

The inescapable fact of our time is that our contemporary world consists of two groups of nations: "developed" and "less-developed" or "developing" -- or, in plain language, rich or poor. In the rich countries, the GNP is over \$2,000 a person; the GNP in a very poor country is about \$85 a person. In the developed world, one farmer produces food for 23 people; in the developing or less-developed world, one farmer can barely feed his own family. In the developed world, there is spectacular scientific and technological progress; the less-developed world is characterized by a lack of educational momentum. Between 1960 and 1962 the average per capita income in the rich countries increased by about \$100 a year, while that in the poor countries increased by barely \$5. At the present rate of progress, it will take the developing countries - those which have a per capita income of less than \$100 a year - about 70 years to double their per capita income.

And so we are confronted by this vast gap between the very few who have not only the necessities but also the amenities of life, and the vast majority of mankind that is usually sick and always close to starvation. Moreover, at the present rate of growth, it is estimated that the population of the world will double before the end of the century and most of this increase will be in the developing countries.

There is, therefore, a striking contrast between the small world of abundance and the huge and growing world of poverty. This gap presents probably the greatest immediate problem facing our generation. It is a division which holds great peril if it is ignored and unimaginable promise if it can be overcome.

Fortunately, in the two decades since the end of the Second World War, the industrialized nations have increasingly recognized, and, indeed, accepted, the necessity for promoting the economic and social advancement of the developing countries. The World Bank itself represents the collective response of the world community to the challenge of development and the task of improving the lot of the human family. Although its original function was to serve as a guarantor of loans by others, the Bank has been a lender on its own account from the very beginning. During the 20 years of its existence, the Bank has made 446 loans totalling \$9.5 billion to finance projects in 77 countries and territories; and, during the current fiscal year which ends on June 30, it is expected to lend over \$1 billion.

Since the Bank came into existence, it has created two new affiliates: the International Finance Corporation (IFC), established in 1956 to finance private enterprises in the developing countries without government guarantee, and the International Development Association (IDA), established in 1960 to provide credits on "soft" financial terms to countries too poor to borrow at conventional rates of interest and repayment. The Bank has also widened its technical assistance activities to improve the quality of the development effort in its member countries and has established a staff college for senior officials from the developing countries. Thus the Bank, which began as a purely lending institution, is now evolving into a development agency offering a wide range of services and facilities.