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THE WORLD BANK
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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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OPENING REMARKS TO THE DEVELOPMENT COMMITTEE

Libreville, Gabon, May 22, 1981

Mr. Chairman, Ladies and Gentlemen,

1. When we last met in September, I reported to the Committee that the prospects in the 1980's for the oil-importing developing economies were difficult and that the prospects for the poorest countries were extremely bleak. Today, eight months later, I wish I could present a more hopeful picture. Unfortunately, I can not. The analysis for the forthcoming World Development Report suggests that with support from the private capital markets and international institutions, the middle-income developing countries will be able to adjust to their economic difficulties with some modest reduction in growth. Our estimates of their per capita income growth during the 1980's, approximately 3% per year, remain virtually unchanged from our projections last year. However, the prospects of the low-income countries seem much reduced. We now project annual growth of the low-income countries' per capita income at barely 1% per annum.

2. For Sub-Saharan Africa, the prospects are even grimmer. Last year, we projected a decline in per capita real income for low-income African countries. This year's projections suggest an even sharper rate of decline. If these projections are borne out, per capita income in Sub-Saharan Africa would decline by about 10% during the course of this decade. This is not a prospect which the international community can accept. Meeting as we are in Africa, it is well to

remind ourselves of the desperate straits facing so many of the countries of this continent. Mr. Chairman, I will have more to say on the matter of African development when we take up Item 6 of the Agenda.

3. The low-income countries face many problems, including difficult problems of internal adjustment, the solution to which will require changes in their macro-economic policies. But the rate of growth of these countries is also dependent to a considerable extent on their ability to import capital goods, oil and food. Even with concerted efforts on their part to promote their exports, to expand their agricultural output, to conserve energy, and to develop indigenous sources of energy, the low-income countries can meet only a part of the cost of these essential imports from their own resources; the rest has to be met, if it is met at all, with concessional assistance. We estimate that the provision to them of an additional \$6 billion of ODA by 1985 - that is providing around \$18 billion per year rather/^{than}the \$12 that seems likely at the moment - could make a difference of over one percentage point in their per capita rate of growth.

In this respect, Item 1(a) of the Committee's agenda dealing with the sixth IDA replenishment is vital. It is essential that IDA commitment authority be restored quickly and that IDA commitment levels be implemented as planned. Today, IDA is essentially bankrupt. When I left Washington over \$800 million of IDA projects had been approved by the Board but could not be signed for lack of commitment authority. By the end of June, this amount is likely to double to \$1.6 billion. No commitment authority exists for the fiscal year starting July 1, for which \$4.1 billion of IDA lending to the poorest countries has been planned. How long will we allow this bankruptcy to continue? How long will we deny the poorest countries the minimum levels of external assistance which they need to complement their own efforts to help themselves.

4. As I have said , the prospects for the middle-income countries are more encouraging. However, their investment requirements and their need for external capital are also rising. These funds are required if they are to adjust to the changes in their external economic environment, without undesirably large economic and social penalties. It is in the interest of all nations that the international financial system enable them to borrow these resources on acceptable terms and assure their ability to repay them by maintaining a free trade system and resisting pressures for increasing protection.

5. The increased investment requirements are relevant to Items I and I(b) of the agenda -- the expansion in the capacity of the World Bank to meet the capital needs of the developing countries in the 1980's. The agreement last year on the General Capital Increase was heartening : and I would hope that after September 30,1981, the subscriptions will be taken up quickly by all member countries. However, at the Annual Meeting of the Governors last October, I indicated the need for a further expansion of World Bank lending and in December, 1980 I sent a paper to the Executive Directors of the Bank, suggesting an increase of \$30 billion over the lending levels previously planned for the five years FY82-86. This paper has been circulated to the Committee for background. The proposed increase in Bank lending is required to;

- accommodate the lending program for China;
- support programs of lending for structural adjustment;
- offset higher than anticipated price inflation, and
- finance a substantial expansion of lending for energy.

Since there was, and still is, uncertainty about the means of financing such an increase in the lending program, no decision was made on the proposal. However, the lending requirements are increasingly urgent and I would hope that during FY 1982 enough of the present uncertainties will be resolved to permit an increase in the lending program for that year by drawing forward lending from future years--all of this in anticipation of measures to provide the financing which would permit a net addition to (instead of just a drawing forward of) the Bank's lending program.

6. A major component of the expanded Bank lending is the increased investment in energy production. Item I(c) deals with this. A paper on this subject has been sent to our Board and is to be discussed next week. It suggests ways and means of financing more energy investments than can be accommodated in the present Bank lending program, but doing so by means that take account of the financial constraints and budgetary limitations faced by governments of developed countries.

7. Because the need is so urgent, the World Bank has already increased its emphasis on lending for energy which is expected to account for about 18 percent of the Bank's commitments in FY1981. The \$14 billion energy investment program envisaged for FY82-86, however, is about \$16 billion short of a feasible and desirable level--a level for which projects have been identified and for which other external financing is not likely to be available. What I do not wish to see, and what I believe you do not wish to see, is an expansion of energy financing at the cost of weakened Bank support for other key development sectors. There are a number of ways to obtain the additional financing required. The creation of an Energy Affiliate has been

suggested as one alternative because it offers the possibility of moving ahead quickly, and at least cost to government.

8. An expanded World Bank Energy Lending Program, by whatever means financed, is a plus --sum game for all of us --it is in the interest of the industrialized countries, the capital surplus oil exporting countries, and the oil ~~importing~~ developing countries. I urge the Development Committee to give its strong endorsement to the Bank's initiative.

9. Mr. Chairman, there are other important matters on the agenda but the three I have mentioned are, I believe, pre-eminent: providing IDA with the commitment authority which it must have to avoid a total cessation of its operations; ~~expanding~~ expanding the lending capacity of the Bank and increasing the Bank's support for energy production. These three actions will determine the degree to which the Bank can assist those developing countries which are seeking to help themselves by adjusting as quickly as possible to a changed world environment, while maintaining their developing programs. This task will occupy us all for the next several years. The successes, or failures, of the developing countries will be the successes or failures of the world community and the global economy. Money is not the sole, or even/^{the} principal ingredient. But without additional external resources--additional resources provided through this institution, through the regional banks, through the private markets, and through bilateral sources-- without such resources the adjustment will be slower and the social and political costs, resulting from billions of lost production potential, will be much higher. Our world can ill afford such costs.

NIGERIA

Arrival Statement

It is a great pleasure for me to be in Nigeria again, and I should like to express my sincere gratitude to the Federal Government, and in particular to the Minister of Finance, for their kind invitation. This is my third visit since I became President of the World Bank, and it comes at the eve of my departure from the Bank next month, as you know. As it is exactly 10 years to the day since my first visit in May 1971, it is, I believe, a very opportune time to come back for a review of past, present and future development efforts and options with your government.

A lot has happened in Nigeria in those 10 years, and I have followed closely the impressive progress you have made in implementing your development plans. I am delighted that the World Bank has had the opportunity to be closely associated with your efforts, and I am grateful for the strong support which you, in turn, have given the Bank.

We in the World Bank continue to see our relationship with Nigeria as one of partnership. This partnership has over the years steadily grown in importance. The Bank and its affiliate, the International Development Association, have to date lent a total of almost US\$1.7 billion to this country for a wide variety of development projects. These projects have been in such sectors as agriculture and rural development, power, water supply, transport, urban development, and industry. Particularly in the past five years Bank lending has expanded rapidly, from slightly over \$60 million in FY 1977 to almost \$390 million expected for this current fiscal year. For the 5-year period 1977-81 as a whole, Bank lending is likely to exceed

\$1 billion compared to a total of only \$800 million extended in the preceding 19 years since the first loan was made in 1958.

The pattern of assistance that the Bank has extended over the years reflects your country's changing needs, and our desire to respond to those needs. Thus, our growing involvement in your agricultural development efforts in recent years and our current support for key aspects of the "Green Revolution" reflects the priority accorded by the Government to increasing domestic production of food and raw materials and to spreading the benefits of development more widely. Our assistance for agriculture and rural development in Nigeria which started with a loan of \$7.2 million for a cocoa project in 1971, is expected to reach over \$320 million in this current fiscal year.

From 1975 to date, the Bank has made 11 loans in support of agricultural and rural development projects in more than half of Nigeria's 19 States including two state-wide projects in Bauchi and Kano States recently approved by the Bank's Board of Directors. We envisage Bank assistance in the financing of 6 similar projects between now and 1985, 5 of which would be state-wide projects. The significance of the projects we have supported or are currently supporting which rank among the most important of those we have been associated with worldwide, can best be illustrated by the fact that, at their completion, they will have raised the productivity and, hence, the real incomes of over 1.7 million farm families or approximately 12 million people. Production of mainly food crops such as sorghum, millet, maize, cowpeas, yams and cassava is expected to increase by 5 percent per annum--and rural incomes similarly in real terms--compared to virtual stagnation in the past. We

are also assisting your government's efforts in two other areas which are given top priority in the Fourth Development Plan, namely the provision of low-cost housing and of safe water supply in both urban and rural areas.

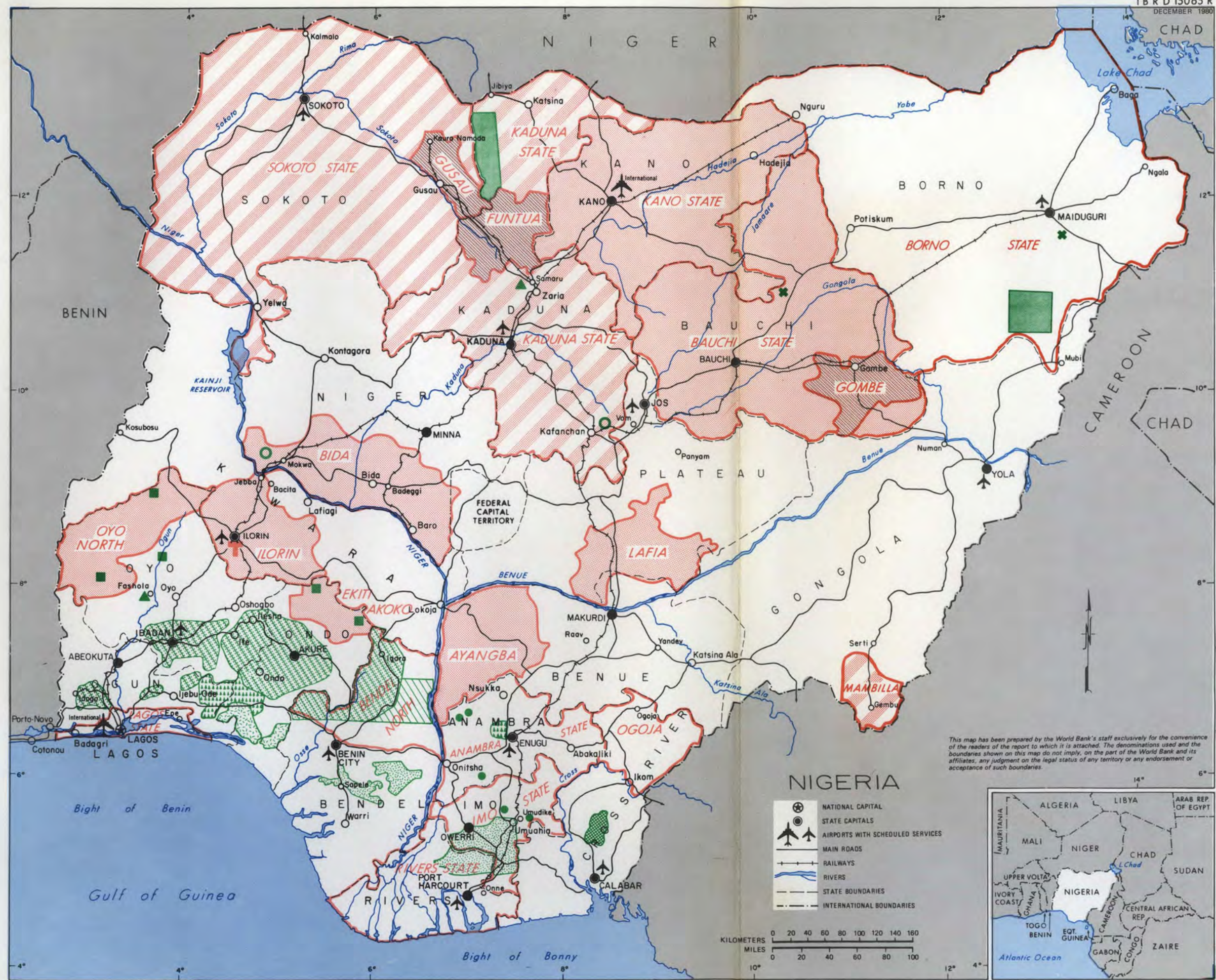
We in the Bank are well aware of the fact that even the significant increase in our assistance to Nigeria envisaged for the years to come will fall short of what your government would want us to provide. It is clear that the World Bank's resources are grossly insufficient to meet the needs of the developing world, and it is imperative that these resources be increased. We are very grateful for Nigeria's strong support of the Bank in the past, and we need your continued support as a country of considerable influence in the international community in order to ensure increased resources for development.

I hope during my visit to learn first hand about the progress Nigeria has made in its development since my last visit, and the efforts it is making under the Fourth Development Plan. I also look forward to learning how best the World Bank can contribute to these efforts in future.

WAIDA
May 12, 1981

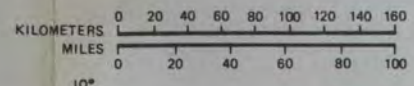
NIGERIA
IBRD Assisted Agricultural Projects

- Completed and Appraised**
- Agricultural Development Projects:**
- COMPLETED:**
 - Funtua (Loan 1092-UNI)
 - Gusau (Loan 1099-UNI)
 - Gombe (Loan 1164-UNI)
 - EXISTING:**
 - Lafia (Loan 1454-UNI)
 - Ayangba (Loan 1455-UNI)
 - Bida (Loan 1667-UNI)
 - Ilorin (Loan 1668-UNI)
 - Oyo North (Loan 1838-UNI)
 - Ekiti Akoko (Loan 1854-UNI)
 - Bauchi State
 - Kano State
 - APPRAISED:**
 - Kaduna State
 - Sokoto State
 - Mambilla
 - UNDER PREPARATION:**
 - Anambra State
 - Imo State
 - Bendel North
 - Ogoja
 - Borno State
 - Rivers State
 - Lagos State
- Training Projects:**
- Agricultural and Rural Management Training Institute (Loan 1719-UNI)
- Tree Crop Projects:**
- EXISTING:**
 - Cocoa I (Loan 764-UNI) and Cocoa II (Loan 1045-UNI)
 - Ondo Oil Palm (Loan 1192-UNI)
 - Bendel Oil Palm (Loan 1183-UNI)
 - Imo Oil Palm (Loan 1191-UNI)
 - Rivers State Oil Palm (Loan 1525-UNI)
 - Forestry (Loan 1679-UNI)
 - APPRAISED:**
 - Cocoa III
 - Cross River State Estate (Oil Palm)
- Irrigation Project:**
- EXISTING:**
 - Rice (Loan 1103-UNI)
- Livestock Development Project:**
(Loan 1091-UNI)
- EXISTING:**
 - National Livestock Production Co. Ranches
 - Western Livestock Co. Ranches
 - North-Eastern Co. Ranches
 - Animal / Pasture Investigation Centers
 - Grazing Reserves - Fulani Group Ranches



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- NATIONAL CAPITAL
- STATE CAPITALS
- AIRPORTS WITH SCHEDULED SERVICES
- MAIN ROADS
- RAILWAYS
- RIVERS
- STATE BOUNDARIES
- INTERNATIONAL BOUNDARIES



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Robert S. McNamara

'An Eloquent Evangelist for the Poor'



With the death of Lady Jackson—Barbara Ward—the world has lost an eloquent evangelist for the hundreds of millions of poor and underprivileged who live in the developing world.

I first met Barbara during the Kennedy administration at a Hickory Hill seminar at which she held me and my fellow Cabinet officers spellbound for hours. From then until the time she died, through the force of her moral convictions, the strength of her economic arguments and the depth of her political insights, she exerted a profound and continuing influence on my thinking.

In the mid-1960s, when there was much passionate intensity about our relations with the post-Colonial world, she was a voice of cool reason who pointed out the enormous problems of poverty that afflicted the Third World nations, whether they were communist, Maoist, army-led autocracies or just struggling democracies. "There can be no stability," she used to say, "until we have begun to deal with that poverty, and it would cost us so very little of our affluence to begin the job."

What always struck me about Barbara was her ability as a presenter and expositor, both in public speeches, where she could arouse large audiences of hardened politicians, and in

smaller gatherings, where she could hold one spellbound by her global vision and her personal insight.

She had lived in several countries of the Third World (for instance, Ghana and India), and this experience gave her a special knowledge of their problems. But what gave her judgments their exceptional quality was her compassion for the poor and for the powerful. She could feel pity, as most people can if they do not harden their hearts, for the poor peasant eking out a miserable existence on a handkerchief of bad soil, but she could also sympathize with those who bore the burdens of power—the unhappy African leaders trying to create a new nation and a new government with a hundred or so high school graduates, few natural resources and no traditions of independence in the modern world. It is so easy to condemn those in power for their failures; it is so much more constructive to try to help them to be more successful.

This was Barbara's special ability: she could see that the new rulers of the new states needed new ideas to bring their people forward, and she was not wedded to the conventional "modernization" programs. She was one of the first people to talk to me about the capacity of the small farmer to be far more productive if only he could be given from outside some of the knowledge and tools to get started.

She was always deeply concerned about the consequences of the population explosion, and when I consulted her in my early days at the World Bank she urged me, against a lot of contrary advice, to speak publicly about the issue. But Barbara was also a Catholic and a mother, and she did not believe that a reduction in fertility rates could be achieved by propaganda and contraception alone. She believed that the will to have smaller families was a prerequisite, and that would only come with a decline in infant mortality. For this reason, she campaigned for what has come to be known as basic needs, and especially for that simplest, but most rare, gift of nature—a supply of pure, unpolluted water.

Barbara was always an evangelist, preaching the good news that the world could be made better if only men would collaborate for their mutual good—as they did so notably during the Marshall Plan era, which she regarded as the high point of post-war political wisdom. She taught millions through her broadcasts, newspaper articles, speeches and books, and, in her later years, she headed an institute that she intended to carry on her work for intelligent management of the resources of this earth.

I feel most privileged to have had the friendship of this remarkable woman, as well as her intellectual support and criticism, which I believe has been more influential on my thinking than that of any other person I have known.

The writer is president of the World Bank.

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