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Hollis B. Cheney papers - McNamara discussions 1979 (Oct. Nov)



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Hollis B. Cheney Papers - McNamara discussions / notebooks / memoranda - 1979
(October - November)

913
OFFICE MEMORANDUM

MAR 23 1980

TO: Mr. Robert S. McNamara, President

DATE: November 20, 1979

FROM: Hollis B. Chenery, VPD HBZ

SUBJECT: PHN Policy Unit

1. There are three issues on which I would like to comment in connection with Mr. Stern's memorandum of November 13 on this subject:

- (a) the division of labor between the new Population, Health and Nutrition Department and the Human Resources Division of DPS with respect to research;
- (b) the rationale for transferring positions from DPS to PHN, particularly since no staff are likely to be transferred with the positions; and
- (c) the integrity of the Bank's research program.

1/20
2. It is clear from Mr. Goodman's memorandum that there is practically no overlap between the proposed functions of the PHN Department and the DPS Population and Human Resources Division except in the area of population research. The DPS has no current work program in health or nutrition as such; they are examined only in the context of poverty and basic needs. Work in health and nutrition constitutes the bulk of the functions proposed for the PHN staff.

3. Research in the Population and Human Resources Division is largely intersectoral; it concentrates on relations among fertility, education, employment and other aspects of human resource development. This general thrust is consistent with the recommendations of the Berelson panel on population, as well as the Bell report on education, that these areas be studied in relation to other socioeconomic aspects of development. To do this we have concentrated on the economics of household behavior and the effects of policy interventions in various countries. This work provides a background for the country economic and sector work on population and human resources, but -- as Mr. Stern points out -- it is qualitatively different from that of an operational entity like CPS.

4. The Human Resources Division is staffed by economists with a research background in one or more aspects of human resource development (population, education, etc.). They normally devote some 45 percent of their time to research and the remainder to the longer term aspects of economic and sector work in this field, such as country demographic studies and the Brazil human resources report. However, since human resource

development is the main focus of the World Development Report for 1980, this division is now heavily engaged in preparing background material for it and has had to curtail its other activities. Given their backgrounds and interests, it is unlikely that any member of the Division would choose to shift to the PHN Department, nor has any case been made that such a shift would be in the overall interest of the Bank.

5. Mr. Stern recognizes this possibility when he states that the proposed transfer of 2 positions might come from anywhere in the DPS and that they might be restored in the FY81 budget. This procedure has already been followed in shifting one slot from DPS to help staff the CPS Energy Department without any justification except that the budget contingency was exhausted. The DPS has in fact already made very considerable internal reallocations of staff and functions in absorbing some 12 manyears of work on the WDR over the past two years and has only managed to do so with unacceptable amounts of overtime. Moreover, since recruitment against 1981 positions can take place at the end of March 1980, there is little to be gained by reallocating slots from the DPS -- or anywhere else -- for a 3-4 month period. *document immediately*

6. This whole episode has been very expensive to the DPS in terms of management time and staff morale. The implied priorities go against the recommendations of the Lewis Committee to build up research capabilities in appropriate areas. I would welcome the opportunity to discuss these matters with you.

cc - Mr. Stern
Mr. B. King

HBC:jm

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

FROM: Hollis B. Chenery, VPD *HBC*

SUBJECT: Board Reactions to your Memorandum
on Research

DATE: December 1, 1979

We have now discussed the GRAP report with almost all of the Directors or their alternates. Although the range of individual reactions to research is wide, the majority appear to support your main recommendations. The most controversial topics are Bank support for LDC institutions and the related suggestion of a research subsidiary.

The attached memoranda indicate some of the issues that would need to be addressed in connection with the research subsidiary to give a background for the Board discussion. A briefing memorandum on other issues will be sent you Monday. I hope we can have a word before the Board meeting.

Attachments:

cc: Messrs. E. Stern
M. Qureshi
L. Nurick

HBC:lt

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

DATE: December 1, 1979

FROM: Hollis B. Chenery, VPD *HBC*SUBJECT: Preliminary Thoughts on a Research Subsidiary

1. The reference to a research subsidiary in paragraph 14 of the memorandum on the GRAP Report has attracted the attention of several Executive Directors, and there are likely to be some questions about it at Tuesday's Board Meeting. The purpose of this note is to sketch out a few of the options.

Functions

2. Will the main function of the subsidiary be (a) to do research on development, or (b) to help build up the capacity of research institutions in developing countries? If the former, one could think in terms of a fully fledged research institution of the Brookings or National Bureau type. If the principal role of the subsidiary is to provide funding for research carried out by others, the CGIAR analogy is more appropriate. Various combinations are also possible.

3. My view is that in the initial stages we should concentrate our efforts on strengthening the analytical capacity of developing country institutions. While I would not rule out the possibility of the subsidiary doing some research of its own, this should not be its main function. Much of the Bank's research is intimately connected to operational support and is properly a part of the operating budget. There is some fear that setting up a parallel research institution would create the danger of a research monopoly which could soak up research talent from all over the world, impose its own particular view of research methods and priorities and might result in the weakening rather than strengthening of LDC research institutions. At the moment, I think that any proposal along these lines would meet with considerable opposition from the Board.

4. On the other hand, building up research capacity in the developing countries is a much more attractive concept from the Board's point of view. From the round of talks we have had with Executive Directors I think we could count on a wide measure of support for a subsidiary which had this as its primary objective. Its funds would be used mainly to provide program-type financing to developing country research institutions. It might also finance a program of post-doctoral fellowships for LDC researchers which could be used to encourage interchange of ideas and experience within the Third World. Finally, a research subsidiary of this kind could serve as an intelligence center for

world-wide research on development issues with its own library, records and data-retrieval facilities. Over time it might also provide a base for comparative research involving several institutions.

5. It is, of course, much too early to try to define in any detail what the subsidiary might do. If we decide to pursue the idea, the next step should be to solicit the views of LDC governments, universities and other research institutions on the measures that might be taken to strengthen their capabilities for economic and social research. We are likely to find that the constraints vary significantly from country to country, indicating the need for a corresponding diversity in the methods of providing support. In some cases the main problem may be shortage of physical infrastructure (computers, libraries, copying machines, etc.). In others priority may have to be given to building up a nucleus of trained and suitably motivated researchers, which is likely to be a long and difficult task. Obviously, absorptive capacity for research of any kind will be extremely limited in some parts of the world, and we shall want to follow a step-by-step approach.

Size and Set-Up

6. While you will not want at this stage to commit yourself to any specific figure, it may be as well to have some orders of magnitude in mind. If funding of the subsidiary is to be provided out of transfers from the Bank's net income, as is presently done for the CGIAR, an initial grant to cover several years might be preferable to relying on annual transfers, which would involve an element of uncertainty linked to possible fluctuations in the Bank's profits. It would also be desirable to have the subsidiary set up in such a way that it could take in funds from other donors.

7. Against this background, one might perhaps think in terms of an initial transfer in the order of \$50 million (in FY80 dollars) to establish the subsidiary and to cover its operations for the first four or five years. With a small staff (say, 7 or 8 professionals) administrative expenses might be kept to around \$1 million a year. The remaining funds, hopefully augmented by outside resources, could be used for the purposes indicated in paragraph 4 above.

8. I understand that Price Waterhouse has raised some questions about the propriety of funding CGIAR activities in such a way that they are treated as an expense neither of the

Mr. McNamara

- 3 -

December 1, 1979

Bank nor of IDA. If the amounts involved in the funding of the research subsidiary were large, there could be a problem in following the pattern of transfers to CGIAR (see attached note from the Legal Department). However, whatever legal form is adopted, I see an advantage in having the subsidiary set up in such a way that it has some degree of independence from the Bank, including a separate Board.

HBC/EPW:lt

Attachment:



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File Title Hollis B. Chenery Papers - McNamara discussions / notebooks / memoranda - 1979 (October - November)		Barcode No. 30211204		
Document Date November 30, 1979	Document Type Memorandum			
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Subject / Title Research subsidiary				
Exception(s) Attorney-Client Privilege				
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Withdrawn by Ann May	Date 13-Jan-17			

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President

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FROM: Hollis B. Chenery, VPD *HBC*SUBJECT: PHN Policy Unit

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2. It is clear from Mr. Goodman's memorandum that there is practically no overlap between the proposed functions of the PHN Department and the DPS Population and Human Resources Division except in the area of population research. The DPS has no current work program in health or nutrition as such; they are examined only in the context of poverty and basic needs. Work in health and nutrition constitutes the bulk of the functions proposed for the PHN staff.

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cc - Mr. Stern
Mr. B. King

HBC:jm

Mr. Robert S. McNamara, President

October 26, 1979

Hollis B. Chenery, VPD

Research Report

Attached is a redraft of your memorandum to the Board that incorporates decisions at the President's Council and subsequent comments received from Messrs. Stern and van der Tak.

Attachment

cc - Messrs. Stern, VPO
van der Tak, PAS

HBC:jm

The Board of Executive Directors
and their Alternates

The President

The Report of the General Research
Advisory Panel

1. The Report of the General Research Advisory Panel (the GRAP Report), together with the reports of the six specialized research advisory panels, constitutes a comprehensive and thoughtful assessment of the Bank's research program. While gratified by the Panel's favorable overall judgment on the Bank's research record, we accept the conclusion that there is considerable scope for expanding our efforts and for improving objectives, quality and direction. We welcome the GRAP Report's many valuable suggestions for strengthening the Bank's research effort and enhancing the gains to be reaped from it. In particular, we agree with the following major conclusions:

- the need for greater efforts to build research capacity in developing countries;
- the need for stronger links between the Bank's operational activities and its research program;
- the need to expand the Bank's research effort, especially with respect to research applications and dissemination.

Some of the principal recommendations are selected for comment in this memorandum, which follows the structure of the Report.

Research Objectives and Criteria

2. Having endorsed the four objectives of Bank research formulated in 1971, the GRAP Report goes on to outline some of the elements of the Bank's comparative advantage in research including project-related analysis, comparative studies and large-scale investigations involving several man-years of research. We accept the Panel's recommendation calling for more research based on project experience and project data. We plan to move in this direction through a variety of means, including the review of information and ideas generated by project performance audit reports and by the monitoring and evaluation studies conducted in the course of project execution. In this context, we note the Panel's support for recent efforts to strengthen the technical bases of monitoring and evaluation exercises.

Building Research Capacity in Developing Countries

3. We welcome the Panel's stress on the need to strengthen research capacity in developing countries as well as the suggestions it offers to meet this need.

4. We note the Panel's endorsement of the general idea of collaborative research as a major instrument of interaction between the Bank's research program and developing country researchers. The Report recommends that the number of such collaborative projects be increased, even though this may involve higher costs and greater risks of failure. We agree that if the Bank is to be successful in this endeavor, it must be prepared to accept the added costs involved, which past

experience suggests may be substantial. Greater efforts will also be needed to improve the quality of collaboration and to ensure that developing country researchers are not used simply as compilers of data for analysis elsewhere. We also agree with the Panel that the Bank's lending operations and country and sector economic work programs offer valuable opportunities for expanding collaboration with developing country researchers.

5. However, if the basic goal is to build and strengthen research capacity in developing nations, then increased collaborative research can make a contribution but it will not be sufficient to achieve this objective. The Panel's suggestion that the Bank provide loans and credits for building or expanding socio-economic research institutions in developing countries is aimed more directly at the fundamental problem of limited research capacity in developing nations. We intend to explore such possibilities actively and to include such components in projects for Board consideration whenever suitable.

Data Collection

6. We find the Panel's recommendations in this area to be very much in line with our current thinking. Regarding the Report's recommendation that the Bank undertake a strong initiative with respect to the systematic collection of data on income distribution, living conditions and poverty, we can report substantial progress. The Bank is financing a major study designed to generate authoritative guidelines to national statistical authorities for the collection of data on living

standards, poverty, income distribution and basic needs. The study, which is expected to take about 3 years and to cost about \$1.5 million, will be conducted in association with the United Nations Statistical Office and other expert bodies and individuals. In addition, while the above study is being conducted, the Bank will collaborate with the ILO in a two-year study of existing survey data, designed to make the best use of presently available material.

Organization of Research Within the Bank

7. The Report stresses the importance of improving the interaction between researchers and operational staff and of allowing the latter better opportunities to influence the Bank's research program. We agree with this diagnosis and accept the suggestion to form Steering Groups for major areas of Bank research. In the last two months we have initiated Steering Groups for research on (a) the International Economy, (b) Industry, (c) Agriculture and Rural Development, and (d) Urban and Regional Economics. If these Groups prove to be productive over the next year, we would propose to extend the system to other areas of Bank research, such as Population and Human Resources, Employment and Income Distribution, and Energy. Following the GRAP Report's recommendations, we will also take steps to ensure that the views of social scientists, other than economists, are reflected in the deliberations of the Steering Groups.

Research Application and Dissemination

8. We agree with the Panel's strong emphasis on the need

for expanded efforts at research application and dissemination. To facilitate broader and deeper application of research results, the Report advocates (a) a significant expansion in the Development Policy and Central Project Staffs, and (b) a strengthening of the Regional economic staff to facilitate better articulation of research needs stemming from operational activity and faster dissemination of new research results and methods. We agree with the basic judgment on the need for greater staff effort on research applications and we propose to consider this in formulating our work programs for FY81.

9. Several of the other measures recommended by the Panel for improving research dissemination within and outside the Bank have already been initiated during the last few months. Over twenty state-of-the-art review papers, done as background studies for the World Development Report, have been published through the Bank's Staff Working Paper series. The Development Policy Staff has launched a series of workshops and seminars for operational staff on such topical subjects as income distribution and the performance of public enterprises. Finally, to the extent that the new Steering Groups are successful in imparting greater focus and operational relevance to the Bank's research program, this should facilitate the processes of research application and dissemination.

10. Dissemination outside the Bank can be assisted through a variety of means, including seminars on results of individual research projects or on broad functional topics. We foresee a

major role for the EDI in this context. We are also considering the initiation of a brief quarterly news bulletin on Bank research to better inform people in and outside the Bank about the Bank's research program and its results.

11. But the applications of research results should not be limited to Bank staff. The major benefit of new results and techniques emanating from the Bank's research program is achieved from applications in developing countries. There may also be a case for a specific budgetary allocation to support trial applications of newly created research techniques in these countries.

Size and Priorities

12. The Bank's research program, defined to include the research funds allocated through the Research Committee as well as research financed from departmental budgets, has remained approximately constant in real terms since FY73. It has declined from 5 percent of the Bank's total administrative expenses in FY73 to 3 percent in FY80.

13. If an institution with the mandate of the Bank is to continue to be effective, it seems essential that it keep its role continuously under review. This requires research. While it is difficult to predict the areas in which research is going to pay off, we need to keep abreast of changing needs in developing countries for financial support and technical advice from the Bank, to assess the effectiveness of our operations, and to improve the way people think about the development

process. Over the past decade I have relied heavily upon the Bank's research in considering changes in the role and operations of the Bank. We are running a risk if we allow the relative role of research to continue to diminish.

14. I consider that the time has come to reverse this trend and to allow a significant increase in real expenditure on research. We also agree with the Report that to the extent choices need to be made, the various additional functions regarding research collaboration, application and dissemination advocated in the Report should receive higher priority than increases in the size of the existing research program. Specific proposals for expansion of research expenditures on both counts will be made in the next Administrative Budget.

15. With regard to new research to be financed by the Bank, the Panel expressed great reluctance in drawing up a program of research priorities. The list of topics they suggest is useful. Beyond that, it is our intention that the new mechanism of the Steering Groups will be used to assist the Research Committee in giving greater focus and direction to the Bank's research program.

Mr. Robert S. McNamara, President

October 26, 1979

Hollis B. Chenery, VPD

Per Capita Income Data

1. I enclose the per capita income figures for developing countries by WDR regions for 1960, 1970 and 1978 in 1980 prices.
2. We have included 1978 rather than 1980 figures because the CPP process, which is the source of 1980 data, is not designed to provide up-to-date and comparable projections of economic variables for a large number of countries at any one point in time. However, as part of the preparation for WDR III we are compiling comparable estimates of the 1980s income per capita for some 30 important countries. These estimates will be available mid-November.
3. Once the global analysis for WDR III is completed in January we will be preparing "base case" projections through 1990 for the following countries. Depending on WDR pressures, these should be available by April.

Bangladesh
Brazil
Egypt
India
Indonesia
Korea
Malaysia
Mexico
Pakistan
Turkey

Attachment

cc - Mrs. Hughes, EPDDR
Messrs. Cheetham, Carter, Lee, EPD

HBC/HH: jm

GNP PER CAPITA IN 1980 US\$

<u>WDR REGIONS & COUNTRIES</u>	<u>1960</u>	<u>1970</u>	<u>1978</u>
1) <u>Low Income Africa</u>	230	273	274
Ethiopia	109	136	141
Mali	127	138	153
Rwanda	195	206	222
Somalia	181	163	152
Upper Volta	151	170	202
Burundi	137	164	175
Chad	209	197	181
Benin	250	259	287
Malawi	135	160	221
Zaire	316	401	340
Guinea	211	220	250
Niger	296	282	280
Lesotho	117	177	338
Comoros	229	306	217
Gambia, The	162	198	288
Tanzania	187	248	293
Madagascar	341	369	311
Sierra Leone	-	306	270
Central African Empire	287	300	318
Kenya	312	374	413
Uganda	462	531	475
2) <u>Low Middle Income Africa</u>	446	520	613
Togo	152	245	379
Sudan	387	348	362
Cameroon	356	503	560
Mozambique	256	336	213
Equatorial Guinea	-	588	398
Mauritania	-	365	314
Nigeria	410	503	705
Senegal	498	512	428
Botswana	173	272	740
Zambia	495	616	551

	<u>1960</u>	<u>1970</u>	<u>1978</u>
2) <u>Low Middle Income Africa (Cont'd.)</u>			
Liberia	406	481	542
Swaziland	208	483	709
Sao Tome & Principe	-	-	590
Congo, P.R.	584	648	655
Rhodesia	540	586	551
Ghana	764	780	656
Ivory Coast	638	479	1,064
Seychelles	880	992	1,447
Angola	680	956	461
Mauritius	298	631	1,029
Namibia	1,006	1,290	1,310
3) <u>Upper Middle Income Africa</u>	1,272	1,797	1,877
South Africa	1,240	1,734	1,804
Reunion	2,900	4,450	4,030
Djibouti	271	864	656
Gabon	1,715	2,698	4,326
4) <u>Low Middle Income North Africa and Middle East</u>	516	577	835
Yemen A.R.	-	132	739
Egypt A.R.	198	258	418
Yemen P.D.R.	-	-	490
Morocco	528	607	815
Jordan	-	-	1,265
Syria	549	766	1,109
Tunisia	-	677	1,126
Algeria	1,289	1,315	1,556
5) <u>Upper Middle Income North Africa and Middle East</u>	903	1,232	2,184
Iraq	903	1,232	2,097
Bahrain	-	-	5,065
6) <u>Capital Surplus Oil Exporters</u>	4,930	6,484	10,655
Oman	754	2,358	2,896
Saudi Arabia	-	3,824	9,329
Libya	2,115	10,748	7,776
United Arab Emirates	-	-	16,690
Qatar	11,912	15,223	15,183
Kuwait	24,743	19,531	26,316

	<u>1960</u>	<u>1970</u>	<u>1978</u>
7) <u>Low Income Asia</u>	159	190	227
Bhutan	130	126	119
Bangladesh	95	106	102
Burma	141	153	176
Maldivé Is.	99	109	94
Nepal	110	115	130
India	153	180	201
Afghanistan	285	276	316
Pakistan	165	253	272
Sri Lanka	130	163	191
Indonesia	216	269	415
8) <u>Low Middle Income Asia</u>	403	603	964
Soloman Is.	392	424	497
Tonga	479	483	501
Thailand	257	407	573
Philippines	366	386	597
Papua New Guinea	369	550	656
New Hebrides	332	538	625
Korea	452	795	1,468
Gilbert Is.	950	742	835
Malaysia	635	898	1,313
China Rep. of	537	980	1,637
Trust Territory of the Pacific	915	1,261	1,436
Fiji	1,085	1,348	1,759
9) <u>Upper Middle Income Asia</u>	1,203	2,436	3,916
Macao	312	580	1,725
Hong Kong	1,057	2,174	3,528
Singapore	1,168	2,210	3,800
French Polynesia	2,767	5,668	6,574
New Caledonia	5,005	8,319	5,671
Guam	4,427	5,581	8,339
Amer. Samoa	2,381	4,622	8,647
Brunei	-	7,061	12,657
10) <u>Low Middle Income Latin America</u>	651	825	993
Haiti	269	234	285
Grenada	446	643	679
Bolivia	465	557	663
Honduras	461	507	555
St. Vincent	396	431	444

	<u>1960</u>	<u>1970</u>	<u>1978</u>
10) <u>Low Middle Income Latin America (Cont'd.)</u>			
El Salvador	526	646	750
Dominica	519	579	501
Guyana	566	678	662
Colombia	653	794	1,084
Guatemala	660	844	1,095
St. Lucia	434	655	761
Ecuador	-	726	1,090
Paraguay	607	716	1,017
St. Kitts-Nevis	748	678	778
Belize	557	673	959
Dominican Rep.	601	735	1,025
Nicaragua	655	933	989
Peru	536	668	706
Antigua	1,079	1,350	1,136
Costa Rica	1,102	1,403	1,823
Chile	1,263	1,569	1,593
Jamaica	1,191	1,603	1,396
11) <u>Upper Middle Income Latin America</u>	1,121	1,508	2,091
Mexico	1,041	1,463	1,589
Brazil	857	1,160	1,875
Barbados	1,046	1,883	2,314
Surinam	1,182	1,886	1,971
Panama	927	1,480	1,457
Uruguay	1,664	1,731	1,916
Argentina	1,598	2,107	2,289
Guadeloupe	1,959	2,758	3,524
Neth. Antilles	2,835	2,535	2,870
French Guiana	2,119	2,541	2,979
Trinidad & Tobago	2,258	2,848	3,513
Puerto Rico	1,746	2,905	3,105
Venezuela	2,058	2,690	3,396
Martinique	1,744	3,128	4,963
Bahamas	3,369	4,726	3,093
Virgin Is.	2,016	6,289	6,281
Bermuda	5,743	9,063	10,824

	<u>1960</u>	<u>1970</u>	<u>1978</u>
12) <u>Southern Europe</u>	1,271	2,188	2,888
Turkey	726	1,000	1,378
Cyprus	1,144	1,989	2,585
Yugoslavia	1,143	1,900	2,883
Portugal	884	1,743	2,285
Malta	737	1,212	2,664
Greece	1,466	2,905	4,045
Spain	1,849	3,426	4,377
Gibraltar	4,288	3,067	4,743
Israel	2,160	3,589	4,411
13) <u>Western Europe</u>	5,148	7,356	9,077
Ireland	2,434	3,541	4,392
Italy	2,596	4,171	4,833
United Kingdom	4,421	5,540	6,407
Austria	4,460	6,720	8,973
Finland	4,025	6,394	7,822
Iceland	5,458	7,255	9,439
Netherlands	6,308	9,151	10,874
France	5,200	8,032	10,357
Luxemburg	7,527	9,895	13,380
Belgium	5,881	4,499	11,639
Germany, Fed. Rep.	6,895	9,963	12,244
Norway	5,668	8,449	11,399
Denmark	7,132	10,494	12,431
Sweden	7,807	11,324	12,101
Switzerland	11,312	15,529	16,511
14) <u>North America, Japan and Oceania</u>	5,710	8,525	10,722
New Zealand	4,839	5,952	6,126
Japan	2,792	7,223	10,015
Australia	5,837	8,118	9,187
Canada	5,537	7,710	10,003
United States	7,251	9,333	11,337

EPDDR
10.26.79

Mr. Robert S. McNamara

October 19, 1979

Hollis B. Chenery, VPD

GNP Per Capita for WDR Countries

1. I am enclosing the information you requested for WDR regions on the basis of WDR II.
2. As you know, the present Global Model is constructed on a regional basis. We lack the resources that would be necessary to move from 15 regions to over 100 countries. We have begun to work on the major developing countries individually in the global framework, but can only do so when the WDR requirements are met.
3. Annex I gives the country composition of the regions.

Attachments

HBC/HH:jm

cc - Mrs. Hughes, EPD

GNP PER CAPITA IN 1980 US\$

WDR Regions	US\$ 1980	Index No. (1980=100)			
		1960	1970	1980	1990
1. Low Income Africa	219	81	96	100	112
2. Low Middle Income Africa	576	71	85	100	112
3. Upper Middle Income Africa ^{/a}	2155	68	84	100	129
4. Low Middle Income North Africa and Middle East	852	66	70	100	131
5. Upper Middle Income North Africa and Middle East	2344	38	76	100	128
6. Capital Surplus Oil Exporters	8728	32	79	100	122
7. Low Income Asia	244	69	83	100	133
8. Low Middle Income Asia	1003	37	65	100	167
9. Upper Middle Income Asia	4789	28	53	100	176
10. Low Middle Income Latin America	1020	68	90	100	127
11. Upper Middle Income Latin America	2061	57	77	100	137
12. Southern Europe	3093	41	72	100	147
13. Western Europe	9149	54	78	100	139
14. North America, Japan and Oceania	10925	53	77	100	134

/a Includes South Africa.

Table 2: COUNTRIES OF THE WORLD : BY INCOME AND GEOGRAPHICAL GROUPING

Geographic Region	Low Income	Lower Middle Income	Intermediate Middle Income	Upper Middle Income	Higher Income	Centrally Planned Economies
AFRICA SOUTH OF SAHARA	<u>Ethiopia</u> <u>Mal</u> <u>Rwanda</u> <u>Somalia</u> Upper Volta <u>Burundi</u> <u>Chad</u> <u>Benin</u> <u>Malawi</u> <u>Zaire</u> <u>Guinea</u> <u>Niger</u> <u>Lesotho</u> <u>Comoros</u> <u>Gambia, The</u> <u>Tanzania</u> <u>Madagascar</u> <u>Sierra Leone</u> Central Afr. Emp. <u>Kenya</u> <u>Uganda</u>	<u>Togo</u> <u>Cape Verde</u> <u>Sudan</u> <u>Cameroon</u> <u>Mozambique</u> <u>Equatorial Guinea</u> <u>Mauritania</u> <u>Nigeria</u> <u>Senegal</u> <u>Botswana</u> <u>Guinea-Bissau</u> <u>Zambia</u> <u>Liberia</u> <u>Swaziland</u> <u>Sao Tome & Principe</u> <u>Congo, P.R. of the</u>	<u>Rhodesia</u> <u>Ghana</u> <u>Ivory Coast</u> <u>Seychelles</u> <u>Angola</u> <u>Mauritius</u> <u>Ceuta & Melilla</u> <u>Namibia</u>	<u>South Africa</u> <u>Reunion</u> <u>Djibouti</u>	<u>Gabon</u>	
NORTH AFRICA AND MIDDLE EAST	<u>Yemen Arab Rep.</u>	<u>Egypt, Arab Rep. of</u> <u>Yemen, P.D.R. of</u> <u>Morocco</u> <u>Jordan</u>	<u>Syrian Arab Rep.</u> <u>Tunisia</u> <u>Algeria</u>	<u>Lebanon</u> <u>Iraq</u> <u>Iran</u> <u>Bahrain</u>	<u>Oman</u> <u>Saudi Arabia</u> <u>Libyan Arab Rep.</u> <u>United Arab Emir.</u> <u>Qatar</u> <u>Kuwait</u>	
ASIA AND PACIFIC	<u>Cambodia</u> <u>Laos, P.D. R.</u> <u>Bhutan</u> <u>Banladesh</u> <u>Burma</u> <u>Maldives</u> <u>Nepal</u> <u>India</u> <u>Afghanistan</u> <u>Pakistan</u> <u>Sri Lanka</u> <u>Viet Nam, S.E. of</u> <u>Indonesia</u>	<u>Solomon Islands</u> <u>Samoa 1/</u> <u>Tonga</u> <u>Thailand</u> <u>Philippines</u> <u>Papua New Guinea</u>	<u>New Hebrides</u> <u>Korea, Rep. of</u> <u>Gilbert Is. 2/</u> <u>Malaysia</u> <u>China, Rep. of</u> <u>Pacific Islands, Trust Terr. of the</u> <u>Fiji</u>	<u>Macao</u> <u>Hongkong</u>	<u>Singapore</u> <u>French Polynesia</u> <u>New Caledonia</u> <u>Guam</u> <u>American Samoa</u> <u>Brunei</u>	<u>China, P.R. of</u> <u>Korea, D.P.R. of</u> <u>Mongolia</u>
LATIN AMERICA AND CARIBBEAN	<u>Haiti</u>	<u>Grenada</u> <u>Bolivia</u> <u>Honduras</u> <u>St. Vincent</u> <u>El Salvador</u>	<u>Dominica</u> <u>Guyana</u> <u>Colombia</u> <u>Guatemala</u> <u>St. Lucia</u> <u>Ecuador</u> <u>Paraguay</u> <u>St. Kitts-Nevis</u> <u>Belize</u> <u>Dominican Rep.</u> <u>Nicaragua</u> <u>Peru</u> <u>Antigua</u> <u>Costa Rica</u> <u>Chile</u> <u>Jamaica</u>	<u>Mexico</u> <u>Brazil</u> <u>Barbados</u> <u>Surinam</u> <u>Panama</u> <u>Uruguay</u> <u>Argentina</u> <u>Guadeloupe</u> <u>Neth. Antilles</u> <u>French Guiana</u> <u>Trinidad & Tobago</u> <u>Puerto Rico</u>	<u>Venezuela</u> <u>Martinique</u> <u>Bahamas</u> <u>Virgin Islands(US)</u> <u>Bermuda</u>	<u>Cuba</u>
SOUTHERN EUROPE			<u>Turkey</u>	<u>Cyprus</u> <u>Yugoslavia</u> <u>Portugal</u> <u>Malta</u>	<u>Greece</u> <u>Spain</u> <u>Cibraltar</u> <u>Israel</u>	<u>Albania</u> <u>Romania</u> <u>Bulgaria</u>
WESTERN NORTHERN AND EASTERN EUROPE					<u>Ireland</u> <u>Italy</u> <u>United Kingdom</u> <u>Austria</u> <u>Finland</u> <u>Iceland</u> <u>Netherlands</u> <u>France</u> <u>Luxembourg</u> <u>Belgium</u> <u>Germany, F.R. of</u> <u>Norway</u> <u>Denmark</u> <u>Sweden</u> <u>Switzerland</u>	<u>Hungary</u> <u>USSR</u> <u>Poland</u> <u>Czechoslovakia</u> <u>German Dem. Rep.</u>
NORTH AMERICA AND OCEANIA					<u>New Zealand</u> <u>Japan</u> <u>Australia</u> <u>Canada</u> <u>United States</u>	

1/ Formerly Western Samoa.

2/ Excludes Tuvalu (formerly Ellice Islands).

Notes: a) Countries, colonies or territories not included are the Channel Islands, Faeroe Islands, Greenland, the Isle of Man, East Timor (formerly Portuguese Timor), West Sahara (formerly Spanish Sahara), Canal Zone and any other political entity with less than 35,000 inhabitants as of 1968, the cut-off year for inclusion in the World Bank Atlas.

b) Countries underlined were those used in the "Prospects 1977" sample panel.

THE WORLD BANK

Office of the President

10/18

10 Dr. Chenery

Please prepare the following table for the countries listed on the WDR.

<u>Country</u>	GNT per Capita (in 1980\$)				
	<u>amt</u> <u>mid-'80</u>	<u>Index No. ('80=100)</u>			
		<u>'60</u>	<u>'70</u>	<u>'80</u>	<u>'90</u>

Rm

10/18 - Phoned to Helen Hughes
Gw.

M. Chenery

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
1 UGH : Mr. Hollis B. Chenery
FROM: E. Bevan Waide, VPD *EBW*
SUBJECT: Publication of the Bank's Country Economic and Sector Reports

DATE: October 19, 1979

In August, following publication of the Romania report, you asked for a paper on the Bank's policies and practices with respect to the review and publication of country economic and sector reports. The attached memorandum has been prepared by DPS in response to your request. Its principal conclusions, with which the Information and Public Affairs Department, the Regions and CPS are in broad agreement, are set out in paragraphs 29-31 on page 10. The report concludes that, on balance, the present arrangements appear to be working well, and the only change proposed is a strengthening of the final review procedures for red cover reports so as to ensure that consistent standards of quality and objectivity in reporting are maintained.

I would suggest the paper be considered for discussion at the President's Council.

cc. Mr. Ernest Stern, o/r
Mr. William Clark
Mr. Peter Wright

Attachment/-

PUBLICATION OF COUNTRY ECONOMIC AND SECTOR REPORTS

Memorandum by Development Policy Staff

1. The purpose of this memorandum is to review existing Bank policies and practices with respect to the publication of country economic and sector reports and to consider whether any changes are needed.

Policies and Practices, Past and Present

2. Prior to 1972 it was not the Bank's practice to publish country economic reports, and the only reports of this kind published in the fifties and sixties were the reports of the General Survey Missions organized by the Bank at the request of member governments to advise on their development programs. These missions were undertaken on the understanding that their reports would be made public, and the reports were published for the Bank by the Johns Hopkins University Press (JHUP). More than 20 reports appeared in all, starting with Colombia in 1950 and finishing with Morocco in 1966.

3. A new publications policy was initiated in 1972 with the publication of a report by a Bank mission entitled "Economic Growth of Colombia". The change of policy was noted in a foreword to this report which made it clear that country economic reports were "written mainly as a basis for decisions on Bank policy and for discussions with the government of the country", and that many of them were also "used by consortia and consultative groups". Hitherto, with rare exceptions, the reports had not been published, but "it has now been decided to publish a selection [of them], with the agreement of the government concerned, in order that they may be more generally available".

4. The new policy was articulated in more detail in a staff Administrative Circular issued in May 1973. This dealt generally with "publication and distribution of studies, papers, reports and documentation prepared by Bank Group staff members" and began with the statement that "the publications program of the Bank Group has been undergoing change in order to give better expression to established policy, which is to make useful reports, research papers and other documents as widely available as possible to scholars and practitioners throughout the world". Referring specifically to country economic reports and sector studies, the circular noted that "it is the Bank's policy to publish all such reports that are of adequate quality except in specific cases when objections raised by the governments concerned prove to be insuperable after diligent effort to accommodate them without compromising on matters of principle". However, publication of reports was quite clearly intended to be subordinate to the primary objectives of country economic and sector work which, as set out in the latest version of OMS 1.11, are to provide "a basis for discussions with the country concerned of its development policies and plans, for the design of Bank assistance strategy and lending programs, and for aid coordination among donors".

5. From 1972 onwards selected country reports were published for sale in two formats:

- (a) Type I reports, which were full-blown books (hard or soft cover or both) published and distributed by JHUP; and
- (b) Type II reports, which were described as "working documents" and were produced in a typewritten format similar to the grey cover reports, but under a red cover. These were published by the Bank, but distributed through JHUP.

Eleven reports have been published in Type I format from 1972 to date -- on Colombia, Nigeria, Yugoslavia (2), Kenya, Korea (2), Philippines, Papua New Guinea, Ivory Coast and the Commonwealth Caribbean (for details see Annex).^{1/} Seven reports appeared in the Type II format -- on Trinidad and Tobago, Ecuador, Peru, Chad, Senegal, Turkey and Lesotho -- but in 1975 this format was abandoned as unsuitable for sale publications.

6. Under the procedures laid down in 1973, both Type I and Type II reports were reviewed by the Editorial Sub-Committee of the Publications Committee, usually with the help of outside readers, and the final decision on publication normally rested -- and for Type I reports still rests -- with the Publications Committee itself, subject always to the approval of the government concerned. Considerable time and expense have been required for the review process and (for Type I reports) subsequent revision and printing.^{2/} As a result, reports have tended to be somewhat out of date by the time they have appeared.^{3/}

^{1/} The reports on Philippines and Papua New Guinea were not judged by the Editorial Sub-Committee to be suitable for regular Type I book publication and were published by the Bank and not by JHUP. However, although considered by IPA to belong to the Type II series, they did not carry the designation of "working document" and appeared as books in what was essentially a Type I format.

^{2/} Typically, something like 6-9 man-months of professional staff time are required for review, revision, editing and production of a Type I publication. A small part of this cost may be recovered from sale proceeds.

^{3/} For Type I reports the average time that has elapsed between Board distribution in grey cover and publication has been about 20 months. For Type II reports it was about 11 months. Most of the recent Type III reports have been published within 2-3 months of grey cover distribution.

7. Type I reports were much more expensive, and took longer to produce than Type II reports, a considerable amount of time and effort being required for editorial revision, often including condensation, for the up-dating of information and for the various stages of printing. While substantive changes were sometimes made to the text in response to readers' comments, the process of revising a report for publication was mainly concerned with matters of presentation rather than substance. The Type I series was accordingly reserved for a small number of mostly "basic" reports which were considered to be of high enough quality and of sufficiently wide and enduring interest to justify full-scale publication. To judge by experience to date, Type I reports can be expected to sell 2,000 - 3,000 copies each, in addition to free distribution,^{1/} while none of the Type II reports achieved sales of more than a few hundred.

8. Publication of Type I reports, which has averaged fewer than two a year, has been limited primarily by the capacity of the Bank's present editorial staff^{2/} and by operational demands on the time of Regional staff who have to undertake the work of revision and up-dating. Since publication has not been a primary objective of country economic work, Regional Offices have been understandably reluctant to put a lot of extra effort into it, and many of the reports produced are in any case considered by the Region concerned to be unsuitable for publication. Occasions on which the Bank has actively pressed for publication and the government has refused are comparatively rare: examples include the basic reports on Mexico (1973), Tanzania (1977) and Syria (1979). Much more common has been the case where there is a tacit understanding between the Bank and the government that reports would not be published, so that the issue has not arisen. Per contra, the Bank on at least one occasion (the 1976 report on the Philippines) agreed in principle with the government on publication before the mission was launched.

9. In fact, only four country reports were published in the three years 1976 through 1978, after the Type II format had been abandoned, and one of these was a regional study which had been undertaken from the beginning with publication in view. The Bank's practice thus appeared to be diverging increasingly from its declared policy of encouraging publication so long as this did not interfere with other objectives. Accordingly, in order to bring practice more closely into line with policy, a new procedure for the release of country reports as free publications in typewritten red cover format was introduced in August 1978 with the approval of the Publications Committee.

^{1/} For details, see Annex . An additional 2,000 copies of the 1976 report on the Philippines were printed and distributed free by the Government.

^{2/} After allowing for other books which the Bank publishes, IPA is not presently equipped to handle more than about two Type I reports a year.

This followed a recommendation of the Ad Hoc Committee on Bank Publication Resources that "country economic reports should be removed from the formal publications program (with the exception of a few reports warranting publication in book form) and should be issued under red cover at the discretion of the Regions, subject to clearance for quality with DPS and for conformity to general publications policy with IPA".

10. This new series (referred to hereafter as Type III reports) was intended to supplement Type I reports and not to replace them. It made it possible for selected grey cover reports to be made available to the public at large with a minimum of editorial review and revision, thus relieving the Regions of the extra workload which had previously been a major obstacle to publication, while also reducing demands on the Bank's editorial staff and cutting down the time between Board distribution and publication. Like the earlier Type II reports, Type III reports are described as "working documents", and their distribution is handled by the Bank under the designation "A World Bank Country Study". Thirteen reports have so far been issued in this series -- on Guatemala, Paraguay (2), Portugal (2), Dominican Republic, People's Democratic Republic of Yemen, Yemen Arab Republic, Uruguay, Mexico, Bangladesh, Comoros and Ecuador.

11. The controversial report on Romania belongs properly neither to the Type I nor the Type III series. After the Editorial Sub-Committee had advised against Type I publication on substantive grounds, and after the Region had committed itself to publication in some form by so advising the Government, a decision was taken to publish the report in book form for sale through JHUP. It is, however, described as a "working document".

12. Reference has already been made to the distribution of Type I and Type II reports, both of which were designed for sale and distributed through JHUP. Type III reports, as free publications, are distributed directly by the Bank which lists them in its Catalog of Publications and is now beginning to advertise them in other ways. The increased advertising of these publications is straining the limited resources of the Publications Unit, which has been hampered by shortage of staff, inappropriate storage facilities and lack of a computerised mailing system. This last problem is well on its way to being resolved, but the issues of staffing and storage are still under discussion. If they too can be satisfactorily settled, it should be possible to ensure that Type III reports and Staff Working Papers reach a somewhat wider outside audience than at present, including selected universities and research institutions in both developed and developing countries. To date, distribution of Type III reports has averaged just over 1,000 copies each.

Pros and Cons of Publications

13. The principal purpose of publishing country economic reports, as stated in the standard foreword to published reports, is to facilitate research and interchange of knowledge amongst scholars and practitioners in the field of economic and social development. This may be seen as part of a process of encouraging open and intelligent discussion of economic issues in the developing countries themselves. Of course, not all the reports that go the Board are suited to this purpose, and there are some countries where the government's sensitivity to criticism from an international agency is such that publication may be counter-productive. However, no one has ever seriously suggested that country reports should be published as a matter of course, and the arguments in favor of publication are advanced with the above qualifications in mind. Much of the factual information in the Bank's reports is often not readily available from other sources, even in the subject country itself, and the view is widely held in academic (and some other) circles that the Bank has an obligation to the development community to disseminate as fully as possible the results of its country economic and sector work, on which it is spending large amounts of public money (currently around \$28 million a year).

14. It is sometimes argued in addition that publication of country reports, by bringing outside recognition to the authors, contributes to staff morale and helps to keep good economists in the Bank. However, this is very much a subsidiary argument and one that it would be difficult to substantiate from the evidence available.

15. The case against publication turns on the extent to which the publication of country reports may unduly compromise other more important objectives of the Bank's country economic and sector work or even bring the Bank itself into disrepute. It is sometimes suggested, for example, that:

- (a) If publication of country reports becomes a common practice, this will influence both what governments are willing to reveal and how critical economists are willing to be, with the result that the quality of the Bank's dialogues with its member governments is impaired, reports become increasingly bland and descriptive, and damage is done to the Bank's reputation for independence and objectivity.
- (b) Since the reports that are published must first have been cleared with the governments concerned, they can never be a representative sample of the reports produced and are liable to convey a misleading impression of the objectivity of the Bank's country analysis.
- (c) Publication of country reports is liable to expose the Bank to unnecessary public controversy and criticism and thereby complicate its relations with its member countries.

- (d) Publication of reports that are of poor quality or lacking in objectivity is harmful to the Bank's reputation and influence as a development agency.

16. There would be little disagreement with the last of these points, but if it applies to the publication of reports, it applies also to reports distributed in grey cover to the Board. This raises a general question about the dividing line between Board distribution and publication which may not always be as clear as critics of the existing publications policy are inclined to assume. A grey cover report is very close to being in the public domain already,^{1/} and when the report is known to be dealing with a matter that is the subject of lively public controversy, the likelihood of disclosure is increased-although in practice leaks have been few and far between. By the same token, a tendency for Bank staff to tone down criticisms of government policy is not confined to published reports, but is evident also in many of the reports that go to the Board, particularly when the report is being circulated to a consortium or consultative group where the Bank is arguing the country's case for aid. Governments, too, may object to the Bank distributing to the Board reports that are highly critical of their policies; and although the Bank reserves (and occasionally uses) the right to insist on distribution in such cases, it may not always find it politic to press this right too far.

17. Evidence of the impact that publication has had on the content of country reports, on the objectivity of country economists and on the quality of country dialogues is apt in these circumstances to be somewhat inconclusive. It is no accident that a majority of the reports published in the Type I series has been on countries which were considered by the Bank at the time to be performing well, so that there was no need for the reports to disagree with the general thrust of government policy (e.g. Colombia; Korea and Yugoslavia each twice; Ivory Coast). Nevertheless, the reports were not entirely uncritical, and some of the other reports published in all three series have been quite sharply critical of government policies (e.g. the 1975 report on Turkey, the 1976 report on the Philippines and the recent report on manufacturing in Mexico).^{2/}

18. As for the quality of the reports that have been published, this has naturally varied. A number of the Type I reports were produced by missions of exceptionally high professional calibre (e.g. Colombia 1972, Nigeria 1974, Yugoslavia 1975 and Korea 1979). On the other hand, the Type II and Type III

^{1/} In the United States, for example, the Bank's country reports can be consulted by members of the public at the Department of Commerce.

^{2/} It is worth noting that a highly critical report on the Indian power sector has just been cleared by the Government for release in the Type III series.

series were intended for run-of-the-mill reports which were of acceptable quality, but which did not justify the additional expenditure involved in full-scale book publication. The reports that have been published in both series appear to fall into this category. Some of them have been limited to the study of a particular sector or issue.

19. With the possible exception of the report on Romania, none of the reports so far published has created any serious problems for the Bank. There may, of course, be critical reviews, as with the report on the Ivory Coast, which was regarded by some newspapers as putting an unduly favorable gloss on the economic situation. Reports dealing with politically sensitive subjects (e.g. Chile) may also provoke a certain amount of controversy, but this can happen whether the report is published or not. The important thing to ensure in such cases is that the report is professionally respectable and reasonably objective. So long as it measures up to these standards, the Bank should not be afraid of publication.

20. If the risks of conflict between publication of country reports and the primary objectives of the Bank's country economic and sector work are liable to be exaggerated, it should also be recognized that the benefits of publication are highly intangible and have never been conclusively demonstrated. No country reports were published between 1966 and 1972, and very few in the years 1976-78, but it would be difficult to prove that much was lost on this account. Few, if any, of the published reports have attracted much attention in the Press, and as already noted, sales have been quite modest. However, the real test is the use made of the reports by scholars and leaders of opinion inside the country concerned, and indications gained from a casual sampling of universities are fairly positive on this account.

21. In short, none of the arguments for or against publication of country reports is really conclusive, and the weight attached to each must in the last resort be a matter for subjective judgment on which little consensus is to be expected in the Bank. In any case, no one is seriously proposing that the Bank should stop publishing country reports altogether, since this would be a complete reversal of present policy, and the Bank would be vulnerable to the charge of abandoning a well-established principle for fear of exposing itself to controversy. The issue is rather what should be the criteria for the publication of reports, and whether any modification of present procedures is called for in order to ensure that these criteria are followed in practice.

Recommended Change in Procedures

22. The criteria by which country reports that have gone to the Board should be selected for publication under the present policy have never been clearly defined. The following considerations would appear to be relevant:

- (a) the professional quality of the report, its objectivity and the extent to which it focusses on basic long-term issues;
- (b) the value of the information and analysis contained in the report, having regard to what is published elsewhere; and
- (c) the extent to which publication is likely to conflict with, or support, the Bank's objectives in the country concerned and elsewhere.

Where findings on all three counts are positive, the presumption should be in favor of publication so long as the Government agrees. Full-scale book publication should continue to be reserved for reports of exceptional quality and enduring interest (usually two or three a year at most), the remainder being released in typewritten red cover format with a minimum of editorial revision, this being undertaken, where necessary, by the Region concerned.

23. The Regional Office responsible for producing the report will generally be the best judge of the benefits to be gained by publication and of the impact which publication is likely to have on its relations with the country concerned. It is the Regional Office also which must obtain the Government's consent. It seems appropriate therefore that the initiative in proposing a grey cover report for publication should normally rest, as at present, with the Region. On the other hand, a Regional Office is not in the best position to judge the quality and objectivity of its own reports, and there is need for an independent authority in the Bank to have the final say as to whether a report is suitable for publication or not.

24. For Type I reports, as for other books published by the Bank, this function is performed by the Editorial Sub-Committee, subject to the approval of the Publications Committee. The arrangement appears to have worked well, and no change is proposed. It is, however, important that the Sub-Committee's recommendations should not be lightly set aside.

25. The number of country economic and sector reports proposed for publication in accordance with the criteria listed above is never likely to be more than a relatively small proportion of the 65-70 such reports distributed annually in grey cover.^{1/} On the other hand, unless there is to be an abrupt reversal of present policies, it will be considerably more than can be handled (and should be handled) as full-scale book publications. The majority

^{1/} From January 1975 through August 1979, some 310 economic and sector reports (including regional studies) were distributed to the Board in grey cover. Of these 225 were economic reports and 85 sector or special reports.

of the reports will therefore continue to be released in typewritten form (Type III). At present, as already noted, there is a requirement that reports proposed for release in this form should be cleared with DPS for quality and with IPA for conformity with the Bank's general publications policy, but this is a rather loose and informal arrangement which tends to leave the effective decision with the Region -- except for the rare occasions on which objections are raised or changes are proposed by IPA for reasons connected with the Bank's external relations.

26. Procedures for quality control could be strengthened by setting up an independent body specifically charged with the task of ensuring that all reports released in Type III format conform to satisfactory and consistent standards, and it is recommended that this be done. The body might take the form of a committee consisting of representatives of DPS, CPS (for sector reports), IPA and one of the Regions not directly concerned with the report under consideration. It would operate in much the same way as the Editorial Sub-Committee does for Type I reports and other regular Bank publications, except that outside readers would not normally be employed. Reports proposed for Type III release would be submitted to the committee, along with a record of the PPR or CPS review that is usually carried out at the yellow or green cover stage,^{1/} and the committee's recommendations, which would be issued in writing (with a copy to the Vice President, Operations), would be binding on the Region, subject only to appeal by the Regional Vice President to higher authority.

27. In making this recommendation we would like to emphasize that the proper time for quality control is before a country report goes to the Board and not when it is being considered for publication. A report which fails to measure up to reasonable professional standards, or which is notably lacking in objectivity, should never be allowed to reach the Board in the first place. In practice, although quality will naturally vary, it is our impression that, with occasional exceptions, adequate steps are already being taken to ensure that grey cover economic and sector reports conform to the standards expected of the Bank.

^{1/} Under the procedures laid down in OMS 1.11, consultation outside the Region is mandatory only for basic economic reports. However, the distinction between basic reports and others has become increasingly blurred, and the usual practice is for all major economic reports to be subjected to formal panel review under the chairmanship of the Vice President, Development Policy, or the Regional Vice President concerned, while other reports are usually reviewed informally. The review function is discharged by the Regions and CPS in the case of country sector reports, generally on an informal basis, but sometimes in conjunction with a panel review arranged by PPR.

28. Quality control is required to ensure that nothing is published which will bring the Bank into disrepute, but this is not the same as controversy. Clearly, the more the Bank publishes in whatever form, the greater will be the risk of its becoming involved in controversy. This is not in itself a valid argument against publication. However, there may be rare circumstances in which the publication of a perfectly reputable country report is judged to be contrary to the Bank's general interests on account of possible political repercussions. Whenever this possibility arises, IPA should be alerted well in advance. If they raise objections which cannot be satisfactorily resolved, the issue should be referred to higher authority.

Conclusions

29. We do not recommend any major change in the Bank's policies and practices with respect to the publication of country economic and sector reports. These reports should continue to be published in two forms subject to the criteria listed in paragraph 22 above -- occasional reports of exceptional quality and interest as fully edited books for sale, the rest as free publications in typewritten red cover format. However, publication will remain the exception rather than the rule and should only be considered when no serious conflict is involved with the primary objectives of the Bank's country economic work.

30. While the initiative in proposing grey cover reports for publication will normally rest with the Regional Office concerned, final control over publication needs to be exercised by an independent authority in the Bank which should be charged with the task of ensuring that consistent standards of quality and objectivity in reporting are maintained, and that the possible impact of publication on the Bank's external relations is given due importance. The Editorial Sub-Committee already performs this function adequately for reports submitted for full publication in book form, and we propose the creation of a counterpart committee to supervise the release of reports in typewritten red cover format along the lines suggested in paragraph 26.

31. If these conclusions are accepted, Operational Manual Statement No. 1.11 (paragraph 32) should be revised accordingly.

October 17, 1979

LIST OF COUNTRY REPORTS PUBLISHED FROM 1972 ^{a/}

<u>Year</u>	<u>Country</u>		<u>Copies Sold^{b/}</u>
	<u>Type I Format</u>	<u>Types II and III</u>	
1972	Colombia		2,305
1973		Trinidad and Tobago (Employment)	Not for Sale
		Ecuador	273
		Peru	291
1974	Nigeria		2,765
		Chad	359
		Senegal	550
1975	Yugoslavia		1,531
		Turkey	695
	Kenya		1,881
		Lesotho	612
1976	Korea		1,347
	Philippines ^{c/}		1,773
1977	Papua New Guinea ^{c/}		993
1978	Ivory Coast		1,094
	Commonwealth Caribbean (Regional Study)		797
		Guatemala	-
		Paraguay (Regional)	-
		Portugal (Agriculture)	-
		Dominican Republic	-
1979		Yemen PDR	-
		Yemen Arab Republic	-
		Portugal	-
		Uruguay	-
	Korea		339
		Mexico (Manufacturing)	-
		Bangladesh	-
		Paraguay	-
		The Comoros	-
	Romania ^{c/}		150
	Yugoslavia		N.A.
		Ecuador	

^{a/} General economic reports except where otherwise stated.

^{b/} For Type I and Type II publications only through 6/30/79: excludes free distribution.

^{c/} Does not properly belong to Type I series.

Mr. Robert S. McNamara

October 19, 1979

Hollis B. Chenery, VPD

Child deaths

It has been drawn to our attention that a statement in the Annual Meeting speech on starvation as a cause of children's deaths has overstated the issue. The speech (page 9) reads: "The United Nations Children's Fund (UNICEF) estimates that more than 30 million children under the age of five died of starvation just last year."

While the citation is consistent with the UNICEF source, the latter is in error. We have made our own estimates (attached) which suggest that, at most, some 12 million children under the age of five died from malnutrition, or malnutrition-related causes, last year. I have circulated this memorandum to others concerned to ensure that the incorrect figure is not used further in statements by the Bank.

Attachment/-

EBWaide/ko

cc. Mr. T.N. Srinivasan
Mr. C.K. Koch-Weser, EXC
Mrs. S. Boskey, IRD
Messrs. J. Duloy, DRC
P. Isenman, WDR
B. King, DED
T. King, DED
T.N. Krishnan, UN Fund for Population Studies
J. Maddux, IPA
S. Sankaran, IPA
P. Visaria, DRC
B. Waide, VPD
K. Zachariah, DED
M. ul Haq/S. Chernick, PPR

OFFICE MEMORANDUM

OCT 17 1979

TO: Mr Hollis Chenery (Vice President, DPS)

FROM: Timothy King (Chief, DEDPH)

SUBJECT: How Many Child Deaths in 1978 Were Caused by Starvation?

DATE: October 16, 1979

Three questions are raised by Mr Srinivasan's memoranda:

- (a) How many deaths of children under five were there?
- (b) How many of these were caused by starvation?
- (c) What was the source of the UNICEF estimate, if any?

(a) How Many Child Deaths?

The total population of children under five in developing countries in 1978 was approximately 470 million. For most countries, there are no good data on actual child death rates. These are usually calculated on the basis of the estimated expectation of life at birth and model age patterns of mortality. The estimated expectancy of life at birth in LDCs was about 54 years in 1978 (UN estimate and WDI, 1979). The death rate of children under five, corresponding to a given level of life expectancy, depends on the model age patterns of mortality used. The range according to the four Coale-Demeny model lifetables is as follows:

West Model	33 per thousand
North Model	34
East Model	39
South Model	43

Thus estimates of child deaths in 1978 vary between 16 million and 20 million depending on which model is used.

Coale-Demeny model lifetables are constructed on the basis of available age pattern of mortality rates in the late 19th and 20th century European lifetables. The South Model, which is heavily influenced by the experience of the Mediterranean countries, gives the highest child mortality in relation to overall mortality levels and is probably the most suitable for today's LDCs. The mortality data for less developed countries, which have become available in recent years, show some difference from the models, but these differences are not likely to add more than 1 or 2 million deaths to the upper end of the range. An estimate of 30 million deaths is therefore much too high. The estimate of 13.8 million quoted by Mr Srinivasan, however, is likely to be too low on two counts. It is based on an expectation of life of 56.1 years (the new UN projection gives a lower figure of 54 years for 1975-80) and the West Model lifetables.

(b) What proportion of these deaths are due to starvation?

First, to attribute deaths to "starvation" rather than to "malnutrition" is a way of dramatising an appalling situation, but it does run the risk of being misunderstood. Second, estimates of mortality of children under 5 from malnutrition in developing countries vary substantially depending on definitions. In fact, the range seems to be between 1/3 to 2/3 or more of all child deaths. A very comprehensive study of 14 communities in Latin America based on 35,000 deaths indicates that 34% of the deaths of children under 5 showed second or third degree malnutrition as an underlying or associated cause of death. An additional 23% of deaths under 5 were due to premature birth and some unidentifiable portion of these were probably the result of maternal malnutrition./1

Other studies in Asia and Africa show that between 35 and 62% of under-five mortality was directly related to diarrhea and malnutrition./2 This may represent an underestimate since malnutrition weakens the body's ability to fight off all infections and so contributes to such major causes of child deaths as measles and lower respiratory infection. On the other side, however, estimates that simply aggregate deaths due to major infections and malnutrition and arrive at a range of 80-94% /3 are clearly overestimates of the consequences of malnutrition, since it is unlikely that malnutrition is involved in every case.

On balance, one-third seems to be a lower limit to the proportion of mortality associated with malnutrition in developing countries, but two-thirds seems too high. A very rough guess for the entire developing world on the basis of these data might be that approximately half the deaths of children under five are related directly or indirectly to malnutrition. In very poor areas this would probably be an underestimate.

To sum up

Putting these numbers together would give us a rough estimate of 10 million child deaths due to malnutrition-related causes in 1978, give or take a million or two.

/1 Puffer, Ruth Rice and Carlos V. Serrano. Patterns of Mortality in Childhood, PAHO, 1973, p. 165

/2 Robert N. Grosse "Background paper on Health," Conference on Health and Population in Developing Countries, Bellagio, Italy, April 18-21, 1979.

/3 Grosse, p. 17

Whether or not UNICEF ever published the actual estimate of 30 million, the remark in Facts About UNICEF 1979-80, which they now attribute to the World Food Council (which does not give a source), that 30% of children born in developing countries die before they are five from malnutrition and related disease is consistent with it. Since, however, there there are around 100 million births per year in LDCs, the proportion who die before reaching five implied by our estimates above is (only!) about 20% (compared to 2-3% in developed countries). Even if only half of these deaths can be said to be malnutrition-related, it is more than enough for comfort.

cc: C.K. Koch-Weser (EXC), A. Berg (PHN), S. Boskey (IRD), S. Burki (PPR), S. Chernick (PPR), J. Duloy (DRC), J. Evans (PHN), P. Isenman (PPR), B. King (DED), J. Maddux (IPA), S. Sankaran (IPA), T.N. Srinivasan (DRC) P. Visaria (DRC), B. Waide, (VPD)

T.N. Krishnan
UN Fund for Population Activities

SCochrane/KZachariah/TKing:dp

OFFICE MEMORANDUM

10/17 To Dir. Chenery
Perhaps the
Board discussion
could be scheduled
for Tues 11/20
Lm

TO: Mr. Robert S. McNamara

DATE: October 16, 1979

FROM: Hollis B. Chenery, VPD HBC

SUBJECT: Report of the Advisory Panel on Research

Damry -
Cairo
NO

1. Attached is a draft statement to the Board that gives the management's response to the report of Sir Arthur Lewis, which was sent to the Board on August 23. If you approve, I will circulate it to the President's Council for discussion before it is put in final form. Following our discussion, I will invite Lewis to join the meeting with the President's Council as soon as a date has been set.

2. In order to accomodate the President's Council discussion, it will be necessary to postpone the Board discussion until after your return from South America. I will consult with Damry as to a suitable time.

10/17

cc: Damry

Attachment

HBC: jm

Mr. Robert S. McNamara

October 16, 1979

Hollis B. Chenery, VPD

Report of the Advisory Panel on Research

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Attachment

HBC:jm