

“Massive disparities” in global living standards will continue

The “massive disparities” of living standards in the world are likely to continue, Mr. Robert S. McNamara, President of the World Bank, said in Geneva in an address to the Economic and Social Council (ECOSOC) of the United Nations on July 23.

For his address, Mr. McNamara drew on projections and analyses from the *World Development Report, 1979*, of the World Bank (see article “World Development Report, 1979—main themes” on page 35 of this issue). The purpose of this *Report*, said Mr. McNamara, “is to help governments to assess the alternatives and take necessary decisions at the national and international level on issues of major development policy.”

Projections by the Bank showed that some 600 million people in the developing countries would still remain in “absolute poverty” by the end of the century, Mr. McNamara said.

Even this “shocking figure” could increase—to more than 700 million—if the projected modest advance by the developing countries was adversely affected by reduced economic growth rates, continued deterioration of the trading environment, and inadequate flows of appropriate concessional and private development finance. However, an extraordinary effort by the international community could reduce the number of people living in absolute poverty to the level of about 470 million, or less.

The Bank President said income disparities were widening among the developing countries themselves. In the countries of sub-Saharan Africa, for example, incomes were projected to increase on average by less than 1.5 per cent a year during the next decade.

Mr. McNamara, emphasizing the interdependence of the developed and developing countries, said that a more liberal trade en-

vironment would improve the export and growth prospects of developing countries, enhance their debt-servicing capacity, and help strengthen the structure of international capital flows. It was also in the long-term interest of the developed countries, which stood to gain from low-cost imports and expansion of markets for their exports.

The World Bank President said: “For too long, despite the remarkable economic progress achieved in the developing world over the last 25 years, gross inequities in the structure of international economic relations and in national economic policies have confronted us, and for too long there has been reluctance to initiate the action which could help redress those inequities. As a result, the international community is condemning hundreds of millions of people to a continued condition of life which must be totally unacceptable in a world committed to the upholding of human dignity and decency.”

New initiatives for Caribbean cooperation to coordinate development and aid

The second meeting of the Caribbean Group for Cooperation in Economic Development, held in Washington, D.C., in June, agreed on several new initiatives in regional cooperation and on the amount and type of external assistance required by the Caribbean countries during the next 12 months. The Caribbean Group was created in December 1977 to serve as a mechanism for the coordination and strengthening of external assistance to the Caribbean countries. Fifteen recipient countries and territories in the Caribbean and 13 donor nations, including members of the Organization for Economic Cooperation and Development and richer nations in the region, participated in the June meeting. It was chaired by the World Bank, and sponsored by it in association with the International Monetary Fund, and other regional and international agencies.

The Group supported the continuation of the Technical Assistance Steering Committee (TASC) to prepare programs and coordinate and promote technical assistance in the region. It decided to set up an Ad Hoc Advisory Committee of recipient and donor country representatives to hold the necessary initial discussions on regional schemes prepared by international agencies. The Group also decided to establish a task force to stimulate private sector activities in the region; to prepare a proposal for a long-term regional export promotion program; to prepare proposals to provide technical assistance in agricultural marketing; to set up a working group to prepare a plan of action for the promotion and development of tourism; and to continue monitoring the eight regional technical assistance programs in transportation.



World Bank photo

The Group agreed that external donors should consider increasing financial and technical assistance for the development of energy, including electric power, petroleum, minerals, fuels, and other alternative energy sources. It discussed the problems and needs of the less developed countries of the region and considered the question of appropriate schemes, such as food aid, a revolving fund for agricultural inputs, and a basic needs trust fund.

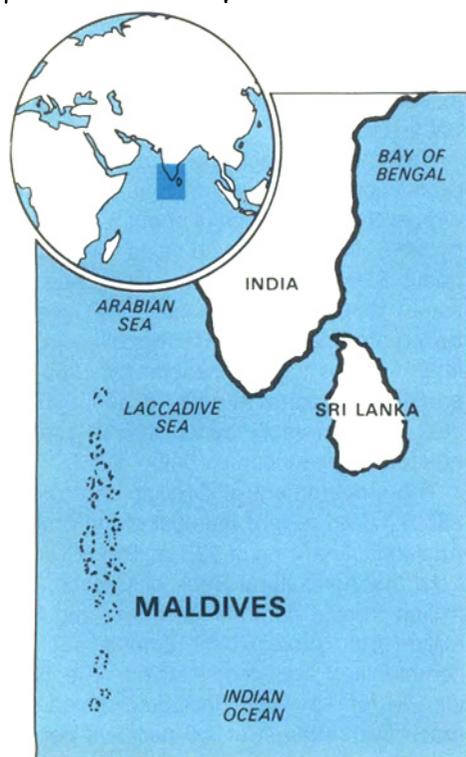
Pledges totaling \$183 million for 12 months, beginning July 1979, were announced by donor countries for the Caribbean Development Facility (CDF). These pledges, when added to assistance that had been previously announced, raised the total to \$227 million; the total is expected to reach \$276 million during 1979. The CDF was established in 1978 to provide a flexible framework within which donors could provide local currency and balance of payments financing to Caribbean countries encountering short- and medium-term economic problems.

IDA credit to mechanize Maldivian fishing industry

The International Development Association (IDA) has approved a \$3.2 million credit to the Maldives for the mechanization of fishing craft, the establishment of repair centers, and the installation of navigational aids to increase the safety of fishing operations.

Other contributions to this \$3.9 million project will come from the Maldivian Government (\$400,000) and the United Nations Development Programme (\$300,000). The project is to increase fish production through the mechanization of sailing vessels, to improve the safety of fishing operations and marine transport, and to provide a short-term training program for skippers and master fishermen on improved fishing techniques.

Frozen fish exports are an important part of the Maldivian fishing industry; in 1972, they totaled 1,100 metric tons (MT) valued at \$110,000. By 1977 exports had increased to 10,900 MT (value \$1.8 million), most of which went to Japan, Mauritius, and the United States. Small quantities of smoked and canned tuna are sold to Japan and Europe. Dried fish and shark fins worth more than \$1.1 million were exported to Singapore in 1977. It is expected that the mecha-



nization of the boats will increase the annual catch—mostly skipjack and yellowfin tuna—by about 11,900 MT a year (value \$3.25 million). This represents an increase of 185 per cent over the value of fish exports in 1977. It is estimated that the incomes of some 5,000 fishing families should rise, on average, by about 60 per cent within three years.

The Maldivian Ministry of Fisheries will re-lend the money to project beneficiaries for a

period of eight years, with no grace period, at an interest rate of 9 per cent per annum on the outstanding balance. The IDA credit itself is for 50 years, with a grace period of 10 years. It carries no interest, but has a service charge of $\frac{3}{4}$ of 1 per cent per annum to cover administrative costs.

“Nimai,” a one hour film on the Bank’s “Training and Visit System” in India, is available for viewing. For further information contact: The World Bank; Audio Visual Division; Room N-250; 1818 H Street., N.W.; Washington, D.C. 20433. See also “The impact of the Bank’s rural development lending” by Montague Yudelman on page 24.

World Bank loans approved during fourth quarter of fiscal year 1979

(Ended June 30, 1979)

Country ^a	Purpose	Amount (In millions of U.S. dollars)
Algeria (2)	Highway, meat industry	168.0
Barbados	Tourism	8.0
Brazil (6)	Two rural development projects, medium-sized cities development, power distribution, irrigation, feeder roads	383.0
Cameroon (2)	Highways, ^b railway ^c	65.0
Colombia (5)	Two water supply and sewerage projects, urban development, power, agricultural credit	166.5
Costa Rica	Power	34.0
Cyprus	Development bank	5.0
Dominican Republic	Tourism	25.0
Ecuador	Development banking	40.0
Egypt (3)	Phosphate engineering, gas, thermal power ^d	188.0
El Salvador	Education	23.5
Greece	Integrated forestry development	25.0
India	Fertilizer	250.0
Indonesia (7)	Flood control, agricultural training, highway, development banking, transmigration, ^e power; water supply	573.0
Ivory Coast (2)	Tourism, forestry	32.2
Jamaica (3)	Program loan, forestry, highway	59.5
Jordan	Power	15.0
Kenya	Highway	90.0
Malaysia	Irrigation	31.0
Mexico (3)	Fertilizer, irrigation, Industrial Equipment Fund	347.0
Morocco (5)	Education, integrated project for small-scale industry, village electrification, agricultural credit, water supply	299.0
Nigeria (2)	Water supply, agricultural and rural management training	101.0
Paraguay	Highway	39.0
Peru	Program loan	115.0
Philippines (2)	Water supply, ^f small and medium-sized industries development	41.0
Portugal (2)	Small and medium-sized industry development, highway	85.0
Syrian Arab Republic	Drainage	30.0
Tanzania	Development banking	11.0
Thailand	Power	80.0
Trinidad and Tobago	Education	20.0
Tunisia (3)	Water supply, urban development, fisheries	72.5
Turkey (2)	Ports rehabilitation, grain storage	160.0
Uruguay	Highway	26.5
Total		3,608.7

^a Figures in parentheses are the number of loans approved for the respective country.

^b With a \$10 million IDA credit.

^c With a \$20 million IDA credit.

^d With a \$37 million IDA credit.

^e With a \$67 million IDA credit.

^f With a \$22 million IDA credit.

\$25 million Bank loan to Greece for forestry

The World Bank in June approved a loan of \$25 million to Greece for a forestry development project which will help to triple the production of wood resources over the next six years. This will be accomplished by the establishment of forest roads, plantations, and nurseries, the provision of logging and

fire equipment, and physical improvements which will be made to 37 forest villages in the western and northwestern parts of the country.

Under the \$145 million Integrated Forestry Development Project, some 3,500 kilometers (km) of forest roads will be con-

structed and an additional 2,000 km of roads will be improved.

A pilot range management program will test, on about 20,000 hectares (ha), the feasibility of various approaches to the problem of integrating livestock and forestry development. Another 16,000 ha will be devoted to industrial tree plantations. A pilot plantation research program to identify other areas for planting and to develop more efficient methods of establishing plantations and testing appropriate species will help to accelerate the planting of fast-growing industrial species from the current rate of 1,000 ha a year to about 4,600 ha a year by 1984. This program will permit increased logging from overmature forests without causing long-term damage.

A key component of this project is the improvement of infrastructure in 37 villages in the western and northwestern areas. At present, the scarcity of work and poor quality of life drive many young people from the area. Investment in roads and streets, water supply, drainage and sanitation systems, street lighting, community centers, and other facilities will ensure a better quality of life in these villages.

A regional development study will assist the Government in formulating a plan for development of western Greece up to the year 2000. It will also help identify and prepare investment opportunities for local and external financing.

Under this project, the increase in wood production is expected to result in net foreign exchange savings of about \$180 million by 1995. Increased wood sales will result in about \$200 million worth of revenue between 1980 and 1995. About 1,500 jobs will be created, and a virtual doubling in the length of the logging season by 1985 will benefit all workers. At present, about 35 per cent of the project's beneficiaries have annual per capita incomes below \$950.

The Government of Greece is providing \$85.8 million toward the cost of the project. Additional financing of \$2.1 million will come from the Agricultural Bank of Greece, \$25 million from a commercial bank, and \$6.7 million from project beneficiaries, such as communities and cooperatives. The Bank loan is for 15 years, including 3 years of grace, with interest at 7.9 per cent per annum.

In view of Greece's advanced stage of development and the Bank's policy on lending to higher-income countries, the forestry loan is the Bank's last loan to Greece. Including this loan, in 12 years of lending, the Bank has made 17 loans totaling \$490 million to the country. On May 28, 1979, Greece signed an agreement to become a member of the European Economic Community.

Emmanuel D'Silva

IDA credits approved during fourth quarter of fiscal year 1979

(Ended June 30, 1979)

Country ^a	Purpose	Amount (In millions of U.S. dollars)
Afghanistan (2)	Highway, agricultural and rural development	34.1
Bangladesh (6)	Vocational training, population and family health, fertilizer, power distribution, water supply and sewerage, fertilizer imports center	161.0
Bolivia (2)	Rural development, National Mineral Exploration Fund	10.5
Burundi (2)	Technical assistance, forestry	6.8
Cameroon (2)	Highways, ^b railway ^c	30.0
Egypt (2)	Tourism, thermal power ^d	69.5
The Gambia	Highway maintenance	5.0
Ghana	National Investment Bank	19.0
Haiti	Power	16.5
India (3)	Water supply and sewerage, rural electrification corporation, forestry	246.0
Indonesia (2)	Transmigration, ^e technical assistance	77.0
Kenya	Smallholder coffee improvement	27.0
Lao People's Democratic Republic	Agricultural rehabilitation and development	10.4
Madagascar (2)	Railway, highway	37.0
Malawi	Education	14.5
Maldives	Fisheries	3.2
Mali	Urban development	12.0
Nepal (2)	Hydroelectric, rural development	25.8
Pakistan	Agricultural extension and adaptive research	9.0
Philippines (2)	Water supply, ^f population	62.0
Rwanda (2)	Development bank, livestock	13.95
Senegal (2)	Water supply, education	24.5
Somalia (2)	Agricultural extension and farm management training, central rangelands development	18.5
Sri Lanka (3)	Road maintenance, agricultural extension and adaptive research, small and medium industries	48.0
Sudan	Agriculture	15.0
Thailand (2)	Education, agricultural development	60.0
Togo (2)	Technical assistance, cocoa-coffee development	16.2
Yemen Arab Republic	Education	10.0
Yemen, People's Democratic Republic of	Fisheries development	10.0
Zaire (2)	Railway, highway	46.0
Total		1,138.45

^a Figures in parentheses are the number of credits approved for the respective country.

^b With a \$38 million World Bank loan.

^c With a \$27 million World Bank loan.

^d With a \$102 million World Bank loan.

^e With a \$90 million World Bank loan.

^f With a \$16 million World Bank loan.