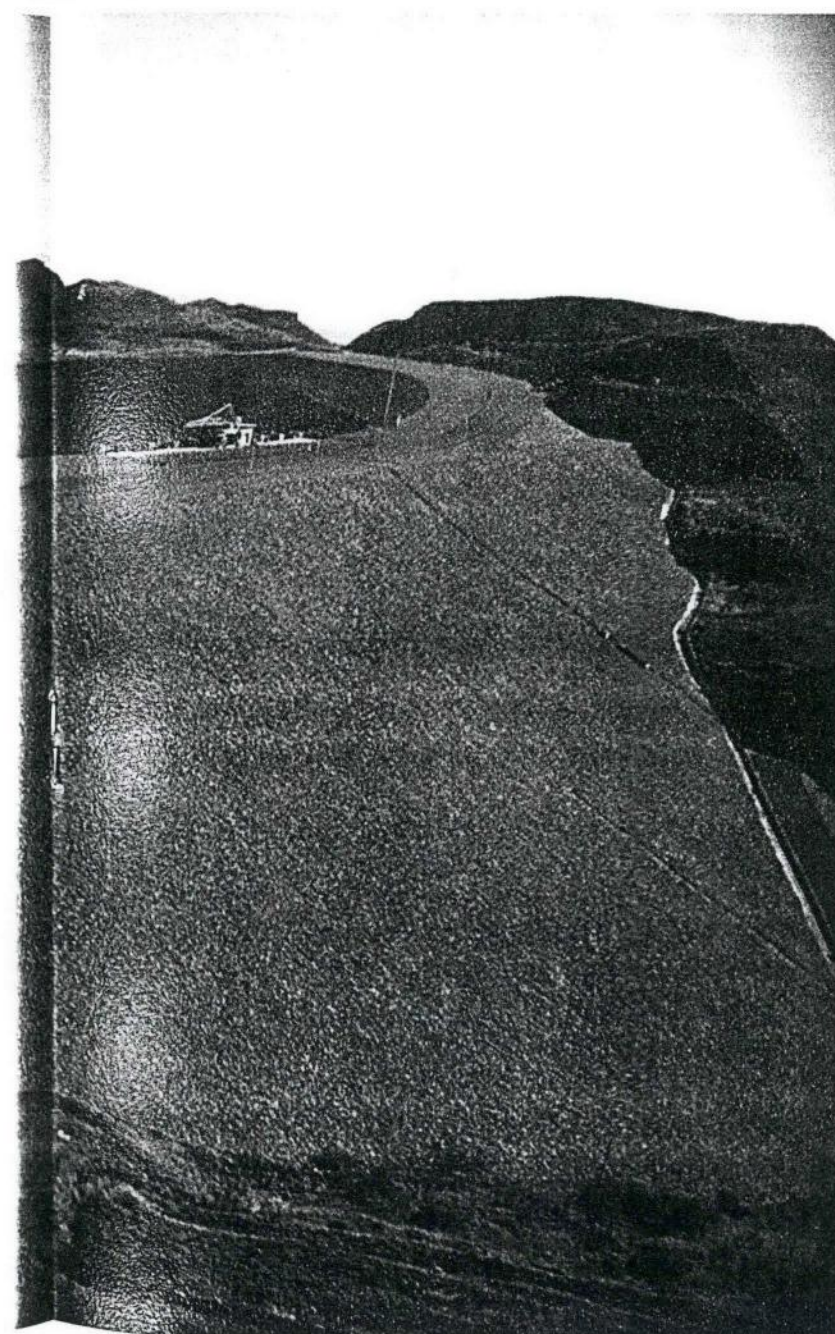
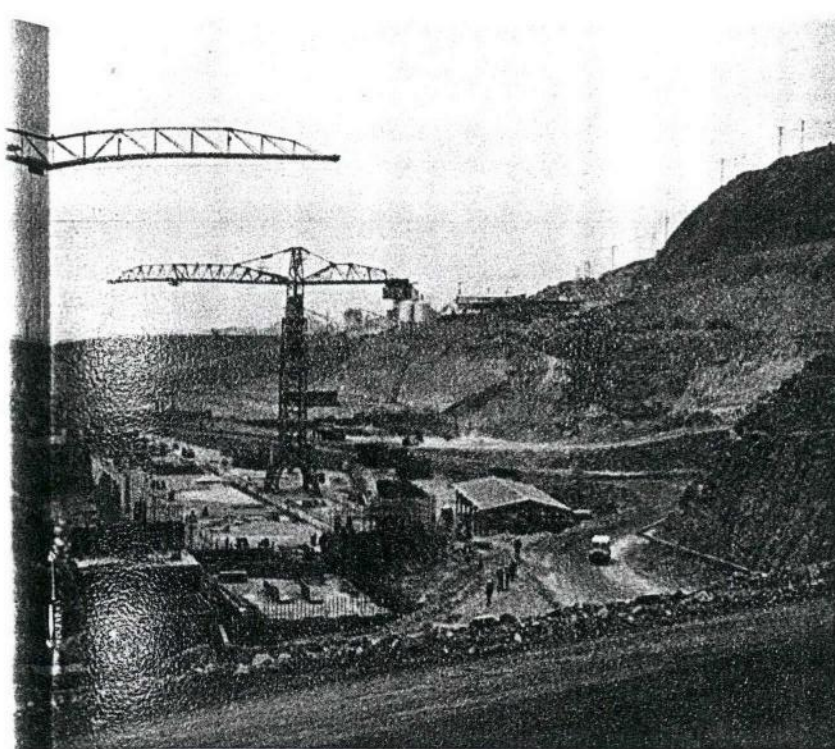
M. Kayum also wants fertilizer for his farm. He pays for part of the cost now, but will pay for the remainder after the sale of his crops in the autumn.











# Indus Waters Development

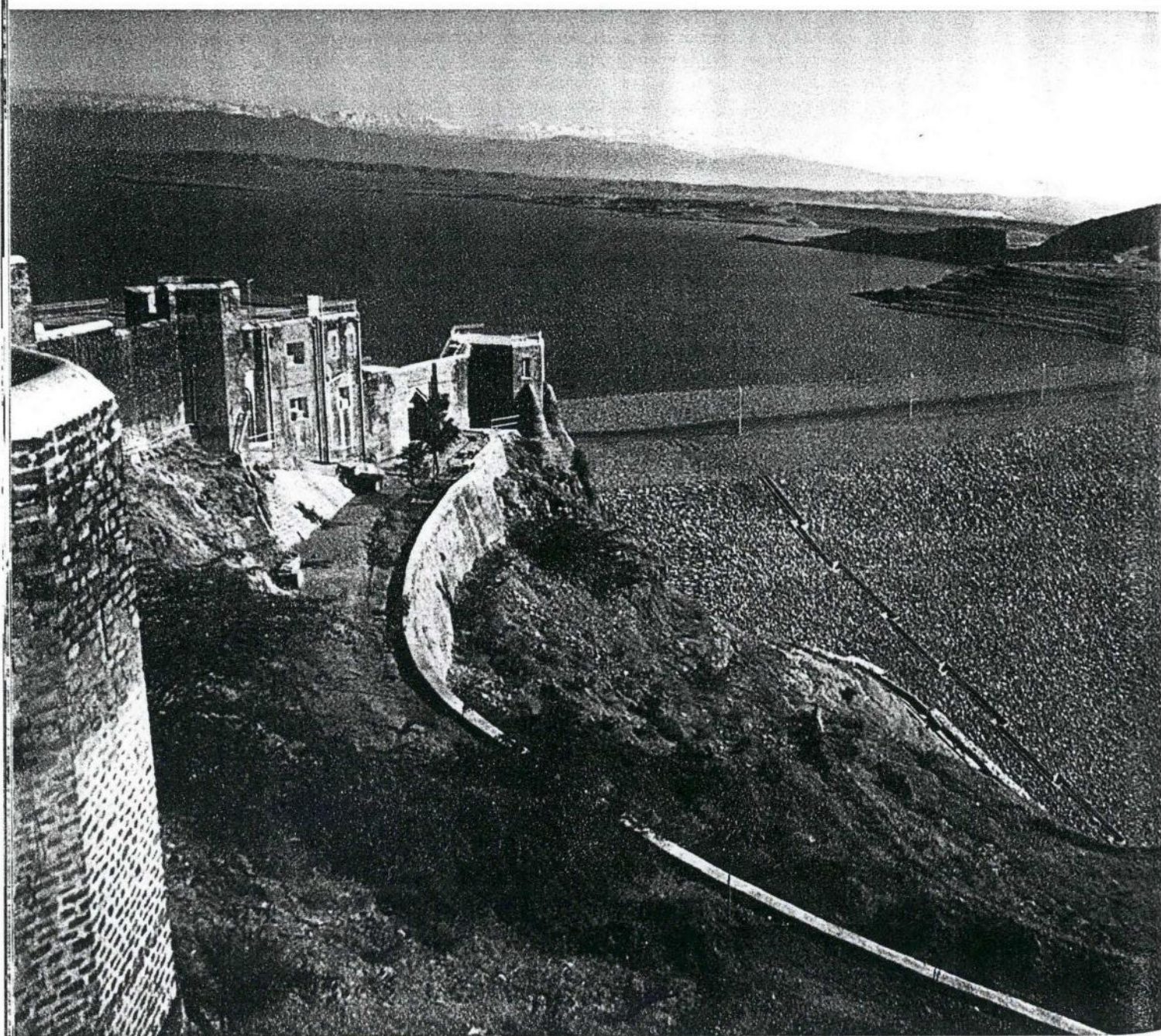
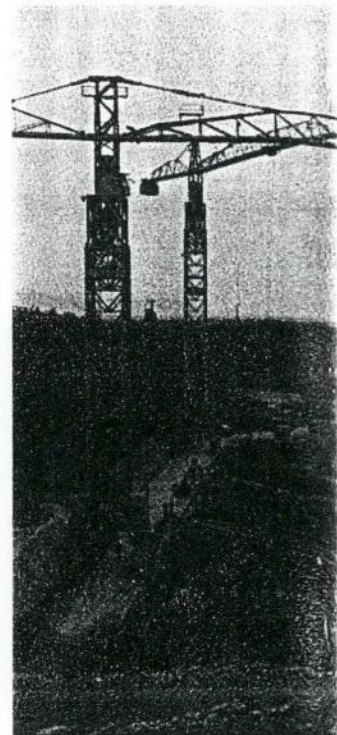
The story of the Indus Basin in West Pakistan is the story of water. Virtually all the large river basins of the world have at least one thing in common—too much water in certain periods and never enough at another. But men are changing this feast-famine cycle by building gigantic structures like the Tarbela Dam (under construction) on the Indus River, the Mangla Dam (completed) on the Jhelum River, and man-made lakes and rivers with a web of "link" canals.

When the partition line between India and Pakistan was drawn in 1947, it cut across the Indus system, one of the greatest water networks in the world, one that supports more than 50 million people in West Pakistan. The sharing of water from the Indus and its five tributaries caused serious friction between the two countries. But after long and complicated negotiations conducted under the auspices of the World Bank, a treaty was signed in 1960—the Indus Waters Treaty.

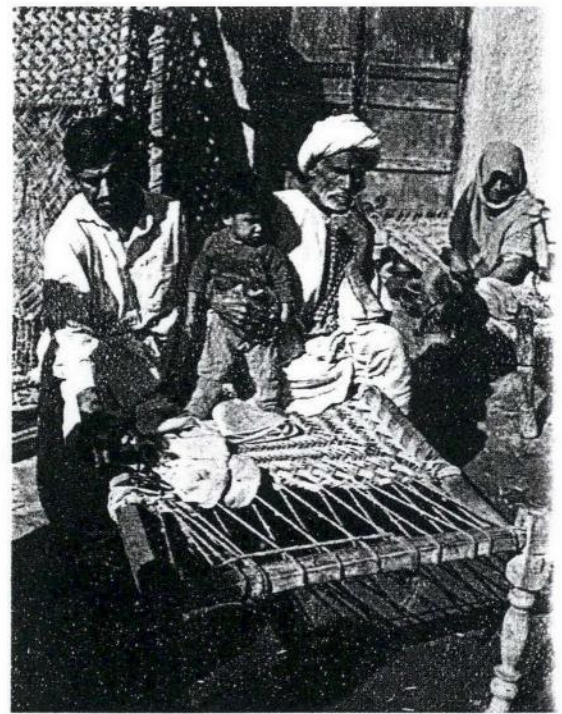
The engineering concept behind the treaty involved creation of an enormous system of "link" canals for transferring water from the Indus, Jhelum and Chenab Rivers to meet the irrigation requirements of the eastern portions of West Pakistan, which had previously been served by the Beas, Ravi and Sutlej Rivers. Waters of the latter three rivers were allocated to India.

To provide funds for this mammoth operation, the Indus Basin Development Fund was established. The Governments of Australia, Canada, New Zealand, Germany, the United Kingdom, the United States and Pakistan, together with the World Bank, agreed to commit a total of \$895 million, including a payment by India under the Indus Waters Treaty.











As work got underway, it became evident that additional funds would be needed. In 1964, a supplementary fund totalling \$315 million in foreign exchange was made available by the parties to the 1960 Agreement, with Pakistan agreeing to meet the local costs in Pakistan rupees. Of this total, the World Bank Group, through the International Development Association, provided about \$58 million.

The Mangla Dam made possible the provision of hydroelectric power potential of between 800 to 1,000 megawatts. The initial installation of 300 megawatts increased the capacity of West Pakistan's northern grid by 50 percent. The final cost of the Mangla Dam together with canals, barrages and other related work will be about \$1,250 million.

The Tarbela project grew out of a special World Bank study completed in 1967. The study endorsed the high priority of the Tarbela project and presented a comprehensive program for the efficient utilization of West Pakistan water and power resources.

In May 1968, six countries of the World Bank Group—Canada, France, Italy, Pakistan, the United Kingdom, and the United States—provided funds to get the project started.

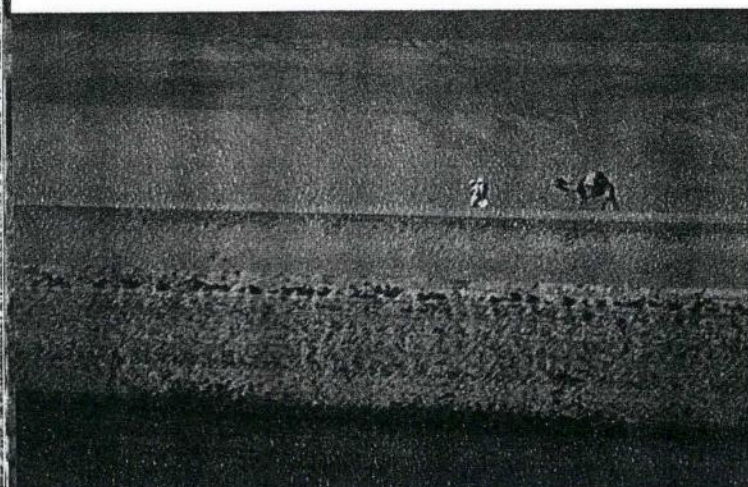
Pakistan agreed to meet all the local currency requirements. The Tarbela Dam, filled with earth and rock, will be the largest of its kind in the world. It will cost an estimated \$827 million. Its completion is a keystone in the comprehensive program for meeting West Pakistan's need for additional irrigation water and electric power. The Tarbela reservoir will store sufficient water and increase the winter river flow of the Indus by one-third in an average year, and in a dry year by about one-half. Tarbela will also provide over a quarter of the total electric power required by West Pakistan in the decade 1975-1985.

Some of the effects of this concerted effort are already obvious. Small farmers have access to adequate water supplies. Agricultural potential is vastly improved. Problems of waterlogging and salinity in the soil are being combatted.

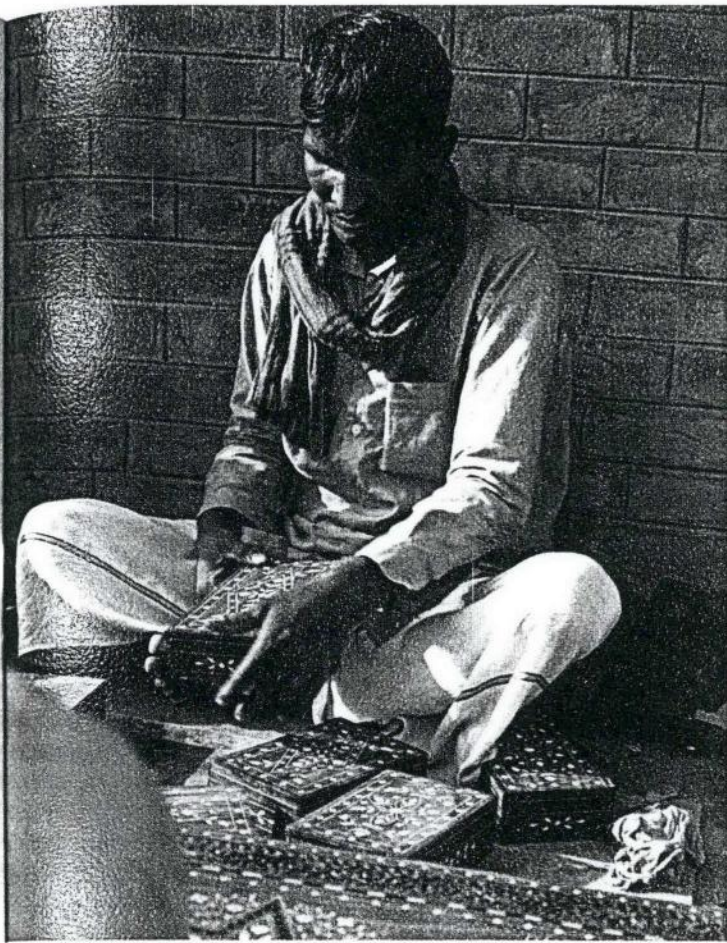
The Indus Basin is not entirely agricultural, however. The area has many industrialized centers. The World Bank Group has actively supported private enterprises in the region by helping to finance the activities of the Pakistan Industrial Credit and Investment Corporation (PICIC). PICIC has received support from both

#### Lending for Water Systems (US\$ Millions)

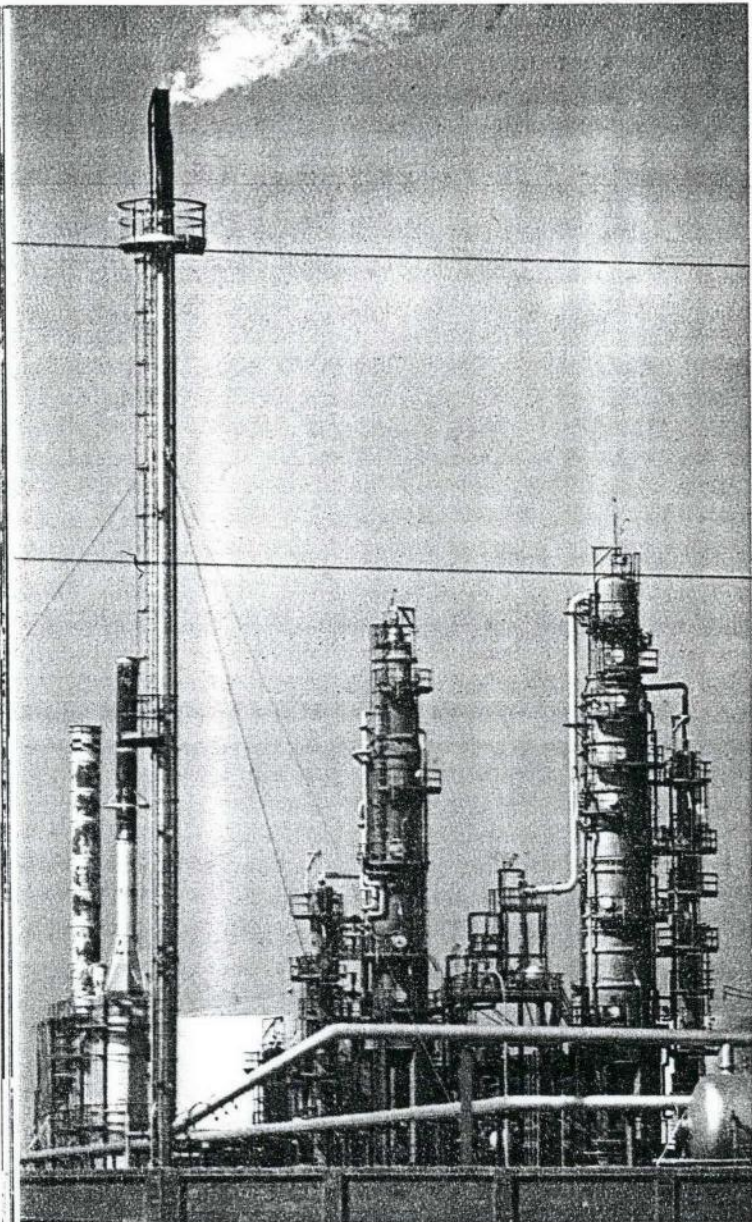
	BANK LOANS	IDA CREDITS	TOTAL
	Amount	Amount	Amount
AFRICA	\$ 28.3	\$18.1	\$ 46.4
ASIA & MIDDLE EAST	44.0	29.9	73.9
OCEANIA	—	—	—
EUROPE	23.7	—	23.7
WESTERN HEMISPHERE	181.7	3.0	184.7
TOTALS	277.7	51.0	328.7









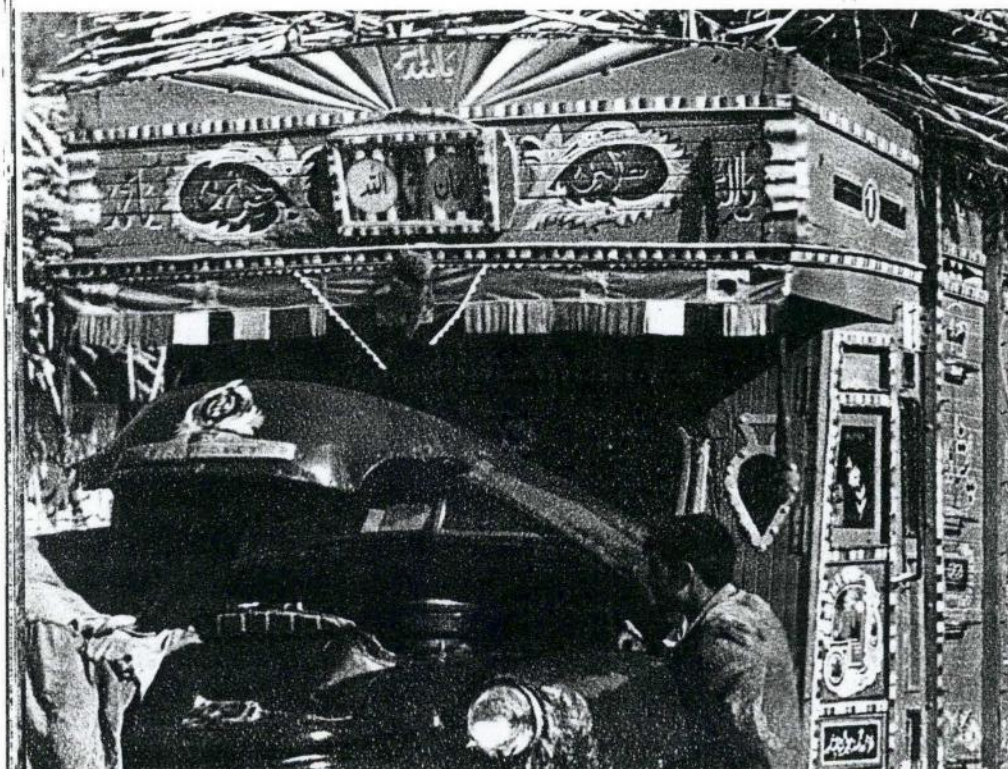


the World Bank and the International Finance Corporation (IFC). PICIC's operations are varied, but relate mostly to small private industrial ventures.

The Pakistan Paper Corporation has been assisted by PICIC, and by an IFC investment. At this plant, trucks bring in sugarcane which is grown abundantly in the area. The cane is first processed for sugar. The waste material, bagasse, is then processed for the manufacture of paper. Sugar is now becoming more plentiful and the industry is expanding—more raw material is being made available for the manufacture of paper while the need for importing paper diminishes.

Local craftsmanship is encouraged by financial support and the products become valuable export commodities. Craftsmen turn out such products as polished in-laid boxes that are sought after throughout the world, and intricately woven carpets that ultimately adorn floors in homes in Europe and America.

In these and other ways, a World Bank loan, an IFC investment or an IDA credit filter down to the people of a country, helping them attain a better standard of living.





# Ethiopian Highways

To a developing society, a road can be a highly beneficial development with widespread impact: A crop can reach a factory or market; an extension officer can get around more quickly and easily; men can get to work farther afield; crops can be collected and preserved in central storage instead of being eaten by pests; traders can reach villages, both to buy crops and to offer for sale needed services and goods. But not only physical factors are involved. A road can help change attitudes, aspirations. And this change provides an essential motive force behind development.

Ethiopia has seen such change. Over the last two decades, nearly 4,000 miles of highway have been repaired, extended, maintained. The results have been startling. Highway traffic has increased 50 percent and road and rail freight rates have dropped sharply. This, in turn, has helped spur the country's export trade, particularly in coffee and oilseed.

The story of the overhaul and expansion of Ethiopia's highway grid actually began in 1950 when government officials concluded that a more adequate road system was absolutely

vital to the country's future development. The World Bank loaned \$5 million towards the achievement of this objective. Again in 1957, the World Bank loaned Ethiopia \$15 million to help improve parts of the existing highway network and to construct six new roads with a total length of more than 500 miles. These were the first new roads to be built in Ethiopia since the end of World War II.

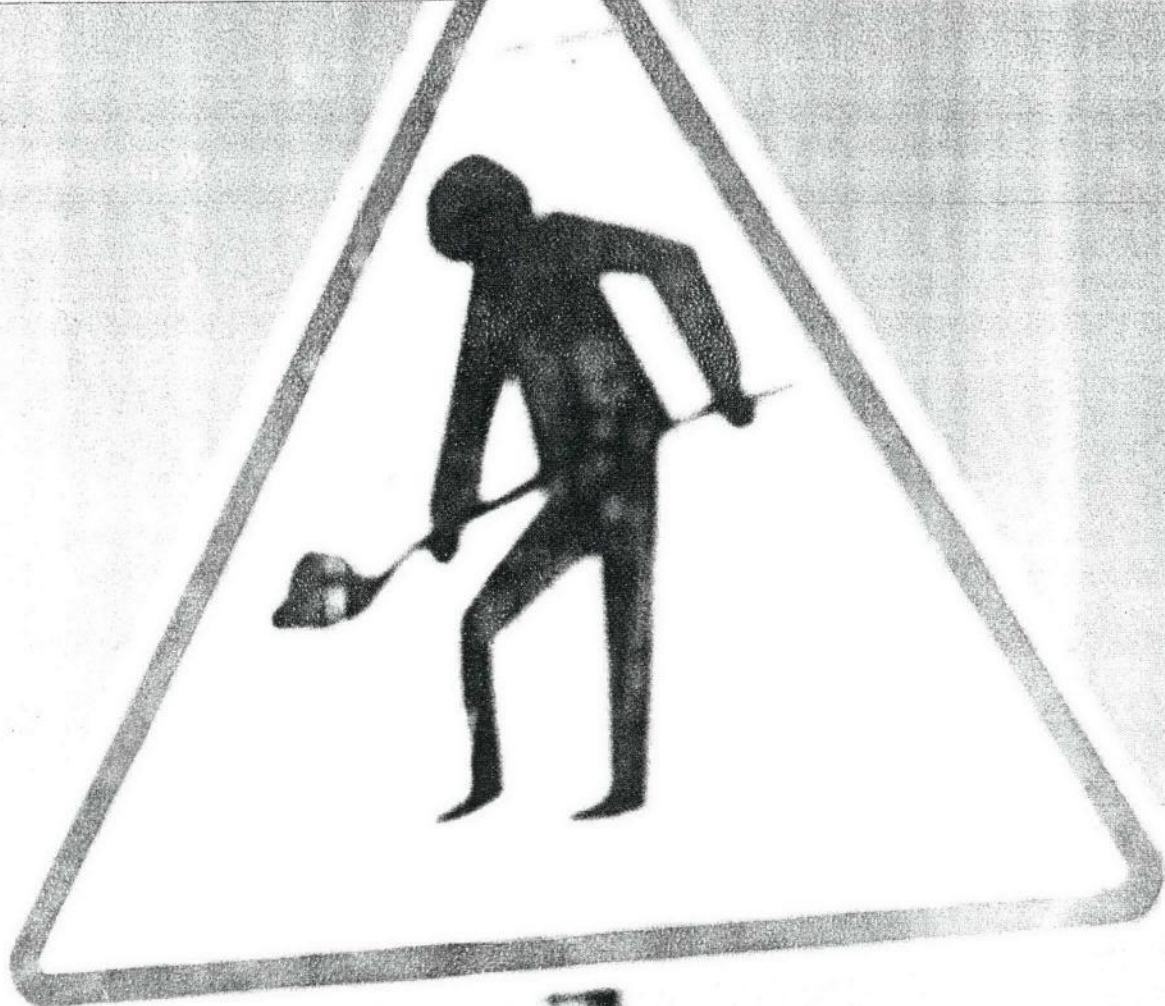
Funds also were allocated for the survey and design of an additional 625 miles of new highway and for plans that would stimulate a long-range, orderly development of the entire road system. Money also was set aside to train Ethiopian highway personnel, and to build up the Imperial Highway Authority to maintain, construct and administer the growing highway network. An International Development Association (IDA) credit of \$13.5 million in 1963 contributed to the expansion of the road network and to the strengthening of the Highway Authority.

The effects of the new roads were felt almost immediately. Regions with high potential for agricultural development became accessible. The first easy access was provided throughout

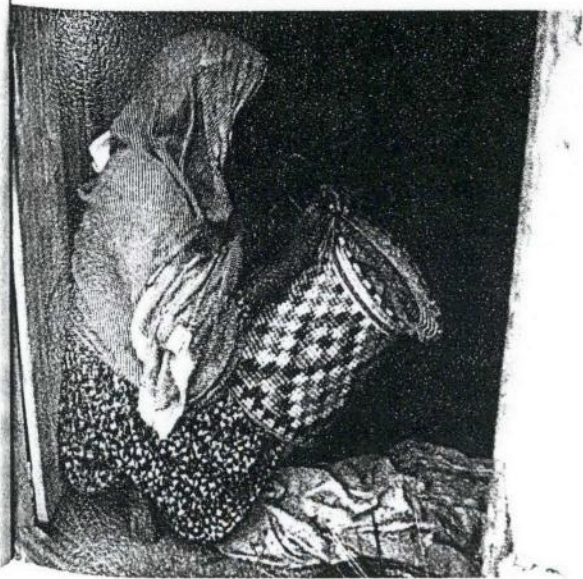
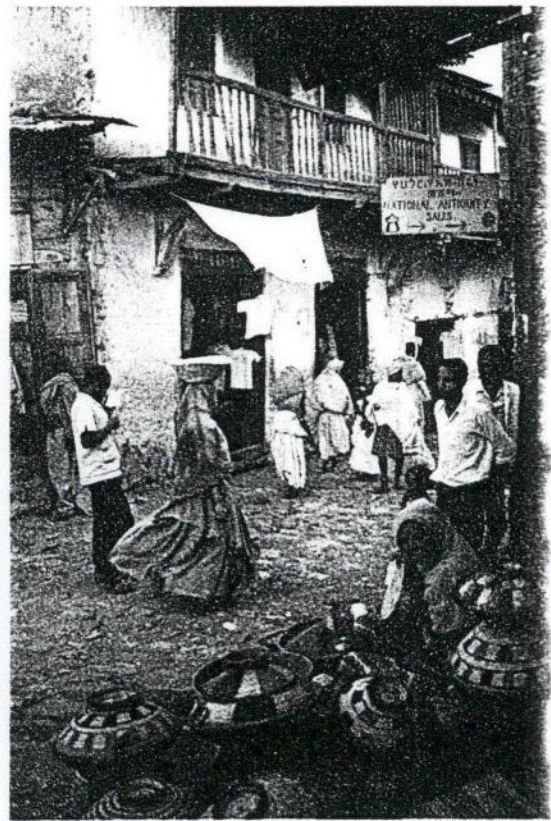
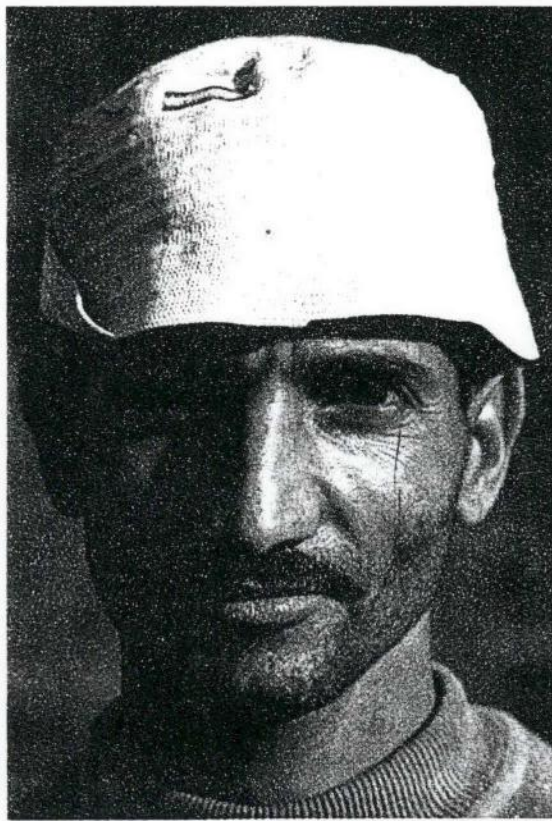
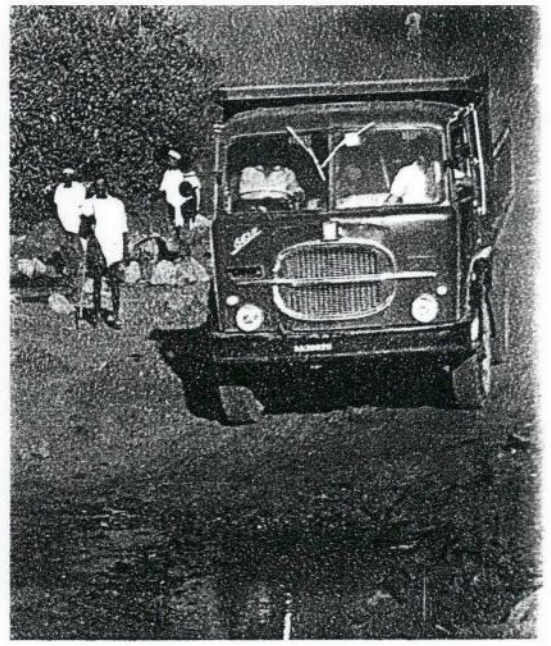
**Lending for Transportation**  
(US\$ Millions)

	BANK LOANS	IDA CREDITS	TOTAL
	Amount	Amount	Amount
AFRICA	\$ 977.2	\$300.7	\$1,277.9
ASIA & MIDDLE EAST	1,842.2	536.0	2,378.2
OCEANIA	89.3	4.5	93.8
EUROPE	727.7	—	727.7
WESTERN HEMISPHERE	1,322.0	77.3	1,399.3
TOTALS	4,958.3	918.5	5,876.9

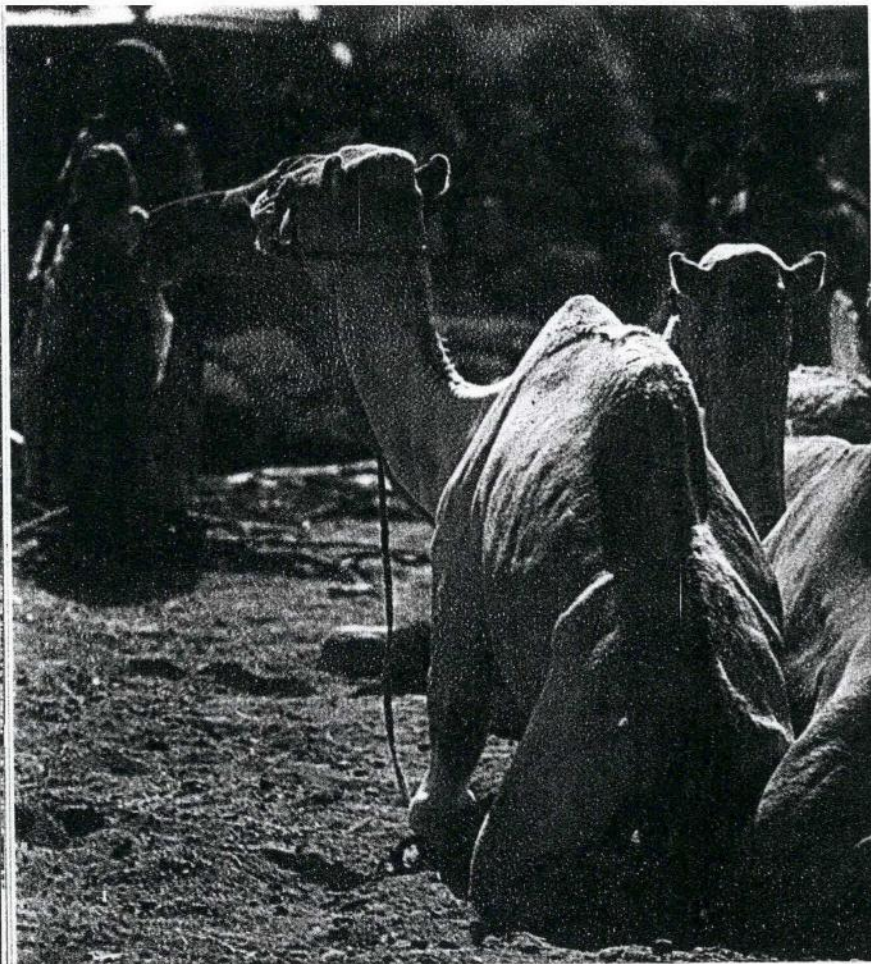












the year to heavily populated areas which previously could only be reached during the dry season . . . and even then with great difficulty.

Three of the new roads branching out from Jimma opened up the center of Ethiopia's coffee-harvesting area. This is a region where coffee is believed to have originated and where it still grows wild. At the time of the loan, only a small fraction of the coffee crop was picked because of the difficulty of transporting it to market. This is changed now. Another road, north from Addis Ababa toward Lake Tana, the source of the Blue Nile, has opened up a densely populated area suitable for expanding production of oilseeds, grain, cotton, and livestock, as well as coffee.

It is estimated that this phase of the highway contributed to a production increase of cash crops amounting to about \$25 million annually. The improved highway system also assisted government administration and better communications in local industries and trade.

The World Bank, IDA and the Government of Sweden in 1968 provided \$27 million for the next phase of the highway development program. This phase, still underway, calls for the construction of new roads, an improvement of the surface of existing roads, feasibility studies and review of designs of high-priority roads. Technical assistance is also provided for additional training and to strengthen the organization and operations of the Imperial Highway Authority.

This well-planned continuing program is now in its twenty-first year. It is helping to raise the standards of living and is offering economic independence to the people. Looking at the roads and the people who live alongside, the effect is apparent.

At the end of a new road a red, dusty track now stretches. Soon it will be extended, built up, capped with asphalt.

The picturesque town of Harar is situated at the end of a road financed by the World Bank Group. It is becoming one of the tourist attractions of Ethiopia. The people are of the Adere tribe and produce beautiful handicraft work, much sought after by tourists.

Colorful baskets abound in the town, as well as interesting signs designed to entice the visitor to purchase pieces of "National Antiquity" or to acquire the very latest sartorial cloth made in Ethiopia.

New roads are constructed with modern road building equipment from overseas. And the men operating it are Ethiopians, executing their own plans, with the assistance of the World Bank Group, and financial assistance from individual countries.

Ethiopia's road network totals about 23,400 kilometers (14,508 miles). Of this about 7,800 kilometers (4,836 miles) are all-weather roads and the rest are trails and dry-weather roads. Road transport is heavily concentrated on the network radiating from the two largest cities—Addis Ababa, the capital, and Asmara, while the most heavily used long distance road



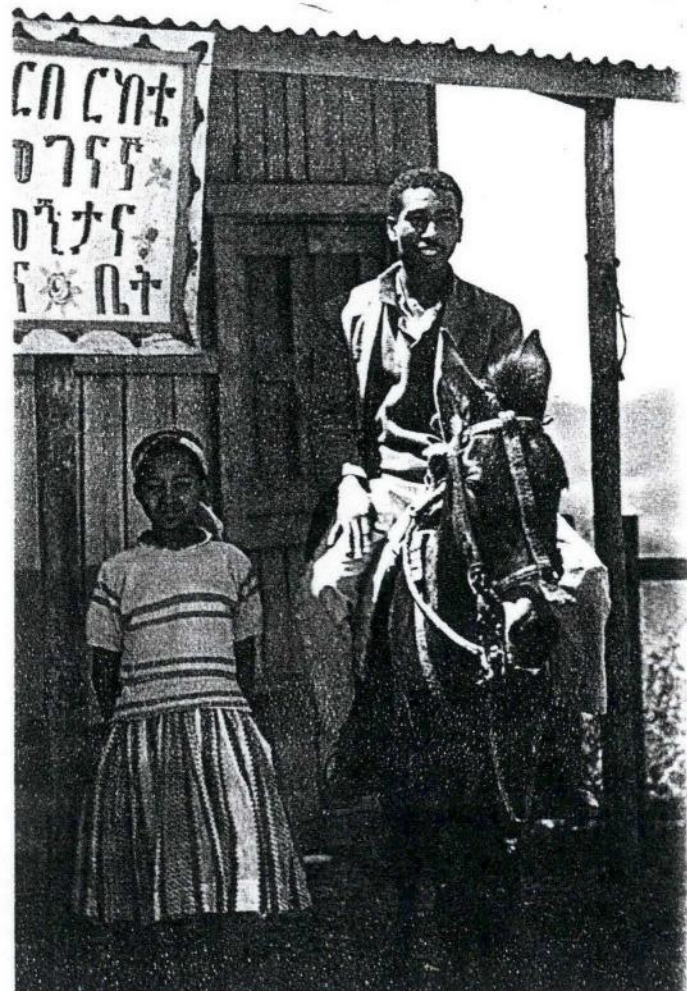
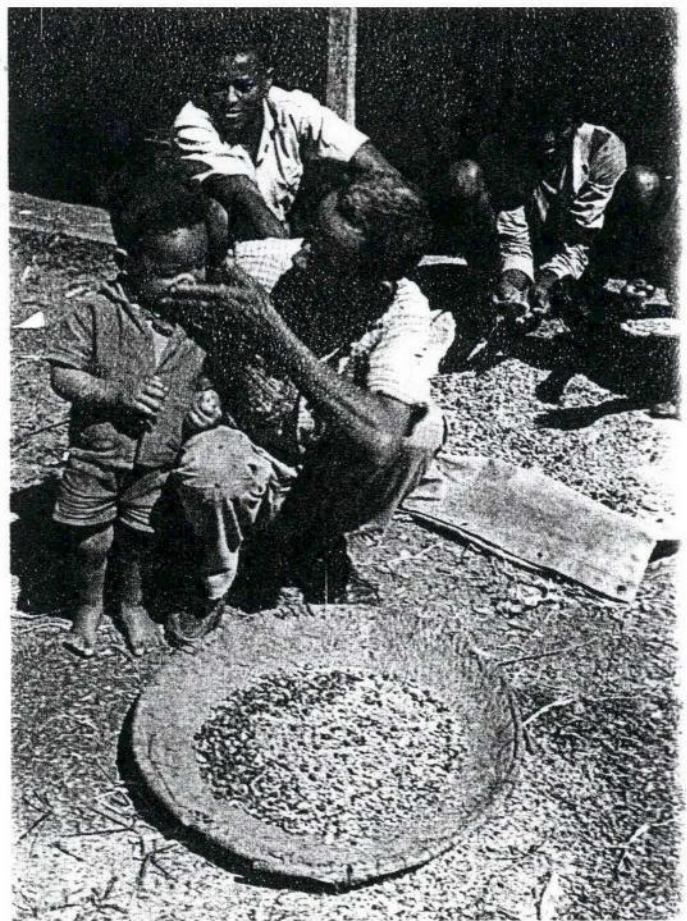


route is the 860 kilometer (533.2 miles) road between the capital and the new port of Assab. The Imperial Highway Authority is responsible for the all-weather roads; local governments operate the rest.

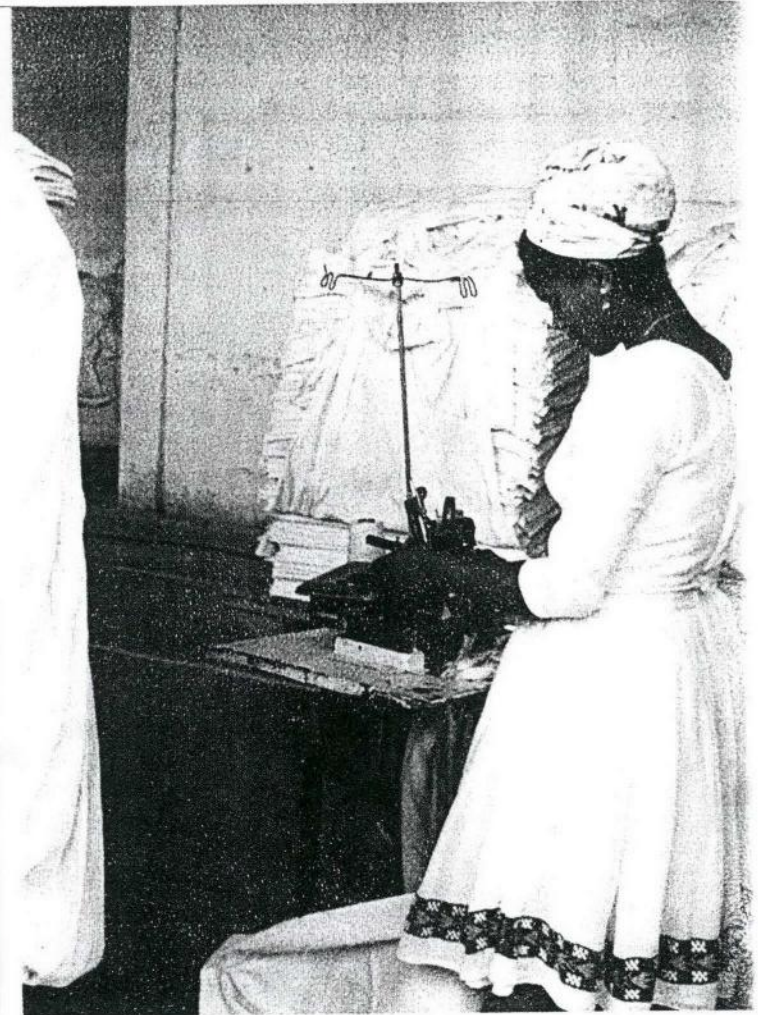
The coffee industry has perhaps benefited most from the development of the highway system. Ato Gobena Dubrasha is a typical beneficiary. He is a former machinist-grader who worked for three years on highway construction outside Agaro. He earned about \$6.00 Eth. a day and with his savings bought a piece of land along the road he helped construct. Then he built a comfortable house. He now raises coffee on the land and sells it to a middle man, who comes along the road buying coffee from individual farmers.

Ato Ingida Aseaw owns a roadside store on the Asbe-Teferi road. It is a prosperous business, selling a variety of hard and soft goods. He also owns a farm nearby where he grows beans. With the new road, he can send these by truck to the market at Dire Dawa.

Because of the new roads, agricultural products are moving much faster than in the past and there is a considerable expansion in the production of food grains and cotton. Dire Dawa has developed into a center of the cotton industry. With financial assistance from the International Finance Corporation, a member of the World Bank Group, the Ethiopian Cotton Company processes cotton and produces finished thread and cloth.













# Philippine Industries

A central element in any overall development strategy is to help plant and nurture industrial organisms—the companies and enterprises that manufacture and sell the products which a higher standard of living demands. The World Bank Group assists this process in a variety of ways.

The World Bank and its soft loan affiliate, the International Development Association, lend to private industries, provided the government of the country involved guarantees the loan. Frequently, such loans are made to local development finance companies, again with government guarantees, and this money is lent to private enterprises. The Bank's other affiliate, the International Finance Corporation (IFC), can invest directly in an enterprise—without government guarantee—if it considers that the enterprise will contribute to the economic development of the country.

A combination of these lending techniques has worked well in the Philippines. In 1963, the Private Development Corporation of the Philippines (PDCP) was established with the assistance of the World Bank and IFC. The latter helped explore the feasibility of such a corporation and assisted members of the Philippine business community to organize it. Besides the first World Bank loan of \$15 million

to PDCP, \$205,000 of share capital was provided by IFC. In addition, overseas participants contributed to the capital structure of the Corporation. These participants included 14 U.S. investment and banking institutions, two British banks, a German bank and a Japanese bank. The United States Agency for International Development also made loan capital available to the Corporation.

The PDCP, privately owned and managed, now finances private enterprises throughout the Philippines. It makes medium and long-term loans, provides underwriting facilities and invests in the equity of industrial enterprises.

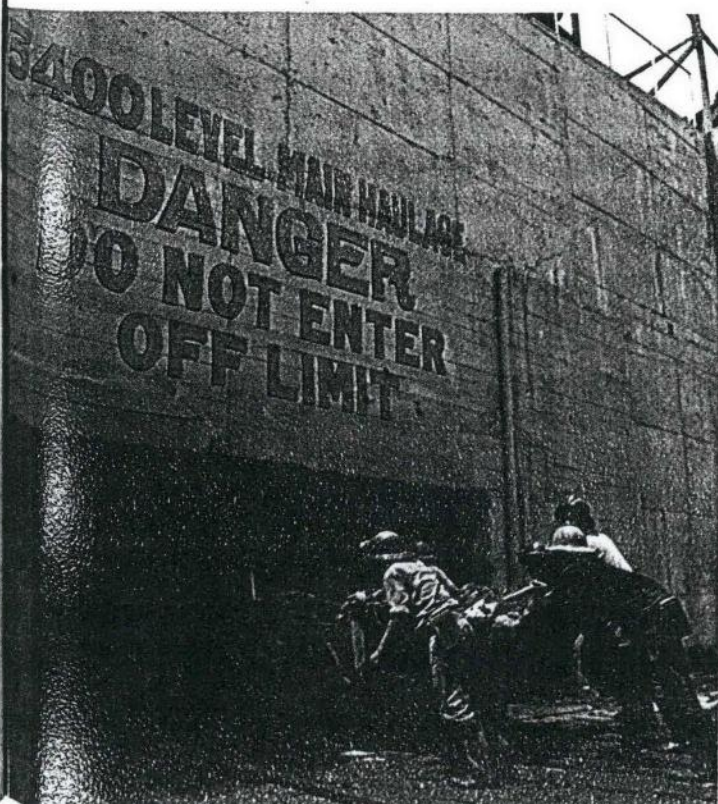
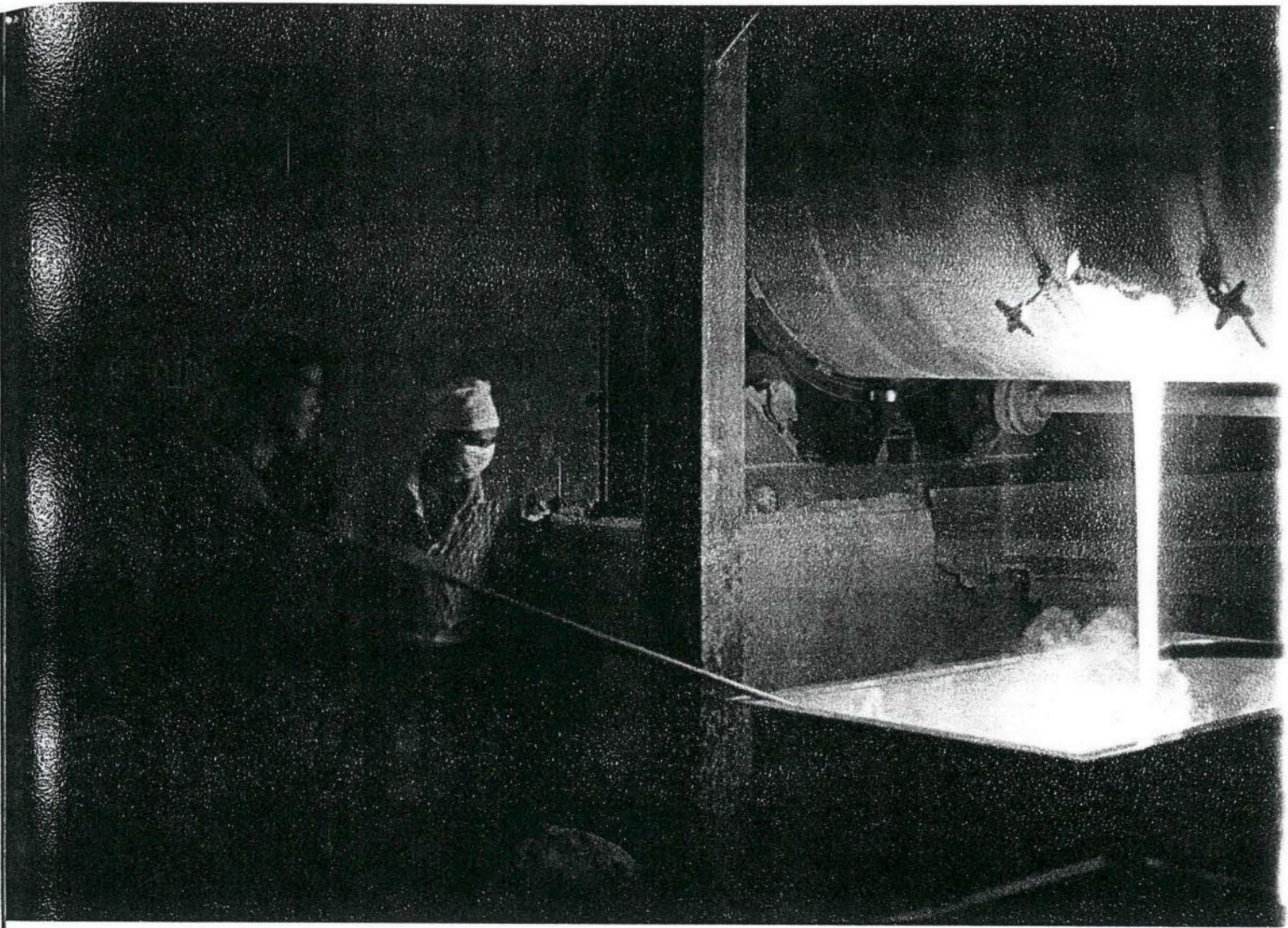
Since 1963 the World Bank has made two additional loans to PDCP of \$25 million each, making a total of \$65 million. The IFC has since sold its investment, thus carrying out one of its objectives of helping initially to mobilize capital and then turning over its own investment as soon as possible for deployment in other projects.

IFC over the past three years has invested in the Manila Electric Power Company, Meralco Securities Corporation, Philippine Long Distance Company, Mariwasa Manufacturing, Inc. and the Paper Industries

**Lending for Industry**  
(US\$ Millions)

	BANK LOANS		IDA CREDITS		TOTAL	
	No.	Amount	No.	Amount	No.	Amount
AFRICA	17	\$ 334.4	1	\$ 5.0	18	\$ 339.4
ASIA & MIDDLE EAST	57	1,185.8	5	64.3	62	1,250.1
OCEANIA	—	—	—	—	—	—
EUROPE	35	625.7	4	34.7	39	660.4
WESTERN HEMISPHERE	19	267.3	—	—	19	267.3
TOTALS	128	2,413.2	10	104.0	138	2,517.3





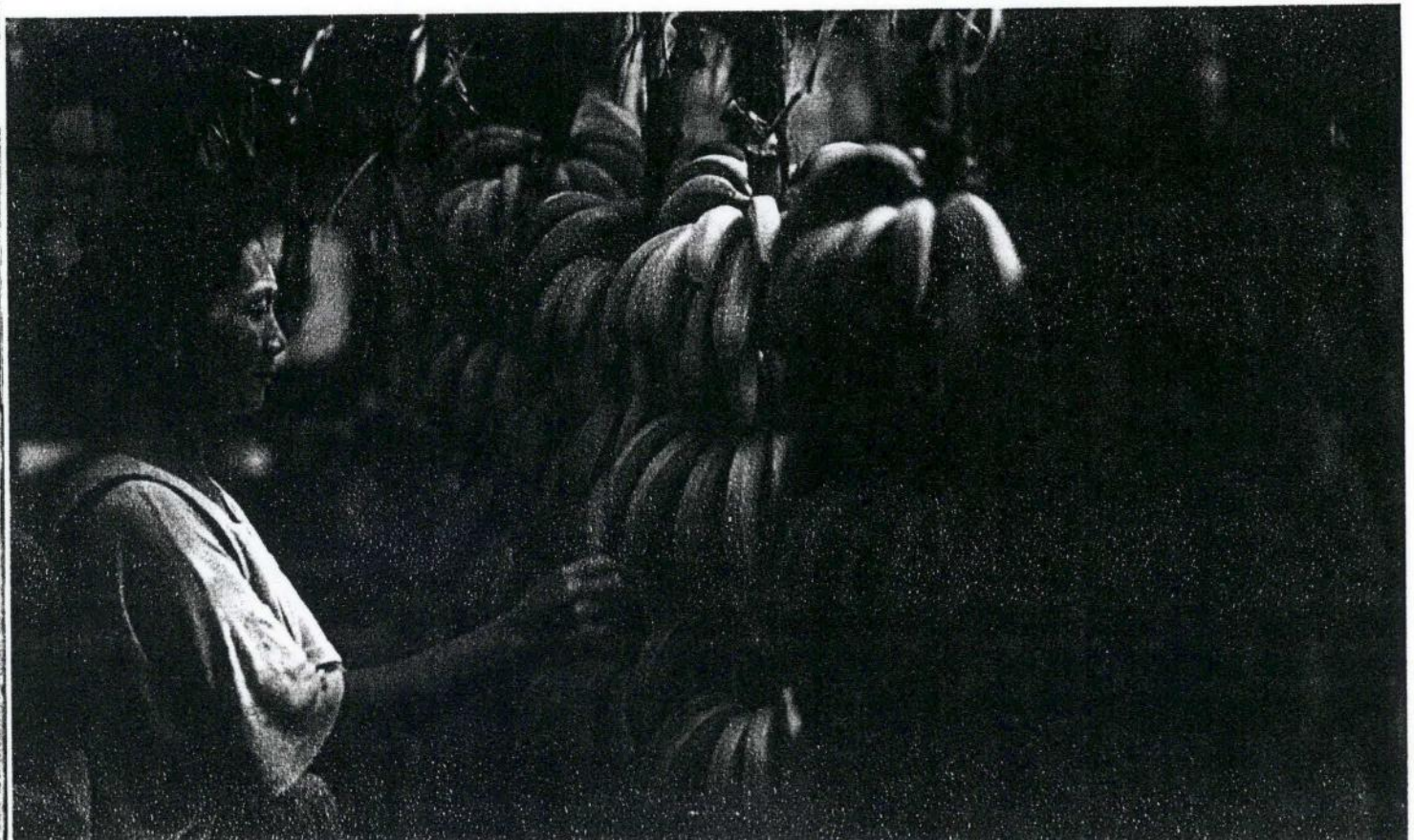




Corporation of the Philippines—a total investment of nearly \$20 million. The IFC investment in Philippine Long Distance Company helped expand service through the construction of new long-range transmission facilities and expansion of automatic switching and telephone control facilities. The Mariwasa Manufacturing, Inc., investment was used to expand a plant producing glazed ceramic floor and wall tiles.

Although the Philippines has, like other developing countries, experienced some rather difficult monetary and balance of payments pressures, the potential for economic growth is considerable. The country enjoys a dynamic private sector, accounting for more than 80% of gross domestic capital formation. The main impetus here is provided by a relatively large group of skilled entrepreneurs. They, in turn, can draw on a literate and adaptable labor force.

Industrialization prior to independence in 1946 was mainly based on industries exporting agricultural and forestry products. But this is changing. In recent years the government has encouraged investment in intermediate industries and has shifted from an earlier policy of stimulating import substituting activity to promoting export oriented manufacture and the greater use of domestic raw materials. Manufacturing has not grown dramatically but it has grown, and such favorable factors as availability of cheap domestic raw materials, relatively low labor costs, among other reasons, suggest that manufacturing will continue to grow.





## PHOTO CREDITS

**Tunisian Education, Afghanistan Agriculture, Indus Basin Development and Ethiopian Highways by Kay Muldoon.  
Mexican Power by Hilda Bijur.  
Philippine Industry by Tom Sennet.**

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# The World Bank Group

The World Bank Group is an international partnership of 116 nations devoted to the economic and social development of the peoples of its developing member countries. There are three members of the Group: the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation (IFC) and the International Development Association (IDA).

By June 30, 1971, the World Bank Group had made a total of 1,291 loans, investments, commitments and credits amounting to nearly \$20.0 billion. These funds helped to assist productive projects in more than 100 countries on 6 continents. The World Bank derives its funds from payments for subscriptions by member governments to its capital stock, from its own borrowings in the world's capital markets, from net earnings,

## World Bank Group Financing

### Bank Loans, IDA Credits and IFC Investments by Purpose and Area

Net as of 30 June 1971, expressed in Millions of US Dollars

	Total Bank, IDA and IFC	Bank Loans by Area						IFC
		Total	Africa	Asia and Middle East	Oceania	Europe	Western Hemi- sphere	
<b>Grand Total</b>	<b>\$19,953.1</b>	<b>\$16,068.6</b>	<b>\$2,342.4</b>	<b>\$4,978.6</b>	<b>\$576.3</b>	<b>\$2,963.5</b>	<b>\$5,007.8</b>	<b>\$200.0</b>
Electric Power	5,284.0	5,010.6	600.4	1,075.3	171.4	700.6	2,462.9	—
Transportation	5,876.9	4,958.3	977.2	1,842.2	89.3	727.7	1,322.0	—
Telecommunications	575.2	348.6	37.1	113.1	7.0	40.3	151.1	—
Agriculture, Forestry and Fishing	2,370.8	1,497.4	203.9	565.7	—	199.5	528.3	—
Industry	3,017.4	2,413.2	334.4	1,185.8	—	625.7	267.3	—
General Development and Industrial Imports	1,318.4	637.7	120.0	103.8	308.5	100.0	5.4	—
Education	424.4	212.7	40.3	48.8	—	39.3	84.3	—
Population	9.8	5.0	—	—	—	—	5.0	—
Water Supply and Sewerage	328.7	277.7	28.3	44.0	—	23.7	181.7	—
Tourism	30.0	10.0	—	—	—	10.0	—	—
Post-War Reconstruction	496.8	496.8	—	—	—	496.8	—	—
Project Preparation and Technical Assistance	21.1	.9	.9	—	—	—	—	—
Financing Loan (IFC)	200.0	200.0	—	—	—	—	—	200.0

Note: Multipurpose loans are distributed according to each purpose and not assigned to the major purpose.  
Due to rounding, details may not add to totals.



More information on the purposes, organization and operations of the World Bank, IFC and IDA is contained in their Articles of Agreement, Annual Reports and other documents. Copies can be obtained from:

## **The World Bank Group**

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European Office: 66, Avenue d'Iéna, Paris 16e, France