INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

Joint Meeting

Tuesday, March 30, 1971

A joint meeting of the Executive Directors of the International Bank for Reconstruction and Development and the International Development Association was convened at 10 o'clock a.m., in the Board Room, 1818 H Street, Northwest, Washington, D.C., Mr. Robert S. McNamara, President, presiding as chairman.
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MR. McNAMARA: Thank you very much, Dr. Mey.

Gentlemen, we will turn then to Agenda Item No. 5, a proposed credit in the amount of $9.5 million to Ethiopia for an education project.

I will ask Mr. Tolley of the East Africa Department to come to our table and present it to you.

MR. TOLLEY: Mr. Chairman, Members of the Board, during the more than 20 years since the Bank began lending to Ethiopia, our activities have been concentrated mainly on the development of infrastructure -- roads, telecommunications and power. A beginning was made toward broadening this
pattern when an IDA credit was made for the first education project in 1966. In the last two years, this tendency toward a broadening of our operations has become much more pronounced. While continuing operations in our traditional fields, we have begun a major effort in agriculture, and within agriculture we are trying several different approaches.

We have already made one credit for a comprehensive program to support smallholder peasant agriculture in Southern Ethiopia and another for larger scale, commercial dry farming in Northwestern Ethiopia. We hope to present for your consideration in the near future two more agricultural projects -- one for dairy development and one for improvement of coffee processing.

Farther down the pipeline, we have an irrigation project under consideration. Outside of agriculture, we plan to make another new departure with a water supply and sewerage project.

I might add that our broadening pattern of activities is not only reflected in the diversification of our lending efforts. For instance, we are considering a proposal to provide assistance in revising Ethiopian Customs tariff, and we have organized a Consultative Group with the first meeting scheduled to take place in May.
While we have been getting more deeply involved, a growing awareness and concern with economic and financial matters has become apparent on the Ethiopian side, as the Government has tried to diagnose the problems facing it and find solutions. This positive attitude was clearly demonstrated in the comprehensive and constructive discussions on the Bank's draft Economic Report which took place between senior government officials and Bank staff last summer.

Turning now to the Second Education Project which is before you today, it may be considered in the context of one of those major problems which the Government has identified and is making strong efforts to solve. The Government has rightly recognized that lack of trained manpower is one of the main constraints to Ethiopia's economic growth. At the same time there is great popular pressure for educational opportunities. Thus, there is a tremendous urge to catch up, both on the part of the Government and the populace. In this atmosphere, it is extremely difficult to turn students away, and this has led to severe overcrowding in many schools.

The original request included provision for many more student places than are provided in the project before you. In its present form the project reconciles the desire for very rapid expansion with the need to adapt the education...
system to the country's development requirements. In essence, it is a holding operation, including only the most urgent necessities, pending the completion of the manpower studies and the sector survey which will provide the basis for a sound, long-term, education investment program.

If all goes well, we may expect two or three years from now to consider a major project to develop Ethiopia's new education system.

Thank you.

MR. McNAMARA: Thank you, sir.

Gentlemen, may I have your comments or questions?

(No response.)

I see we are all following the suggestion of some of you that silence means assent. I am sure that that must be the way to interpret your silence on this.

This is an extraordinarily good project. It isn't that it is based on as thorough a sectoral study as was the railroad loan or the highway loan in the case of the Argentine or as will be the power loan that we will shortly discuss in relation to Brazil. It is not. As Mr. Tolley said, this is a holding action. We are not satisfied with the amount of planning in education in Ethiopia, nor is the Ethiopian Government. But we are quite confident that this project is
moving the Government forward in the direction of a stronger and sounder educational system.

So unless there is question, we will consider the project approved and move to the next subject.

Mr. Bihute.

MR. BIHUTE: Mr. Chairman, I would like to say a few words to thank you for recommending this project and loan to the Board and my colleagues for approving it with their warm support. And I would like to thank the staff particularly for the excellent work it has done in so few months, and perhaps I may point out one aspect of this project which Mr. Tolley also mentioned.

This is an interim project pending the establishment of a detailed program for the expansion of the education system in Ethiopia. And I would hope that the Bank would be prepared to give assistance to this country when the detailed program would be issued. I am sure that the Government will come to the Bank with a request to help it and to cover a larger portion of local cost.

Thank you very much.

(Laughter.)

MR. McNAMARA: Thank you, sir.