

# BANK'S WORLD

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## No second class citizens

By Kevin Rafferty

**HUMAN RESOURCES** vice president Dorothy Berry is actively drawing up plans to make two major concessions — on providing maternity leave and setting up 401K pension arrangements — to aggrieved Non-Regular staff, which may go a long way toward reassuring them that they are not second-class citizens. Berry told *Bank's World* that she had circulated a note to vice presidents making firm proposals and hoped to have the maternity provisions in place by July and the pension plan by the start of 1998 "or sooner if we can."

The concessions could help to calm some of the fraught feelings and uncertainty over how the Bank plans to set up its new personnel policies. Berry is putting the polishing touches on a paper for presentation to the board of executive directors on June 30 laying out the strategy for a comprehensive reform of the Bank's personnel policy. It will cover four broad areas of HR — employment policy; compensation and benefits; managerial and professional development; and the human resources framework.

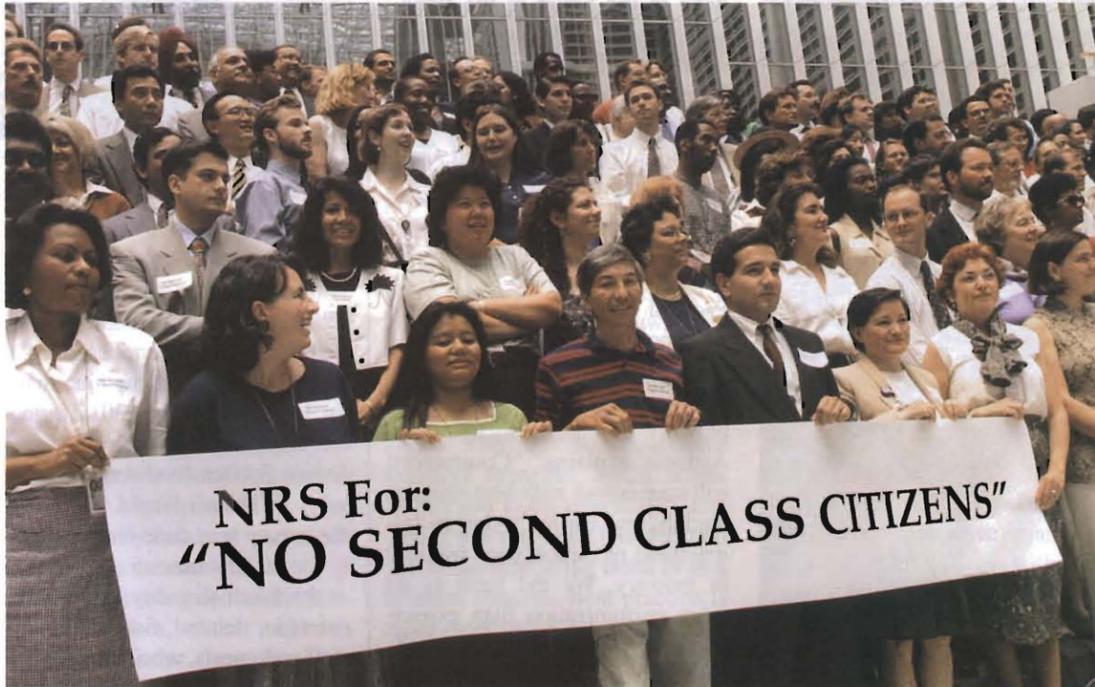
She repeated her pledges that



Berry: a lightning rod

there would be maximum consultation and chances for staff to express their views before any changes were put in place. "I know that staff and the Staff Association are worried that there is going to be some small group of people sitting in a corner dreaming up changes that are going to affect a lot of people. Many others believe that we already have the answers to things but are just not sharing them. That's just not true. "We are looking for a widely participative, widely engaging way of doing the work."

To strengthen and widen the consultations with staff she has set up four working groups on the



Several hundred Non-Regulars pose for campaign picture; later a delegation saw president Wolfensohn and Dorothy Berry

PHOTOS © RAFOTO

major areas. Each will be chaired by a line manager from the Bank, who will be assisted by a manager from human resources.

The working group on employment policy, chaired by Julian Schweitzer from LAC, will tackle some of the most vexed questions, including Non-Regular staff, the mix of consultants, fixed-term and career staff, core competencies and severance policy. That on compensation and benefits will have Karl Voltaire of IFC as chairman, while ECA/MNA's Anil Sood will look after managerial/professional development and Ian Porter of the corporate secretariat will be chairman of the HRM framework group tackling decentralization, staff rules and HR services and costs.

Berry also announced that a study of pension reform plans would be done under Charlie Chih of treasurer's.

She added that "it is going to take two and a half years or longer to do the whole reform effort. Employment framework is probably the pacing item, so we are looking for a proposal from Julian's group by the end of 1997." Members of the four working groups are being appointed as *Bank's World* goes to press.

She conceded that there had been brushes with the Staff Association and commented that she was "a lightning rod" for a lot of the discontent in the Bank. In fact, other Bank staff go further and claim that

the atmosphere is worse than it has ever been. Fred Wright, the chairman of the Staff Association, commented that: "There is a feeling that management is not listening to staff." He too admitted to being under pressure, with his Non-Regular members complaining that they are second-class citizens and doing the same work alongside Regulars but without either the same pay or perks — while Regular members are grumbling that the NRS are getting undue attention from the SA.

External evidence of low morale comes from a staff attitude survey in the ECA region. According to the survey, 68 percent of ECA staff reported that morale was low in the region and almost 59 percent said that the level of trust between managers and staff was low. Management hopes that morale will quickly pick up when the new managers have settled in.

Wright added that if the two concessions to the NRS go through, it will be "a good sign." Berry would make a breakthrough by grasping an issue that has festered since the late 1980s as the number of NRS has grown and grown along with resentment at management failure to keep promises about redressing the grievances of "second class citizens".

She added that the question of NRS is an integral part of the overall employment policy and much thought is being given to the

question, "but we have concluded that if there are some things we can do now for this significant group of people, they would be worth doing. Unless something comes up that I don't know about we would have maternity leave in place by July 1 and we have set January 1 as a target for 401K proposals, but we are trying to see if we can do the work quicker to move that date up."

She will be helped by the appointment of Richard Stern to



Trustworthy guy Stern

the new post of deputy vice president. She welcomed his arrival, saying he would bring strength as the person who knows the Bank inside out. Contrary to widespread rumors that his appointment was made to keep a check on Berry, Stern said in a separate interview: "As far as I am concerned, Dorothy is Number One. I am there to help her. We have different backgrounds and I think it should work well." The announcement of his appointment by the president was a sign that "Jim attaches so much weight to getting this HR thing straight."

## A frank, honest, trustworthy guy

**RICHARD STERN** received a call out of the blue at about noon on the last Friday of May with a request-stroke-demand that he take up a new post. "I did not get the job I applied for," he chortles heartily. He had re-applied for his current job as director of the industry and energy department, but he didn't get it. Instead, he was pitched into the really hot seat — as the Bank's first-ever deputy vice president, to human resources VP Dorothy Berry.

"He's straight as a die... straightforward and honest... frank, but fair... totally trustworthy..." — these are the words that colleagues typically use about Stern.

The new deputy VP, who will take up his job on July 1, saw the advantages he would bring: "Clearly, having a team which consists of someone with tremendous outside experience as an HR professional and a recognized leader in the field [Dorothy Berry], and having someone," — Stern chuckles — "who really has been around the Bank, as an economist, a loan officer, a country division chief, a project sector division chief, on the appeals committee, makes sense. My strength is that I just know the place." The quotes reveal the flavor of the man. He clearly believes in straight-talk.

He says of his new job: "It will take a lot of talking and a lot of sensitive listening, without running away from problems. At some point, discussion and consultation have to end and action has to begin. It is important to develop as much consensus as you can and, where you can't, ensure that the various groups understand why they differ. If you maintain the integrity of the process, if people disagree, you can legitimately ask for their support."

He adds: "I am arrogant enough to feel that there is no big challenge that I don't have the self-confidence to take on ... I have always deeply believed in the mission of the Bank. The bureaucracy has sometimes, fairly often, frustrated me, but I have never for one minute felt I was in the wrong place. Now we have a major opportunity to change and the HR policy is central because in the end that's what the Bank is, the people." — **BW Reporter**



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Art or a baby show?— p. 11

# PeopleSoft puts you in control

By Lauren Pfito

**IN A MATTER** of days, staff Bankwide will get control of their own personnel files. Not only will they be able to see everything that is in them, but they will be able to correct any inaccuracies or omissions and spiff up their CVs and lists of accomplishments to make themselves as palatable as possible in this climate of intense competition for managerial positions.

A new software package, PeopleSoft, will allow individuals to access an HR Kiosk on the Bank's intranet to update their personal data, addresses, emergency contacts, training history, job actions, salary history, country experience and language proficiency, and add information into newly created sections for honors and awards, publications, and recent accomplishments.

Staff will also use the system to request benefits services (such as home leave and education benefits), record "life events" (marriages, births), view previous PMPs, and print their own employment verification letters. The system will also be used for the performance management process.

The new software will finally bring the Bank's assortment of databases together. "This was an excellent example of cooperation across Bank boundaries," said Rakesh Asthana, manager of HRS's information services. "The HRSIS team was truly energized by this effort, and worked with

pensions [which is also launching PeopleSoft on July 7], accounting, and ITS. We have a strong linkage with GSD on badge and security issues, and we'll be linked to the executive information system, to the knowledge management database of experts, to the health insurance system, to the training program..."

Bank managers will now be able to search a single, integrated



Asthana: truly energized

database for suitable candidates for tasks and vacancies, leaving it up to staff to keep their files complete and up-to-date. Training at the learning and leadership center will be registered automatically, for example, but any education or training done outside the Bank must be entered via the kiosk.

Staff will also be able to access a "benefits window" to get information on their pensions, medical/dental plans, life insurance, and beneficiaries. The window includes a nifty pension calculator which allows staff to fore-

cast their yearly payments based on the age at which they retire.

"I think this is a pioneering example of the way things will be done in the future at the Bank," said Asthana. "We chose to use an off-the-shelf software package instead of developing our own, which reduces the cost of the function. The streamlined, self-service approach will also result in cost savings."

The new software, used by such corporate giants as Hewlett-Packard and Intel, also presented an opportunity for HRS to review its own 15-year-old systems, especially in light of the recent network-based reorganization. Asthana explains: "Commercial software comes with best-practice models, and we are trying to follow these models as they are used in industry. We did have to do more customization than expected, though — the Bank's HR policies are very complex and couldn't just be changed to match what came out of the box."

Asthana and his colleagues in accounting are looking at a human resources administration system for the field, to ensure that field staff files are as complete and up-to-date as those for HQ staff — which is not the case today.

HRS will also use Restrac software, which is tightly integrated with PeopleSoft, to keep track of the approximately 30,000 resumes it gets each year.

The kiosk goes on-line on July 7. To access it, go to <http://hrkiosk>.



Poison victim is rushed to hospital

# Swift action averts fish fears

By Al Drattell

**IT WILL BE** some time before the Bank's food services people know how, if at all, the blue marlin incident of May 30 affected the annual food service survey, Jeanne Sander, food services officer, told *Bank's World*. This year the survey was done electronically for the first time.

At lunch that day in the MC cafeteria, tainted fish felled 40 staff and guests, who were treated by the health services department for food poisoning. Of those, 28 were admitted to George Washington University Hospital, but none was detained overnight. On an average day, Bank cafeterias serve about 5,000 lunches.

Following the poisoning incident, one piece of fish was taken to the US Food and Drug Administration lab for analysis. The Bank and Marriott, which prepares the food in the cafeterias, are still awaiting the results.

The vendor who provided the fish to Marriott received 175 pounds of blue marlin caught off the coast of Ecuador, and 24 pounds were delivered to the MC cafeteria at 11 am. Once the reaction occurred at about 12:30 pm, the Bank contacted the District of Columbia health department, which alerted the vendor not to sell any additional marlin and to recall any that may have already been delivered. As a result of the Bank's prompt sharing of information, no cases of food poison-

ing were reported outside the Bank.

The consensus is that a type of scombroid toxicity that was impossible for Marriott to detect caused the poisoning, noted Greg Moore, director of cafeterias. According to the FDA and Robert E. Rosenthal, professor of emergency medicine at GWU Medical Center, "There was absolutely no way to tell that the fish was spoiled. The chef at the World Bank's cafeteria could not have prevented the outbreak because the toxin has no odor or color."

Abrao Grynglas ate the fish and was treated in the health room where he received a shot of anti-histamine. He didn't feel bad. "I drank a beer with the blue marlin, and that solved the problem. I could eat another. It tasted good."

According to Greg Moore, Marriott closely regulates all the Bank's food vendors to ensure that they comply with the company's guidelines regarding sanitation and food safety.

There is no US-mandated inspection required of seafood products, but the vendor involved submits to both FDA and Marriott's hazard analysis and critical control point inspection of its seafood processing and receiving area. Marriott at the Bank piloted the program in 1993 which systematically targets possible problems and documents the steps taken to ensure that food is handled correctly. This voluntary program is practised in all Bank food facilities, though it is not legally required by the DC authorities.

Luis Descaire, acting director of GSD, praised the cooperation between GSD, health services and external affairs in swiftly tackling and informing about the outbreak.

# SOWA TAKES UP FIRST MICHAEL BRUNO FELLOWSHIP

**NII KWAKU SOWA** (below), aged 47, of Ghana, came to Washington this month as the first



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Michael Bruno Fellow. The fellowship allows researchers from developing countries to spend six

months doing research at the Bank.

Sowa recalled how Bruno's gentle diplomacy in Ghana had helped to ease the tension building between the government and outside economists critical about inflation: "Michael cautioned the government that they should listen."

Sowa, a research fellow with

the Centre for Policy Analysis in Accra, has published a number of papers on inflation in Ghana and elsewhere in Africa. "For most African countries, supply factors dominate, but monetary pressures are very pronounced because of structural fiscal deficits in most African economies." —BWR

# ... ANSWERLINE ... ANSWERLINE ... ANSWERLINE ... ANSWERLINE ... AN

**Q:** There is a growing concern among Bank staff about having our photos posted on the World Bank Internet directory (including individual information such as title, room and phone numbers). I know one case where someone was harassed — the harasser had gotten the information and her photo from the World Bank Internet staff directory. I've also heard that it is electronically possible to cut and paste the head of a photo onto another body! As for personal experience, my photo (with its information) was taken from the World Bank directory and sent to someone I've never met outside the Bank. The recipient e-mailed me about it. Why include this personal information in the WB directory?

**A:** The photos of Bank staff are available only to individuals who have access to the Bank's internal Enterprise Network i.e.,

our "Intranet". They are not accessible to the general public using the "Internet" or World Wide Web.

This information is a part of the Bank's directory service and the ID photo is made available along with basic (non-personal) information such as telephone, room number, organization and title. This is similar to the information already available in the Bank's telephone directory except for the photo. In the interest of openness the telephone directory is also available to the general public through the Bank's bookstore and is our best-seller.

Basic directory information is made widely available within the Bank with the express purpose of facilitating communication. The addition of the photo allows staff to associate names with faces but, as the questioner pointed out, it also raises a risk of possible abuse. In this case

the trade-off of benefit versus risk was considered and the photo was added. Staff, however do have the option, via an e-m request to directory services to not have their picture included.

As with all information, abuses are possible and instances of these should be reported to the ethics officer.

George West  
Senior adviser, ITS

**Q:** I was out of town, and tried using a telephone card to access my mailbox in the Bank Group. Unfortunately, when I got through to the Bank system and obeyed the instruction to press the pound sign, hitting it terminated the call. Can you advise how to access the mailbox without hitting the pound sign, please?

**A:** Most telephone calling cards use the pound sign to signify the end of a call and will disconnect the caller when

pressed. Bank staff can still access their voice mailboxes and listen to their messages when using a telephone calling card. To avoid pressing the pound (#) sign and being disconnected, the caller may call the voicemail system (202-473-5555), press the star (\*) key, and then their extension to access their mailbox. Once inside the system, the caller may listen to their messages and use most of the functions of voicemail. (Sending messages, recording greetings, and changing passwords require the use of the pound sign and are unavailable for the calling card user.)

Elise Patton  
ITS telecommunications

Send questions to Morallina F. George, AnswerLine, Rm. U-11-028, using an envelope marked "CONFIDENTIAL". Non-confidential questions may be sent by e-mail to [BanksWorld](mailto:BanksWorld).

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... NEWS ...

## Koch-Weser sets 'Green Top Ten'

### MANAGING DIRECTOR

Caio Koch-Weser this month challenged the world community to apply affordable, practical measures to combat the continuing degradation of the environment. He announced the Bank's "Green Top Ten" agenda.

Andrew Steer, the Bank's environment director, noted that carbon dioxide emissions in developing countries have jumped by nearly 25 per cent in the five years since the Rio Earth Summit, that pollution continues to worsen in many cities, and that tropical plants and bird life continue to be lost at a rapid rate.

Both said that the Bank — now the world's largest financier of environment projects, with a \$12 billion environment portfolio — is deeply concerned about this lack of momentum and that the time has come for greater global partnership on every front.

Internally, the Bank's environment family celebrated World Environment Day on June 5 on a two-day retreat to begin nailing down specific work plans. Three keynote talks addressed the three facets of the Bank's environmental strategy: listening to clients, internal change, and partnerships.

#### "GREEN TOP TEN"

- Phase out lead in gasoline within five years
- Eliminate CFCs more aggressively
- Build global carbon markets to reduce climate change
- Make water an economic asset
- Make cities more livable
- Conserve and manage critical ecosystems on land and at sea
- Commit new money for GEF
- Build alliances to transform the marketplace
- Adopt greener accounting and eliminate harmful subsidies
- Apply environmental and social assessment consistently

The same day also saw fresh evidence of an unusual emerging partnership. Scientists, technologists, economists, industry leaders, and senior government representatives met for a two-day conference to discuss whether addressing climate change will require a major technology revolution in energy supply and demand.

The group, chaired by Jack Gibbons, President Clinton's science and technology adviser, and Bob Watson, senior scientific adviser at the Bank, was challenged to identify and find solutions to the problem of meeting global energy demand while protecting the climate. Global Environment Facility chair Mohamed El-Ashry announced that the GEF would explore forming a strategic partnership with the Bank and other key players to develop a billion-dollar fund to make renewable energy an economic reality in the coming century.

— BW Reporter

## Ahmed aims to make PREM the premier network

By BW Reporter

MASOOD AHMED promises that although the network that he heads has been the last to get off the ground, it will be exciting, fulfilling and at the cutting edge of the World Bank's new agenda. This is not least because the network's members are all actively involved in the vital tasks of economics, poverty reduction, debt initiatives and gender issues.

The full name of the network is Poverty Reduction and Economic Management, normally called PREM. Two critical areas where Ahmed has already decided to commit the network's energies are in devising strategies to help countries to tackle corruption and in helping to implement the initiative to aid heavily indebted countries.

"We are the network that deals with cross-cutting economic management issues, so that makes us slightly different from the other networks," Ahmed noted.

"We now have four families in the network dealing with economic policy; public sector reform and management; poverty reduction; and gender development. In essence what these families do is take broad themes or areas of our country economic work and try to define very specific ways in which we can improve our services to operations."

Although PREM has been described as the economists' network, Ahmed notes that of the almost 900 members, only 70 per cent are economists; others include country officers, public sector management specialists and social scientists.

He has honed in on four broad areas where PREM will concentrate its resources. The first is to provide easier access to frontline staff to the best-established economic practices, "so that if somebody wants to go out and do a public expenditure review, they ought to be able to get very easily what is the latest thinking on how to do reviews well or not well," added Ahmed. "We now have informal networks, but it works well if you know who to call, less well if you don't and less well still if you are new to the Bank or in a resident mission. Best practice is more than just a set of episodes. Good best practice is episodes that underline an important analytical framework."

The second broad area is strategic direction, identifying new areas for the Bank to be getting into and developing those initiatives. Work against corruption and in aiding the HIPC initiative fall under this category. Corruption, he added, "is a difficult area but one we have decided to grapple with. We need to have a focal



Ahmed plans to attack corruption

point to deal with this area and make it mainstream."

The third area is to help to upgrade staff skills. The last is to bring more proactive management of relationships with the Bank's external partners. For PREM, the two partners it will concentrate on are the IMF and the World Trade Organization.

Ahmed added: "The bottom line for me is that the networks should be judged by whether they have improved quality or accessibility of best practice to Bank staff or improve the strategic guidance to the Bank's substantive agenda or improve the skills of our staff."

"The other three networks report to the managing directors for operations. In our case, we felt

we needed a way to be close not only to operations but also to research, global prospects, data and EDI work. So we decided that this network would be part of DEC, so I report to Joe Stiglitz and also to Gautam Kaji. If the PREM network is to be effective it should provide a link between DEC and operations. If you think about it, it is the natural middle between research, which is knowledge creation, and the network function, which is knowledge management, best practice assimilation, policy development, and operations."

He has ambitious plans for PREM: "It is not just best practice among ourselves that matters; it's best practice. The networks also have to reach out. One of the things on which we should judge ourselves is how much we have reached out, to other networks and outside the Bank. There is a little bit of a danger, which we need to avoid, that the networks become very good for networking within but not so good for networking across."

In its sector boards PREM is including other networks as well as regional members. "If PREM is going to be the cross-cutting network then it is incumbent on us to make an extra-special effort to reach out and be inclusive of the other networks."

## SAN JOSE CUTS COSTS AND STILL STAYS POPULAR

By BW Reporter

PILAR SAN JOSE recently gave up the high-profile job of director of the general services department after almost four years in which she brought costs and staffing levels down sharply but simultaneously managed to boost morale in the department. Under her streamlining, the number of divisions was cut from seven to four, sections from 23 to 18 and Regular staff reduced from 350 to 234, while GSD expenses came down by 20 percent to \$79 million.

Modestly, she refuses to grab the credit, claiming, "What I tried to do from the beginning was to suggest that we were working as a team and would stand together or fall together. Everyone was made responsible for a specific service for which he or she was clearly accountable. We did not do this just for the sake of relaunching,

but to serve our clients better, to streamline, introduce efficiencies and bring in new technology."

Her colleague and GSD senior manager Koos van den Berg chips in to admit that "GSD has become more client focused over the last

couple of years, our services have improved and we are a much more efficient operation. Although we have downsized considerably, it was done in a very humane way."

GSD is one of the most difficult departments to run precisely because it contains a motley assortment of services, from managing the Bank's real estate to

food services, graphics and map design, printing, procurement security, translation and interpre-

tation, travel and even the Bank's art program. The reforms have set the stage for the next steps in the renewal of the department. A key point will be support for the Strategic Compact, particularly in helping to transfer budget resources to the frontline and to support the decentralization program. Between now

and the turn of the century, GSD plans further cuts in costs per workplace by between 10 and 15 percent, thus cutting its net budget share in the Bank from 4.5 percent at present to 3 percent or less.

San Jose says she has always encouraged people working for her to take responsibility. But she reflects that there is sometimes a problem with the Bank's ingrained culture: "Perfection has been the nemesis of the Bank," she adds. "We cannot tolerate mistakes. We can't be human."

She herself has now moved to Dorothy Berry's office where her specific responsibilities include serving as the HR lead on the human resources framework and supervising the implementation of the Compact-related separation program. In the cost-cutting climate, it will test the people skills of one of the best-liked managers of the institution.



Van den Berg (l) with San Jose: human and humane ways

## Bank funds help to launch space satellites

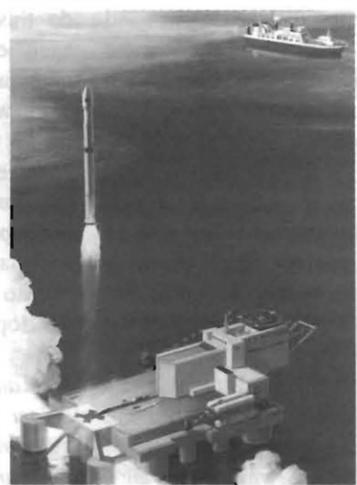
THE WORLD BANK late last month helped launch a unique venture to fire commercial satellites into space from the ocean. It provided two \$100 million partial risk guarantees for commercial bank loans to support the Sea Launch Limited Partnership, a consortium between Boeing Commercial Space Company of the US with 40 percent, Energia of Russia (25 percent), Kvaerner Maritime of Norway (20 percent) and Yuzhnoye of the Ukraine (15 percent).

The guarantees will cover the political risks of investments in two former Communist countries in what used to be top secret military establishments. Al Watkins, the task manager for the project, said that the conversion of the hi-tech skills of the Russ-

ian and Ukrainian companies to commercial purposes would preserve between 20,000 and 30,000 jobs.

Sea Launch will use a converted oil platform in a remote part of the Pacific Ocean in international waters south of Hawaii. Yuzhnoye's launch vehicle will take the satellites out of the earth's atmosphere and Energia's booster will take them into GEO orbit.

Watkins said the negotiations were tricky in involving Russia and the Ukraine in close sequence and unique in allowing him to visit facilities previously strictly off limits to foreigners. "And it's not every day that you get to negotiate with rocket scientists."



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... THE BANK AND THE WORLD ... THE BANK AND THE WORLD ... THE BANK AND THE WORLD

# 'More bureaucratic than any civil service'

Bank staff live in their own world, unexposed to political realities, asserts VP Jean-Michel Severino

Jean-Michel Severino, the youngest and nearly the newest vice president of the World Bank, calls the institution "fascinating", which is itself a fascinating word to use, suggesting praise with just a hint of uncertainty and criticism. So it proves.

He arrived to take up a senior position in the Bank — a directorship and then the East Asia and Pacific vice presidency with hardly a moment for the ink to dry on the original announcement of his arrival — with an unusual history. He does not have a PhD or a glorious history as a young professional. Instead, he has THE impeccable seal of approval as a bureaucrat, graduation from the elite Ecole Nationale d'Administration, followed by a high-flying career in the French civil service.

He lavishes paeans of praise on the superb quality of Bank staff: "The extraordinary strength of this institution is the level of its staff. Maybe the people in the Bank are not fully aware of the richness of the people." But, Severino suggests gently, there can be too much of a good thing: "Sometimes, and you might find this odd, it is a problem because when you have too many good people in the same room they start annihilating each other and the outcome is not at all a good one. It is a quality, an extraordinary asset, which has to be managed and used correctly, which it has not always been."

Severino draws comparisons from his own experiences in the French bureaucracy and sees some notable differences: "The French civil service is in general considered a good one with a lot of talented people in it, but I cannot imagine a young man or young woman of 35 years old who had come through the national school for administration who at this age would not be leading a unit of 40 or 50 people, high level people, with managerial responsibilities, strategic responsibilities. Now which task manager of this age [in the Bank] with a PhD, coming from the best and brightest universities in the world, is really having responsibilities of the size they would have in the French civil service, or in the British civil service?"



Severino: Bank staff not exposed to real responsibilities, don't face political choices

"There is really a disconnect between the way we use these top people, because there are so many and there is no other way. People here get their first managerial experience at level 26, a very rare experience, when they are 40 or even in their late 40s. [So the most striking thing I found was] these people, their quality and the way they are exposed, or not exposed, to real responsibilities until very late in their career."

That is not the only difference in the career patterns: Getting real responsibilities so late means "they are not focused on managing realities, nor are they faced — until very late in their career — with the difficulty of political choice. Instead, they are working with intellectual issues and it shapes their mentality."

The consequences are widespread. Severino continues by outlining the weaknesses of the Bank which, he asserts, "is even more bureaucratic than any civil service in the world. In comparison with the World Bank, the French civil service is very fast, very agile, very dedicated."

He brushes aside arguments that being from the same administrative cadre, of the same nationality, speaking the same language, having the same national goals is a major explanation for this. "Let me give

you an example of what I mean and why the Bank is a different case. The first months I was acting as a director of this institution were for me a dream, in one specific area: Nobody took care about me and I was able to spend my days working on my business. My vice president was a real boss, an excellent boss, who discussed strategy and then let me do things. I could spend weeks without anyone to meet except for my colleagues.

"When I recall my previous position in charge of operations in the ministry of cooperation, on a typical day I would have spent one or two hours in the office of my minister. I would have been twice in the day to the presidency at the Elysee [Palace], then later would have to go to inter-ministerial meetings between 8 pm and 10 pm with seven people from four different ministries trying to fight each other. Then in the meantime I would have people from newspapers coming to interview us in order to be able to write nasty articles, and meetings with the NGO community drafting trash on us.

"It is the same in governmental administration in every democratic country in the world, you spend your time your time dealing with politics, with ministers, deputies, senators — equivalent to members of con-

gress — with people from civil society, all these people wanting to get money out of you, trying to gain political advantage. You have to spend your time negotiating with people who generally have very different agendas from you."

So coming to the Bank offered Severino a taste of the paradise of leisure. "The Bank cannot imagine in what a wonderful world it has lived for so many years, left on its own. The Bank has its own agenda in most countries, especially the smallest ones — not the Chinas, Indonesias or Mexicos of this world.

"That is why the Bank needs regeneration and has to look outwards. Paradoxically, in a state administration in a capital of a democratic country, you have to be flexible and spend your time negotiating with stakeholders and you are in a weak position generally. The others can resort to political means to work on your minister, and you are depending on your minister and have to spend your time trying to convince your minister NOT to do something. Generally if you are in a country with a strong civil service you can convince your minister, but it takes a lot of energy out of you. You have to listen to what other people are saying to you, and in a reasonable number of cases, you have to change your ideas."

Severino then comes back to the Bank: "That has not been the case of the Bank for a number of years and that is why the Bank has been progressively more and more under attack, has become isolated and, at the end of the road, has become a very rigid institution. That is a main focus of the change agenda for Mr Wolfensohn.

"A key element is to put people more in front of the pressure, of the client, of the stakeholders, and leave them to develop agendas which are much more negotiated and therefore fit much more into reality and become much more relevant to society. There is also the danger that if you go too far you lose any capacity to develop and implement policies. But it is not a question of going from one extreme to another, but of correcting an excess."

— Kevin Rafferty

## PROCUREMENT DELAYS CAN BE A MATTER OF LIFE AND DEATH

While procurement delays in, say, infrastructure projects can be frustrating, they do not have the same life-threatening repercussions that they have in health projects. In discussing the status of two Bank-supported health projects in Uganda, procurement issues were uppermost in the minds of our Ugandan counterparts and those of other visiting Bank staff from various sectors.

Staff from the National Medical Stores (a parastatal agency) told us about delayed procurement of condoms and drugs for sexually transmitted infections and tuberculosis. The Bank's procurement procedures, designed to ensure reasonable prices and fair opportunities for bidders, did not allow for the timely delivery of condoms. Government capacity problems and the risk of drugs being stolen were also key issues.

The Ugandans also warned that, when being procured from several suppliers, drugs may not arrive at health facilities as a complete package due to differing delivery dates. [Bidding is done by item, not by lot.] This would disrupt the "syndromic" approach to managing sexually transmitted infections whereby health workers, in the



Mother and child at a Rukungiri district health fair

absence of sophisticated laboratory tests, identify common symptoms and signs of infection and provide a "cocktail" of drugs to treat all possible infections during the same visit. Treatment would have to be suspended until the necessary quantities and combinations of drugs arrived.

Despite these barriers to field implementation, the health projects have contributed to widespread awareness of the HIV-AIDS

problem in the country, the adoption of healthier sexual behavior, especially among youth, and steady progress in developing curricula and materials for training health workers in the syndromic approach.

Hans Binswanger, senior policy adviser for agriculture and rural development, in Uganda to review progress in the rural development sector, was impressed by progress made in the national extension program, resulting in improved yield through new agricultural practices, but was concerned about procurement, disbursement, and financial control problems. Procurement delays have slowed implementation and undermined community participation.

Now that Uganda has decentralized government services, executing entities have moved from central ministries to district and sub-county governments. The role of central units has evolved from directing programs to responding to districts' demands for technical support, planning and monitoring assistance, and information dissemination. The Bank needs to revisit its project strategies and adapt procurement, disbursement, and financial control systems to the new set-up. Funds which were allo-

cated to narrow project categories need to be redesigned to be more responsive to demands from lower levels.

Back in DC, knowing that procurement has been a long-standing problem in several Bank projects, the health project team, the country director and I decided to approach the human development network and the Bank's procurement specialists about developing a long-term sustainable procurement system that Ugandans can manage and adopt as their own. We could do this in partnership with international agencies, donors, and perhaps even the pharmaceutical sector. Most of all, we can work with our Ugandan counterparts until we get these issues resolved.

By emphasizing "results on the ground", the Bank has challenged us all to rework our approaches, sharpen our analytical tools, and revise our project designs in any way to meet the demands of our clients in developing countries.

— Caby Verzosa

The author, an internal communications officer, was a member of the supervision mission for the sexually transmitted infections and district health services projects.



## \$80B A YEAR TO DEFEAT POVERTY

THE UNDP's just issued *Human Development Report* argues that eradicating extreme poverty within the first 20 years of the next decade is a feasible goal, even though today about 1.3 billion people continue to live on less than \$1 a day.

The additional cost of achieving basic social services for all in developing countries is estimated at about \$40 billion a year over the next decade — or less than 0.2 percent of the world income of \$25 trillion. The amount needed to close the gap between the annual income of poor people and the minimum income at which they would no longer be poor would be another \$40 billion a year. These are big sums, though \$80 billion is less than the combined net worth of the seven richest men in the world.

To eradicate extreme poverty in the first two decades of the new millennium, the authors warn that



Jolly: pro-poor

new strategies are needed to accelerate economic growth in 100 countries caught in stagnation or decline. They include specific policies that are "pro-poor" and try to reverse the menacing setbacks that create and recreate poverty, including HIV/AIDS, violent conflict and environmental degradation.

Richard Jolly, the main coordinator of the report, warns that poor developing countries are losing \$500 billion a year — or 10 times total foreign aid — because of unequal access to trade, labor markets and finance.

The report is best known for its human development index, which measures progress in terms of life expectancy, educational attainment and income. Canada, France and Norway top the rankings this year, followed by the US and the Netherlands. Hong Kong, Cyprus and Barbados come top of the non-industrial economies; Sierra Leone, Rwanda and Niger are at the bottom.

The report also contains a new human poverty index which looks at opportunities for a long, healthy life and a decent standard of living. Of the 78 developing countries (data were not available for all), Trinidad and Tobago, Cuba, Chile, Singapore and Costa Rica do best, having reduced poverty to less than 10 percent of the population. In seven countries—Niger, Sierra Leone, Burkina Faso, Ethiopia, Mali, Cambodia and Mozambique — poverty exceeds 50 percent.

— AD

# Good government: vital, not a luxury

'Markets and government are complementary: the state is essential for putting in place the appropriate institutional foundations for markets' — Joseph E. Stiglitz, World Bank chief economist

JAMES WOLFENSOHN goes to the heart of the message of this year's *World Development Report* in his foreword: "History has repeatedly shown that good government is not a luxury but a vital necessity. Without an effective state, sustainable development, both economic and social, is impossible." The Bank president points to successful East Asia and to "the agonies of peoples in collapsed states such as Liberia and Somalia" as examples of the difference that effective and ineffective government can make.

The report, subtitled *The State in a Changing World*, shows how the state has enormous sway over a country's prospects. "The state's potential to leverage, promote, and mediate change in pursuit of collective ends is unmatched. Where this capacity has been used well, economies have flourished. But where it has not, development has hit a brick wall," it says.

Yet, the process is not irrevocable. The reform of state institutions is long, difficult and politically sensitive, but the cost of doing nothing is huge and unacceptable. "The clamor for greater government effectiveness has reached crisis proportions in many developing countries where the state has failed to deliver even such fundamental public goods as property rights, roads, and basic health and education." States that postpone reforms may face political and social unrest or even disintegration.

"Globalization" is not yet truly global, the report notes. About half of the people in the developing world have been left out of the rise in the volume of international trade and capital flows. Joining the global economy has risks. It can make a country more vulnerable to external price shocks or to large, destabilizing shifts in capital flows. But in the end, the costs of not opening up will be a widening gap in living standards between the have and the have-not countries. An effective state, adds Wolfensohn, can play "a catalytic, facilitating role, encouraging and complementing the activities of private businesses and individuals."

The impact of government is seen in the contrasting performance of sub-Saharan Africa and East Asia. In 1960, per capita incomes in East Asia were only slightly higher than in Africa. But



35 years ago, Africa was almost as rich as East Asia

PHOTOS © RAFOTO

since then, East Asian governments, adopted sound policies and delivered effective government, whereas Africa has languished.

Four recent developments have given impetus to worries and questions about the state's role:

- The collapse of command-and-control economies in the former Soviet Union and Central and Eastern Europe.
- The fiscal crisis of the welfare state in many industrial countries.
- The important role of the state in the "miracles" of East Asia.
- The collapse of states and explosions in humanitarian emergencies in several parts of the world.

"Global integration and the spread of democracy have narrowed the scope for arbitrary and capricious behavior," the report asserts. "Taxes, investment rules, and economic policies must be ever more responsive to the parameters of a globalized world economy. Technological change has opened new opportunities for unbundling services and allowing a larger role for markets. Governments must see themselves no longer as sole providers but as facilitator and regulator."

The state can improve development by setting the right incentives, providing an institutional framework — property rights, peace, law and order, and rules — that encourage efficient long-time investment and ensuring basic education, health care and physical infrastructure while protecting the natural environment.

The state, though, can do enormous

harm, either by making laws that discourage the creation of wealth, or breeding uncertainty that stunts business and fosters corruption and capital flight.

The WDR team surveyed more than 3,600 domestic companies (including local affiliates of international firms) in 69 countries. Entrepreneurs were asked to evaluate different aspects of the insti-



Today Asia motors ahead

tutional framework in their country, including security of property rights, predictability of rules and policies, reliability of the judiciary, problems with corruption and discretionary power in the bureaucracy and disruptions due to changes in government.

The results: 80 percent reported that unpredictable changes seriously affected business; they complained of lack of basic institutional infrastructure for a market economy; they expressed concerns about judicial capriciousness leading to arbitrary and unpredictable enforcement; and they said that corruption is an important and widespread problem for investors. Companies in 27 of the 69 countries — including more than 75 percent of those in the

Commonwealth of Independent States, and half in Latin America and Africa but none in the OECD nations — face the triple curses of corruption, crime and an unpredictable judiciary that offers little prospect for recourse.

The report proposes a two-part strategy to make every state "a more credible, effective partner in its country's development." The first is matching the state's role to its capability. The second is to raise state capability by reinvigorating public institutions, making them more transparent and open.

"Governments," emphasizes the report, "are more effective when they listen to businesses and citizens and work in partnership with them in deciding and implementing policy." The best mechanism for giving citizens a voice is the ballot. In 1974, only 39 countries were independent democracies; today, 117 use open elections to choose their leaders.

An effective public sector is critical for good governance and statehood, because well-functioning bureaucracies can promote growth and reduce poverty. They can provide sound policy inputs and deliver critical public goods and services at least cost.

In today's interdependent world one country's actions often have implications for others. "There is growing recognition that some needed public goods and services (such as the environment, trade, investment, etc.) can only be secured through international cooperation," the report notes.

— Al Drattell

## REPORT CARD ON HOW REGIONS MEASURE UP

• In sub-Saharan Africa, many countries are suffering from a crisis of capability. An urgent priority is to rebuild state effectiveness by overhauling public institutions, reasserting the rule of law, initiating credible checks on abuse of state power and delivering better public services.

• In East Asia, states' ability to change in response to new challenges facing the region is critical

for continued economic success.

• In South Asia, the problem is overregulation. Public employment is bloated, often leading to corruption. Regulations must be simplified, public enterprises reformed, and the role of the state contracted.

• In Central and Eastern Europe, most countries are improving capability and accountability.

• In the Commonwealth of Independent States, low state capability is a serious obstacle to progress in most areas of economic and social policy. Many problems have become apparent as a result of the lack of accountability and transparency.

• In Latin America, a "quiet revolution" is unfolding. A new model of government is emerging, but greater emphasis is needed on

reform of the legal system, the civil service, and social policies.

• In the Middle East and North Africa, unemployment is the greatest economic and social problem and makes government downsizing difficult. A promising approach might be to decentralize selected services and focus on reforming state enterprises while preparing for wider-ranging reforms.

— From WDR



# Business to Bank: Worry o

Bank's World interviews Ajay Chhibber, staff director of the World Development Report, where the World Bank is trying to boost the state's role to make economic an

Ajay Chhibber claims he made a minor but highly significant change in preparing this year's *World Development Report*, of which he was staff director: "The title that was given to me was 'The role of the state in a changing world', and my contribution was to drop the words, 'the role of' because I felt that there was plenty of academic discussion on the right role and the wrong role of the state and not enough discussion of the effectiveness of the state. One way of signaling that was to drop those few words from the title."

It reflected his determination to write a report that would be both practical and useful. He followed with a canny move in sending his staff to 40 countries to get views before the main outline was made. "We talked to governments, the private sector, labor unions, NGOs, other international organizations. The benefit was that we got a lot of different views and a lot of free input from all over the world from people who were keen to get their work into the *World Development Report*." To bolster this, Chhibber also set up an expert panel of outsiders, "practioners rather than academics," he quickly adds.

Chhibber, an Indian from the northern state of Haryana, moved from Indonesia country operations division chief to be in charge of the report. Modestly, he asserts that, "My job was to be given a budget [\$2.5 million, including all the costs of printing, publication and translation into nine languages plus two new ones this year, Hindi and Swahili, for the summary] and then the freedom of how to frame it." He says putting the report together was the best job he has ever had.

"There's enormous rethinking about the role of the state going on all over the world, so we decided very early on that we would focus this report not just on the developing

world but also include the developed world" — which has pioneered many of the new ideas, especially as government budgets have become constrained.

He's also proud that his emphasis on participation bore special fruit through the worldwide survey of business attitudes toward government: "It was done in 69 countries with the help of many people from the operational side of the Bank. This gave us a wealth of information, raw research rather than previous work. We felt that this was important because we were pushing into institutional areas where there is not a lot of hard evidence."

There is no naming of names, no list of winners and losers, no league table of corruption or even listing which states have the best practices. Some big and important countries were not surveyed at all, notably China and Indonesia. Indeed in the vast mass of Asia and the Pacific, only India, Malaysia and Fiji were surveyed. Chhibber rejoins that it was a question of what could be done quickly: "We are not in the business of ranking or embarrassing countries. The main purpose of the survey was to do hard analysis on issues like corruption, crime and theft, judicial predictability and reliability, issues on which there is a lot of anecdotal evidence, but no systematic evi-

dence asking the same questions across so many countries."

Corruption ranks and rankles much more in the eyes of businesspeople than had been thought, he asserts. "[The survey] has given us a very clear handle on some of these corruption issues. Here we have been



Chhibber: awake to the importance of states' night-watchman role

able to show what are the factors that are clearly associated with corruption, so that it gets taken out of a moralistic, cultural tone, towards a more instrumental approach. And then [it has provided] clear vehicles for addressing the issue of corruption.

"We were aware of these problems of crime, theft, corruption, law and order, but the extent and degree to which they emerged as major problems for business [surprised us]. We did a ranking and found that in many parts of the world it's not the cost of finance or the regulatory environment or even infrastructure, those kinds of things we have focused on, but it is — in a word — the very night-watchman functions of the state that are not being performed. The extent to which this lawlessness syndrome emerged as a major problem — in 27

countries it is a huge problem, and in 50 countries it is almost an acute problem — that did surprise us." Chhibber suggests that there is no need to name the countries because "they are well-known to my colleagues in operations" and the entrepreneurs affected themselves know and understand all too well — as the survey proved.

He adds that, "So much of our work is focused on financial issues, regulation, the more standard infrastructure framework, we might be missing a big story. We now have a message that we need to worry about these [lawlessness and corruption] issues much more in the way we think about country assistance strategies and the kind of advice we are giving countries on a systematic basis.

"We are also seeing collapsing states almost on a weekly basis. In the past, the cost of inappropriate government action used to be in postponed benefits for people, but these costs now are much greater because people are not willing to tolerate the same degree of inefficiency and incompetence and are more willing to revolt. The stakes are much higher, so the reforms that the report is talking about are more imperative." He says he is heartened by the fact that governments have been asking for survey results in their own countries so that they can take action.

Chhibber expects the Bank to benefit from the *World Development Report*: "The biggest benefit is that it will change the perception of the Bank. We were perceived to be in the business of dismantling government. We in operations know that we are not in that business. But that perception is out there, and what this report will do is change it since its main focus is how to make government more effective [not to try to abolish government]."

The findings have implications for Bank operations too, claims Chhibber. The other



Happy villager receives her land certificate (detail below)

## MODEL THAI TITLING ANSWERS DREAMS A

When the Bank started the project back in the 1980s, Yves Wong recalls, "it was an act of faith because no one could demonstrate that there was an economic benefit." Now it is heralded not only as an excellent project but as exemplar of the way that the Bank and a government can cooperate to lay the foundations for a modern economy, precisely the kind of hope that the *World Development Report* speaks of.

Almost 10 million people have been direct beneficiaries of the Thai land titling project as the whole country is being mapped and land certificates awarded. The government is happy because it sees both a fresh revenue stream and a layer of modernization coming from it. Moreover, governments from several thousand miles away are looking to see what they can learn and whether they can borrow the expertise of the team.

Frank Byamugisha, the task manager for the current phase 3 of the project, now also supervises similar land titling programs in Laos, and points to "the sheer joy on people's faces when they get their certificates proving their ownership for the first time." Yves Wong, who was task manager of the second phase, remembers that in his native Mauritius, "everybody has the title deed to his or her land" and it is an im-

portant marker of a market economy because land can then be traded.

Jessica Mott, who took over as task manager of the very first phase back in 1984 after Bill Patton had done the preparatory work, remembers the "wonderful sense of camaraderie" between the Bank mission teams, the Australian consultants and the Thai department of lands staff. She points to many advantages and lessons that were learned, well beyond the hard work of mapping the land, establishing title and awarding the certificates.

"One special aspect that enhanced the project ownership was that the department of lands translated the staff appraisal report and other papers into Thai and then widely disseminated these documents to project staff. Project budgets and work plans were also drafted and presented in both Thai and

English. Relatively few of the staff spoke or read English well at that stage, but the project became 'theirs' when they were able to read the documentation in their own language. I think that this lesson continues to be relevant to rural development and



Mapping out land in rural Thailand

PICTURES IN THIS STORY BY © BHP Eng.

natural resource management projects today."

Mott stresses "how important it was that right from the start the Royal Thai government was behind the project. It saw how proper land titling would encourage more efficient use of land, and it also could see the potential fiscal benefits from proper

# er law and order

port 1997, and looks at two important projects  
social development more successful.

lesson of the report is that one size or shape of government does not fit all countries, and that history, culture and state of development do matter. "By taking us into the institutional realm, where local conditions, culture, history, matter far more than when you are just talking about pure economic policy, it will mean that we will have to take a much more differentiated approach towards countries, marrying external advice with local conditions, otherwise in this area of institutional reform, it's not going to work.

"There were some surprises. There were huge variations within Africa. There is a tendency to talk of Africa as a huge continent — [and say] 'well, Africa has these problems' — but when you look at the survey, you find huge variations."

Chhibber was helped by a large number of people, including "the late, great Michael Bruno", but the bulk of final writing was done by a "superb core team" with editing help from Stephanie Flanders of *Financial Times* "who helped us bring out the key messages and put them in a way that the general public might like to read. Most of us write in a very Bankspeak way."

The team came on board last July and the first draft was ready by December, then polished and repolished, though Chhibber says that the final version is "almost as exciting as the first December draft and sharper in its final messages." He is against extending the work of a *WDR*, say, over two years: "First, the team would be dead and you would get more of a committee-like report, not the rapid-fire freshness of this." He praises the highly professional production team backing the authors. "They are just excellent. This operation works like clockwork, with everything right down to the last hour or even minute almost."

— Kevin Rafferty

## D FISCAL HOPES

land mapping and registration." She waxes nostalgic in recalling that when she left the project to take maternity leave "I told my successors that I felt like I was giving up one of my 'babies' to have another one."

For Byamugisha today, there is a new aspect to the continuing work. It is not just finalizing the bringing of all of Thailand into the land title net, but putting the land certificates into computers to cut down on the storage space. "Physical storage takes up so much space and whole buildings are devoted to housing records, so that putting them onto computers will be more efficient of time and space."

The publicly acknowledged success of the Thai titling project — co-winner of the awards for excellence announced in May — also means that Byamugisha and his colleagues have to spend time with other governments which are clamoring to see if they can have their own projects. In Laos, he has seen the similar joy of villagers taking away the proof of their holdings. The Philippines has asked for Bank aid for a land titling program, though in Vietnam, it has not been possible to get a project to take off. Peru has asked Byamugisha's colleague Wael Zakout to come and see if it too can get help on land titling.

— Kevin Rafferty



St Petersburg and (inset) Vorkink

## Vorkink helps to make Russia's law

In many countries, most people know what they have to do legally to buy a house. However, if you live in Russia, the chances are you don't. By the same token, if a court in Vladivostok enacts a law, the courts in Moscow may not learn of it for several months.

And if you are the senior manager of a company, you will spend more than 15 percent of your valuable time negotiating with government officials over laws and regulations. In the end, you may also make a business decision based on erroneous knowledge of what current rules and regulations are. These are some of the hurdles that Russians must overcome every day.

A foundation of law is one of the vital ingredients necessary to improving statehood, according to *World Development Report 1997*. Andrew Vorkink, assistant general counsel and task manager of the legal reform project for Russia the Bank funded a year ago, notes that: "There are lots of problems with the legal system in Russia." But the Bank hopes that the legal reforms it is helping to draw up will lay improved foundations for economic development.

Russia, Vorkink adds, is the first Bank borrower which has tried to deal with comprehensive legal reform — "not just drafting laws and looking at the judiciary but recognizing the connection among different aspects of the legal system. Passing a law is not enough. It must be enforced, but [today] Russian courts don't have the clout to enforce" what they have enacted. For example, judges don't know how to apply new bankruptcy laws because they have never dealt with bankruptcy before.

"If you have a [functioning] legal system, you can use it and not take matters into your own hands" by resorting to criminal means, he says. "We have to educate the public and the business community about new laws and why laws are important in a market economy."

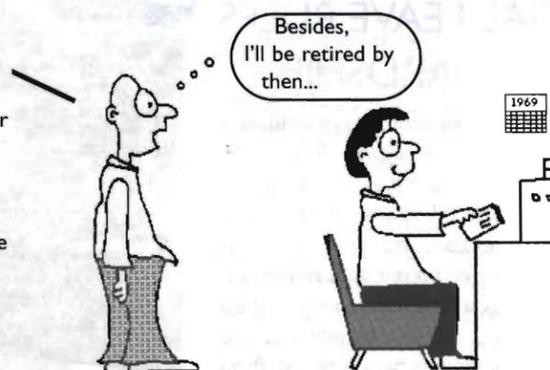
The \$58 million Bank loan — part of a \$89.4 million legal reform project — covers such areas as legal drafting of economic laws, decrees and regulations at the federal level; classification and dissemination of legal information; legal education; judicial reform; and alternative dispute resolution.

"The project's design is appropriate," Vorkink adds, "but implementation takes time. It's progressing satisfactorily, but it's slow."

— Al Drattell

## THE REASONS BEHIND THE MILLENNIUM PROBLEM

We can save a lot of storage by not including the 19 in our date data fields. I'm sure they'll be using much more sophisticated programs by the year 2000.



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## Countdown to Y2K crisis

### 00 VIRUS COULD WIPE OUT BANK

It's January 3, 2000. You walk in to the MC lobby at 8:15 on Monday morning, still tired from your celebration of the new millennium on Saturday, and notice that it seems a bit dim — the only light is what is filtering in through the skylight. And it's very, very cold. You wait for the elevator to take you down to the Credit Union, but it never comes. So you take the stairs, but the cash machine seems dead. You try to call the J lobby to see if the machine in there is working, but the phone is dead, too. Then you realize ... it's the Millennium Time Bomb, the Y2K Dilemma, the Year 2000 Crisis. The World Bank has shut down.

Not likely, says Clem Steyer, head of ITS's information engineering unit. "We're OK, we're aware of the problem and have it under control. But we do need to worry about our projects and clients."

The problem is that much of the world's software was written years ago, when computer programmers used a standard date format of DD/MM/YY to minimize storage space, which was very expensive at the

jects depend on systems that are already in place in our client countries. A project that has been going swimmingly could turn into a problem overnight because of the failure of one small information-system component," Steyer explains. "It's already hard to find technicians to do this kind of work, and they are charging a fortune. The Bank is in a position to see that governments who don't have a lot of money to spend are able to fix this problem."

Chris Parel, senior country officer for Brazil, urges prompt Bank action to avert potential disasters: "In Brazil, there are huge systems in place for social security, health benefits ... this problem could cause some real damage. The Bank can and should take the lead on this." Patrice Mallet of South Asia's country department for Bhutan, India, and Nepal is working on a regional approach. "Almost all of our projects have an information technology component or rely on technology for monitoring or evaluation. We will help our client countries identify their problems, and work

### THREE TICKING TIME BOMBS

- **SEPT. 9, 1999** — In programs where an expiration date had to be entered, "9/9/99" was a popular way to indicate "no expiration". So a monthly payment meant to be made in perpetuity, for example, would stop.
- **JULY 1, 1999** — Bank's FY2000 begins. Or is it 1900 in your division?
- **JAN. 1, 2000** — The new millenium... Will your alarm clock go off? Will your car start? What will happen to your Bank account? Your IRS data?

time. The first two numbers of the year were assumed to be "19". When 2000 arrives, the "2000" will be read by computer systems as "1900", potentially causing system failures or incorrect calculations in time-sensitive programs. Computers are not the only devices affected: most electronic devices that make use of dates — car ignition control systems, clocks, microwaves, and even nuclear weapons — could be dangerously unpredictable.

Troubles have already started. A 105-year-old woman in Minneapolis, born in 1871, just received notice to report for her first day of school. Norwegian canned herring shipped to Brazil was returned because computers in Sao Paulo assumed that the fish, labeled "Sell by 00-05", had been sitting in a warehouse for 100 years or so.

Gartner Group, an information-technology research firm, estimates the year 2000 date change will cost between \$300 billion and \$600 billion worldwide through 1999. Reuter reported that the US Department of Defense will spend \$1 billion to prepare for 2000.

The Bank is in an enviable position, says Steyer, because its system developers took the Millennium Crisis into account as far back as the 1970s, when loan and credit maturity dates were stretching to the end of the century. Getting ready for 2000 may cost the Bank as little as \$300,000, a small — if optimistic — sum.

He worries, though, about the Bank's client countries. "Even if the Bank's own systems are Y2K-ready, many of our pro-

with them to decide on suitable measures."

The real problem is that no one is sure of all the implications because this is new territory. The Bank is not an island, and the Y2K problem could easily transcend its borders: bad data from outside systems could ultimately pollute its 2000-ready ones.

While the Bank's information security unit is overseeing and coordinating Y2K readiness Bankwide, Steyer is careful to point out that business unit managers are responsible for ensuring that all information resources under their control will continue to function accurately after the change of millennium, and that all historical information resources will continue to be available. "It's up to them to review all of their information resources and to take action to rectify any problems," he warns.

The information security unit has developed a Lotus Notes database to record applications and systems and their Y2K readiness. Business unit managers must ensure that information on their unit's systems is entered accurately. The unit will then issue letters of understanding, describing the necessary actions and a timetable for doing them. The database will be the source for reporting the Bank's overall Y2K readiness to all levels of management.

The Bank, whose fiscal year 2000 begins on July 1, 1999, plans to be fully prepared by the end of calendar 1998.

For information on Y2K contact Clem Steyer, x32267, or Robert Hoge, x33192.

— Lauren Pito

## STAFF ASSOCIATION

## SPECIAL LEAVE RULES CAUSE HARDSHIP

The millwheels of redundancy are grinding again. This time, Special Leave has gotten chewed up in the process. Here's what happened: in the past, the Bank has permitted staff to choose between taking their redundancy payment as a lump sum, or going on Special Leave, which spreads out the redundancy payments over time. Staff on Special Leave, while no longer on active duty, remain nevertheless in the Bank's employ until the Special Leave period expires. In the last redundancy program, 89 percent of staff chose to take special leave, reflecting the value of this option to staff who lose their job through no fault of their own.

The Bank has now decided to narrow the criteria for Special Leave and grant it only in exceptional circumstances: medical reasons; national security; bridging to a pension or to eligibility for US residency. While we recognize the value of the exceptions offered, we still find the decision narrow and shortsighted.

We need to remember that many Bank staff who are being made redundant were planning to work until they reached mandatory retirement. Departure from the Bank earlier than planned can cause great financial hardship for the rest of their life — the additional months of pension accrual during special leave can easily add \$10,000 per year to a pension for life.

Such a reduction in lifetime income is clearly a hardship. In addition, expatriates for whom redundancy means leaving the US must deal with the stresses of losing a job, uprooting a family, moving as much as half the world away and then finding a new job. Special Leave provides a buffer of time to do all of these things. Without Special Leave, expatriate staff have only the notice period, plus the 30 days between termination and visa expiration, to undertake a major life move that has been thrust upon them through no fault of their own.

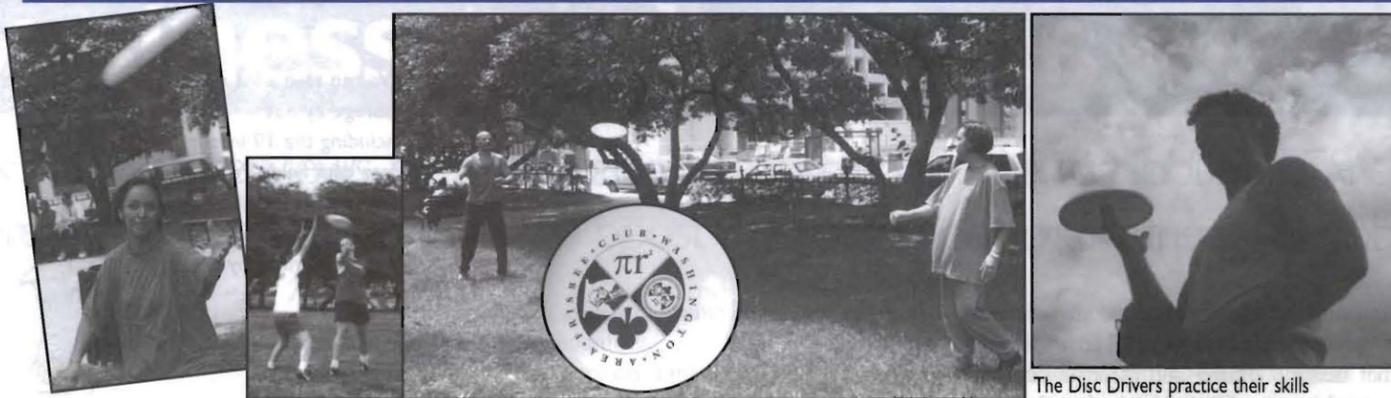
The Bank is sending the message to staff that they want to get as many of us off the books as cheaply and quickly as they can. This does not seem fair to us given that staff eligible for redundancy have dedicated their working lives to serving the mission of the Bank. The Bank's decision on Special Leave is not one that will inspire remaining staff to new heights of accomplishment — especially when people are being made redundant for the administrative purposes of the Bank, rather than being released for poor performance.

How these small touches of policy are handled sends a signal to staff. The cumulative effect of many such small bits of indifference is a giant deficit of credibility and good will. Staff deserve better treatment than this.

The Staff Association will do everything in its power to get management to reverse this decision to treat staff cheaply by denying them Special Leave. In our view, the degree of hardship should be determined by the one being harmed rather than by the one perpetrating the harm. Management should continue to give staff the choice regarding Special Leave.



## ... COMMUNITY CONNECTION... COMMUNITY CONNECTION... COMMUN



The Disc Drivers practice their skills

## Ultimate Frisbee team takes Bank buzzwords to heart

Teamwork ... efficiency ... speed ... flat organizational structure ... shared mission ... gender balance ... environmental sustainability ... focus on the field ... mentoring ... the buzzwords of the "new Bank" are a reality for one small part of the organization: the ultimate frisbee team.

The Bank Group has finally "gone ultimate", having just formed a team — the Disc Drivers, a techie name inspired by the knowledge management initiative — to compete in the sport's Washington Area Corporate League. On June 16 it won its first game (16-14) against the Advisory Board, a consulting firm. Ultimate (as it is usually called) was created in the US about 25 years ago and is now played throughout the world, prompting speculation that it may someday become an Olympic event.

"We hope to be an example for the Bank," says team captain Martin Fodor of the environment department. "Teammates

truly share the mission, opportunities are equal for all, communication is done the 'green' way — by e-mail — and the red tape is nonexistent."

The team is progressive in terms of its HR structure, open to staff at all levels and allowing non-Regular staff to assume leadership roles. It also encourages mentoring, whereby veteran players like David Clingman coach rookies like Cynthia Casas. And in the interest of gender balance, the league requires that at least two of the seven players on the field at any time must be women.

Ultimate is a non-contact sport played by two seven-player teams starting at opposite ends of a 70-yard field. The object of the game is for a team to pass the frisbee from player to player, all the way up the field, and catch it in the end zone, which scores a point. The first team to score 15 points wins, although scores do go higher since a two-point margin is required. Play-

ers may not run with the disc, but must plant a pivot foot (as in basketball) and throw to a teammate within 10 seconds. If the team drops the frisbee, catches it out of bounds, or fails to complete a pass (for example because of an interception by the other team), the opposing team picks up the frisbee and works to score in the other direction.

What distinguishes ultimate from most other team sports is the fact that it is self-officiating — there are no referees, even at the highest levels of competition. Each player is expected to make honest calls and respect the calls of fellow players. This built-in trust in the judgement of teammates as well as opponents may even be going one-up on the Compact...

The Washington Area Frisbee Club Web site is at <http://wafc.org>. For more information on the Disc Drivers, contact Martin Fodor at x39131.

## President is one bean short of prize

The Bank's Association of Professional Accountants (APA) this month has proudly announced that it has admitted a new member to its ranks: Bank president James Wolfensohn. Although not an accountant, he received an honorary membership from the group's president, controller Jules Muis. In a way it was a consolation prize when Wolfensohn fell just short of the really big one — the full jar of beans.

Wolfensohn came within a single bean of the winning guess at the association's Jelly Bean Jar Count Quiz during Staff Week. (The best bean counter was Arshad Toor, who, appropriately, is coordinator of the loan department's financial skills develop-

ment training program).

"Now it seems we have some empirical evidence that investment bankers make better projections and forecasts than economists and accountants combined," quipped an association member.

The APA, which has more than 70 members, aims to develop professional relationships among accountants and others interested in accountability throughout the Bank and to discuss the latest accounting trends through lunchtime meetings, workshops on hot topics, and a newsletter. Staff do not need a professional accounting certification to join. For more information, contact John Fitzsimon at x36889.



## IFC SOCCER TEAM SHOOTS INTO TERRILL CUP PLAYOFFS

The sun didn't shine, but June 7 turned out to be the brightest of days for IFC's soccer team. In the final match of the season, the team had to defeat Legion Francaise to keep its second place in the Washington International Soccer League's Emerald division and qualify for the post-season Terrill Cup playoffs. It was two goals up before most of their fans had arrived, and the day just got sunnier and sunnier in a 3-1 victory.

"This season will go down as the most

successful to date for IFC and I imagine for some to come, as keeping the same group of players together from season to season is no easy task," said president Keith Defty.

The team set records this year, with the highest place finish in the division (2nd), the most points ever accumulated (21), the most games won in a season (7), the most consecutive wins in a season (6), the most goals scored in a season (23), fewest goals conceded in a season (10). Its second-place was

not quite good enough to qualify it for the Premier division next season, since only the top team from each division — Ruby, Emerald, Sapphire, Diamond — earns that honor.

The first round of the play-offs saw IFC beat Internationales, first in the Ruby division, to post a first-ever playoff success with an emotional and sterling performance. As we went to press, IFC was gearing up for a quarter-final against Red Sea of the Premier division. Watch this space.

## ... CLASSIFIED... CLASSIFIED... CLASSIFIED... CLASSIFIED... CLASSIFIED... CLASSIFIED...

**SEEKING APT.** Looking for airy, well-lit (read lots of windows) 1 BR/Effcy w/kitchen and without carpet, in the city, beginning fall 1997. Call Radhika, (202) 483-3373.

**APT. FOR RENT.** Sunny tree-top 1 BR apt., Kalorama Triangle, avail. July 15/Aug. 1. Wood floors, separate DR, solarium. Charming bldg w/24 hr. security desk. Walk to work, Dupont Circle metro. Call M. Malhotra, x33788 or T. Ehrbeck, (202) 662-3279, for details.

**FURNISHED APT. FOR RENT.** Chevy Chase/Bethesda. 1BR, w/d, beamed ceiling in LR, private enclosed garden. Ornamental firepl., custom built-ins. Classic furnishings. Quiet street, walk to Friendship Heights metro and Chevy Chase shops. \$1,075/mo. include. utils., pkgng. Avail. Aug. 1; long

term, short term negotiable. Call Manly, x30284, or Bell, (301) 229-0212.

**CONDO FOR RENT.** NW DC. One BR, w/d in unit, pets OK, walk to bus/metro, pkgng avail. Avail. July 15. \$800/mo. Call (202) 237-6353.

**HOUSE FOR RENT.** Beautiful, newly remodeled 4 BR/3 BA home on quiet cul de sac. New master BR, lg family room, deck, double garage. Close to excellent schools, just 20 min. walk from W. Falls Church metro and 15 min. drive from town. Location: 2200 No. Trinidad St. call Mike Guido (703) 532-3583 or send e-m to Carl Dutto: lskdutto@go.com.jo.

**CAR FOR SALE.** 1995 1/2 Isuzu Rodeo, 4X4, V6, 20,000 miles. Dual airbags, ABS, a/c, pwr windows, remote alarm, remainder of 5-yr./60,000 mile warranty.

\$18,500. Call Ross Pfile, x37525 or (202) 945-9863.

**CAR FOR SALE.** 1993 Mazda Protege LX. Sunroof; a/c; pw; pl; am/fm/cassette; automatic; ruby red; 69,000 mi.; \$8,000. Very good condition. Call Micky Ananth, x37842 or (301) 572-4990.

**CAR FOR SALE.** 1997 Chevy Cavalier LS, only 500 miles, 4 doors, automatic, a/c, traction control, amethyst color, excellent condition, must sell. \$1,700. Call x83489 or (703) 821-0516.

**PIANO FOR SALE.** 2-yr-old Weber W48 MP (upright) with double protection warranty (10 yrs more full & lifetime limited). Beautiful mahogany. \$3,500. Call Junko, x80159 or (202) 332-6352.

## \$10 a month offers a sweaty way to fitness

What's the best \$10 value for money that the Bank has to offer? Hundreds of supporters of staying healthy and fit say it's the fitness center, where staff can work out to their heart's content, either on their own or under the guidance of the facility's crack team of professional instructors, who also happen to be their colleagues.

With 27 staff members turned part-time fitness instructors, the World Bank's fitness center ranks among the top corporate exercise facilities in the country using a volunteer-employees system. "We might not be here if it were not for these 27 instructors," comments Pam Wiggins, aerobics coordinator. And, most certainly, if it were not for this group of staff who teach for free, the 3,800 members would pay dues much higher than a mere \$10 a month.

Being a volunteer, however, does not infringe in any way on the level of professionalism expected from the instructors. Candidates indeed have to undergo such rigorous training that many call it quits

mid-way. "What we are looking for," explains fitness center manager Michael James, "is people who understand fitness and who want to help other people, who will take a serious interest in the 30 bodies in front of them." What the fitness center also expects from the instructors is that they become fitness ambassadors by introducing their colleagues to the world of fitness and health.

Those candidates who apply and pass a preliminary interview become eligible for a 10-week training that focuses on both theory and practice. "I spent about 10 hours a week studying," remembers Christina Djemmal, a new recruit, "between the formal teaching, practicing, my own workout, and reading..." While in training, rookies, as they are called, start teaching classes with another instructor. Two months later, having passed the required examinations, they are on their own. They will, however, get evaluated annually by Wiggins or



Verbeeck: a real passion

James. In exchange for volunteering their services, teachers are given the opportunity to attend refresher classes (often offered by nationally renowned fitness experts), free access to the fitness center, a locker, and a one-time stipend of \$200.

Most instructors take their mission so seriously that all year round they enroll at their own expense in programs offered outside the Bank. Costs vary between \$15 to \$35 for a single class and between \$200 and \$1,000 for a workshop. This summer, Margot Verbeeck will attend an aerobics convention in California. Bridgetta Ross-Sedlak, a former national aerobics champi-

on, took classes with one of the most famous fitness experts in the country. Others, like Tim Ryan, who used to own a gym in Arizona, have reached such a level of expertise that they teach classes in professional studios outside the Bank.

Mercedes Hernandez, the Latin aerobics expert, Lesley Shneier, the ballet teacher, Corinne De Jesus, the muscle fitness guru ... each instructor has his or her followers. "I develop a personal relationship with some students who ask me questions not only about the routine but also about their diet, the shoes to buy, their health," observes instructor Judith Morroy. "Some of them think that teaching an aerobics class is my full-time occupation. It's very rewarding to be considered a professional."

It is so rewarding that it does not matter if they have to rush at noontime or immediately after a long, hard day to be on time for a class where additional demands will be made on them. "This has become a real passion," exclaims Verbeeck. "I started working out four years ago and became addicted. Teaching classes was a natural evolution. I also wanted to give something back. I like challenging the students, making them sweat. I like to see them smile when they've mastered a new step." Like many of her colleagues, Verbeeck does not envision retiring ... not until her body says "no more".

— Brigitte Aflalo

## A LONG WAY FROM THE SQUARES OF LATIN AMERICA

When asked for an opinion on the atrium, most Bank staff exhibit a generic look of bafflement coupled with cautiousness about expressing an opinion or attributing an opinion to oneself. While some braver souls have come forth and expressed views in letters to the editor of *Bank's World*, many confess that Sphinx-like, the riddle of the atrium continues to elude. Who uses the atrium and how should it look? What are the uses of this vast open space?

"The atrium is like the village square of Latin American and European cities — a place where people can eat, just sit and talk or watch people," offers Ernesto Henriod, director of the headquarters construction group. The history of the atrium space indicates that it has always been used as a gathering place. "The courtyard that existed before was a place where people came to eat, especially in the spring and fall. The fact that it is a covered space now makes it even more useful, don't you think?" says a Bank staffer. Many long-term staffers have

remarked, however, that the courtyard was not visible from any building except the E building.

"The old courtyard was well used if only for a short while during the year. There was a great deal of sentimental attachment to the courtyard," says Jonathan Lyttle of GSD. "Now that it is weatherproof it is adaptable for many different uses. The architects conceived the atrium space as being rather like the eye of a hurricane — calm and still, yet surrounded by the energy of Bank work," he added. According to him, a new committee on space use and decor, chaired by Carl Wessman of GSD, is formulating policies and guidelines for uses of public spaces, including the atrium, within the World Bank Group.

"I don't know why people don't use the atrium more. I come here to read my newspaper and sometimes even fall asleep! Maybe because its so bare..." says a staff member of American Express. Another Bank staffer, who requested anonymity, says that the atrium is not a good space for parties and functions. "During last year's Christmas party season, we could barely hear the music. Sound is lost in that huge space, so I don't think it is very useful in that regard," she says. "Do you see the floating platform? A band could perform there without worrying about the sound being lost and staff could enjoy dancing in the after-hours," counters Henriod.

Once the construction in the D and E lobbies is completed, the task of maintaining the atrium will be turned over to GSD, says Henriod. The recently formed Art Committee under Ismail Serageldin will find suitable artwork for the atrium through juried international competitions, according to Regine Boucard, president of the Art Society.

The appearance of the atrium reflects the architect's decision to



Bold use of trees in lobby of the Organization of American States

allow Bank staff to determine decor and use, according to Lyttle. "The atrium has been built up to an appropriate minimal level — like a home. One picks up things along the way to decorate a living space rather than completely furnishing it immediately," he adds.

"I can visualize this space turned into a sculpture garden with large exotic trees, perhaps even large bonsai [sic]. The seven panels in the atrium, which represent the seven continents, can display artwork. I personally favor the use of murals, especially on the long wall behind the panels," says Boucard. Another Bank employee imagines the atrium reinvented as a Disneyesque theme park replete with tropical flora and fauna, singing birds and maybe even a Pocahontas or two!

"If we are going to decorate the atrium, we must respect the architect's conception of the space. We also have an imperative to be institutionally acceptable in our decoration efforts. If we were to place textiles, without a clear plan, the atrium might look like a carpet shop!" offers Henriod. Any artwork placed at the moment is most likely

temporary because the atrium's "look" will not be final until the D and E lobbies are open.

According to Boucard, objects placed in the atrium must be large to be visible. She says that since light reaches all corners of the floor space, paintings, tapestries and fiberworks are ruled out as choices for artwork. Glass work and other media that are not damaged by exposure to light and frequent handling, are appropriate choices according to her.

Current decoration efforts have included the placement of tropical trees and flowering plants in the atrium. Neeraj Jain of the IFC says, "When I look at those minuscule trees and flowering plants in the huge atrium, I can only say — nice try! I am also reminded of that old story about a crow who wears peacock feathers in the hope of passing off as a peacock. The trees aren't in harmony with their environment and seem to be yearning for some fresh air and we 'green' human beings are violating their rights by denying them their natural rights."

— Y. R. Radhika



Dave Vincent (l), Ian Conachy join Verbeeck for a warm-up



Staff week saw attempt to create a community atmosphere

## Creative thinking could help keep fish fresh

I understand that the Bank is concerned about a project in Africa in which local women raise fish for sale in a Bank-financed pond. The problem is that, once they remove the fish from the pond and transport it 16 miles to the nearest market town, the market value of the fish has, shall we say, been dramatically diminished. They are DOA — dead on arrival.

What to do about this? Clearly the original Bank project was syndromic of the then prevailing attitude — it simply left out an important part of the project, the transportation component. Yet the answer seems rather simple. As I understand it, the women delivering the fish already use bicycles for transport. In the US, I have often seen bicycles with very small trailers, often with babies in them. An "appropriate technology" approach would seem to indicate that the World Bank make a microloan for the purchase of such trailers, and perhaps of a "bicycle built for two" to pull them if, once they are equipped to carry fish, they are too heavy for one cyclist.

Then the trailers are rebuilt — instead of baby carriages they become fish tanks. They could be built out of sheet metal or, for advertising purposes, they could be equipped with transparent (preferably Plexiglas, not normal glass) aquariums sized to fit the fish, with the market stall location or other advertising identification attached. This would also fit in well with the Bank's emphasis on transparency. Of course, all

this could be done on a purely home-made basis as well. The fish would thus be delivered alive and deodorized (or not yet odorized) at the market, and would remain so until their time had come.

Such a policy is in line with the Strategic Compact's client-centered policy, and with the effort at outreach and front-line service that is at the heart of the Strategic Compact. However, given recent events, there is no reason why the same approach could not be applied in Washington so that Headquarters staff could also partake in the benefits of truly fresh fish. In the future, when fresh marlin is on the menu, such an approach would ensure that they really were fresh.

As to, once again, the important aspect of appropriate technology, we already have in Washington, DC, a dense network of bicycle couriers, and the distances are much shorter than 16 miles. As anyone who has seen one of these couriers in action knows, they are by far the fastest moving vehicles in the downtown area. It is likely that the Bank would not even have to supply any up front capital funds in this case, as most courier firms could probably afford a couple of baby carriages-cum-aquariums on their own as long as they already possessed



Easier on a bicycle?

a contract with the Bank to provide this new service. And it would help put both the minds and the stomachs of Headquarters staff at ease.

This is, of course, a very conservative proposal. But I would like to feel that it is the type of creative thinking that should advance the ongoing conversation about the Bank's future and its contributions to developing countries, by illustrating the kind of imaginative problem-solving that is so looked for in the Bank in this period of change. Seriously, why not?

Patrick W. Murphy

### MORE ECONOMIES, PLEASE

Regarding "Publisher goes to market" (*Bank's World*, June 3, p.2), as an accountant, I wish to congratulate you on your initiatives to reduce publishing costs. For years I have been shocked at the way I regularly receive publications that I have never asked for and never read. After several efforts I managed to stop receiving *Economic Digest*, but I am still getting *Finance and Development*, which, alas, I never have time to read. May I suggest a questionnaire to all staff asking which publications staff really want?

Colin Lyle

### LET'S KEEP OUR DIALOG SENSITIVE AT ALL TIMES

In the weeks following the publication of my letter in *Bank's World* referring to the statues of female nudes displayed in the atrium as being inappropriate in the workplace, my Bank colleagues have bombarded me with their points of view. Many of them have expressed their solidarity with me and appreciated my initiative (and thick skin) in raising such an unhip view in a public forum. Others questioned the link I made between the nude statues and sexual harassment (one word: objectification). Others simply agreed to disagree with me. Only in a couple of lamentable instances

did colleagues stoop to the use of stereotypes against my compatriots and me as being prudish and puritanical — otherwise everyone was respectful of the exchange of opinions being shared.

I am pleased to have opened a dialog on this sensitive issue as well as to have stripped away the perception of acceptance of the objectification of women by displaying depictions of the nude female form in the workplace. I am gratified to work in an environment where we can have vastly different views and engage in respectful debate.

A.M. Ruiz-Esparza

### REAL MANAGERS LEAD

The article "Who will emerge from the Bank shake-up?" (*Bank's World*, June 3, p.6) and the interviews seem to equate people management skills with "being nice to your staff is not enough in this tough world".

People management has nothing to do with "being nice to your staff", but everything to do with leadership, a vision for strategic planning, and the ability to manage staff in order to achieve the company's established goals, all against an overall incentive system very different from the one in practice not long ago in the Bank.

This may sound like theory to you, but this is what MBA students are taught when taking personnel management courses as part of their core program. All those attrib-



Mohini Malhotra

utes have been sorely missing in Bank managers. In fact, it did not seem that it even mattered up until now. (One would recall Mr Wolfensohn's address to managers on that very same subject, based on staff mail to him, including my own in which I raised the same type of issue and comments. His reply to me was positive, having also gone to B-School).

You call the Bank "a tough world"? Try the private sector. From my brief experience with the private sector, I don't recall any of the managers "being nice to staff". But I do recall most of them used the attributes listed above, otherwise it just does not work. The management style of Ms Mohini Malhotra (SA Manager of the Year) is more in line than that of the director manager. The Bank is not an emergency room where a top-down approach is more appropriate, precisely because of the emergency nature of the business to be conducted.

Gabrielle Rooz

## BANK'S WORLD MUST NOT STRAY IN TO UNHOLY WAYS

We were delighted to see, in the April 15 issue of *Bank's World*, the review of two books on the Holy See: the importance of the Pope's moral and spiritual witness is becoming ever more evident in today's international life, and *Bank's World* would certainly render a good service to World Bank staff by paying attention to this phenomenon. We cannot hide, however, our deep sense of disappointment (which, we believe, is shared by many colleagues of ours) after reading your book review, which, while not saying much about either the Holy See or the two books (and especially the one by Thomas Reese, to which almost the entirety of your review is dedicated), says much about the difficulties encountered by the new World Bank in getting rid of its old habits.

Let us start from the heading of your book review: "John Paul's Cruel See". The expression "Cruel See" instead of "Holy See" (in addition to the reduction of the idea of the Church to that of a bureaucracy) does not seem to us to be of any real help to readers, as it does not allow them even to consider that the Church (and, consequently, its See) is "holy" not because of the intrinsic worth of its members, but because it is the mystical body of Christ, the Son of God. Nor is the heading doing any good service to the World Bank because, by making a mockery of the official name of a subject of international law (which, as such, is on a foot of equality with the World Bank), it is an offense to the fundamental right of reputation and good name that belongs to the Holy See as to all other interna-

tional subjects. In this last respect, we would welcome any comment that the Director, External Affairs Operations (under whose vice-presidency *Bank's World* is published, and to whom we are copying this letter) might have on this use of *Bank's World* for offensive statements against a sovereign entity.



John Paul II

On the substance of your book review, we will limit ourselves to a few selected remarks. Your trite criticism of the excommunication of a theologian (which, incidentally, is a wholly gratuitous statement, as this episode is not discussed in Reese's book), and of the position of the Church on birth control, seems to us to do nothing more than perpetrate stereotypes. We therefore regret that a good opportunity was missed to address (or at least mention) the wider context within which the targets of your criticism (with which we disagree) might appropriately have been placed: can one really separate (as was done in your book review) the need for charity towards all theologians alike from the wider context of the defense of the deposit of faith and the inherent right of all faithful to an integral and truthful presentation of this deposit of faith (and even more so when the theologians in question are also ordained ministers)? And can

one really separate (as was done in your book review) the Church's position on birth control from the wider context of the Church's protection and promotion of the integral development of the whole human person, soul and body?

Likewise, your description of Cardinal Ratzinger as the "Modern Inquisitor" is somewhat impressionistic. In your review, you wrote that a "better reporter" than Reese (whose work we do not intend to endorse or criticize in this letter) would have made more of his interview with Cardinal Ratzinger. With all respect, this criticism could easily be retorted against your book review: a "better book review" would have reflected a better use of the many interviews with Cardinal Ratzinger available to the public (such as those of Missori of 1985 or Seewald of 1996), and would probably have projected a truer image of Cardinal Ratzinger, which is far from that of a "Modern Inquisitor". (This expression is utilized as an "objective" description in your book review, but merely recorded as that of "some critics" on page 199 of Reese's book.)

Finally, we were quite surprised to find several inaccuracies in your book review. For example, you wrote that the new method of papal election allows a simple majority instead of the previous requirement of two thirds of the votes. A more careful reading of Reese's relevant passages on pages 86-7 and 95 (or, even better, of the primary sources — which are not secret — on the methods of papal election) reveals a different reality. In fact, the simple majority (which Reese more correctly calls "absolute" majority,

as it requires a majority of the electors, and not merely of the voters) is sufficient only after 30 ballots, requiring a majority of two thirds, have taken place.

All this leads us to the legitimate question whether your book review, while not doing justice to the Holy See and Reese's book, does not end up embracing the "old unholy ways" (if we may borrow this expression from your book review) of inaccuracy, superficial analysis, and judgmental conclusions, against which the new World Bank is fighting so hard.

On a final note, we rejoiced in reading in your book review that you were once fortunate in attending one of the Pope's private Masses. In the spiritual company of the Holy Father, may we all join in praying that in all our endeavors (including our professional activities at the World Bank) we may always be guided by a sincere love for the truth and respect for the others.

Mary Abuzeid, Marta Cervantes, Javeline Chansa, Noemi Dacanay, Monique Deheza-Buchberger, Rosalinda Dugal, Jorge Duarte, Adele Flores, Evangelina Ganuelas, Lucy Hancock, Dina Lirag, Miriam Mirasol, Minerva Naldo, Mayflor Oteyza, Julia Poblete, Maurizio Ragazzi, Zenobia Raghunandan, Ethel-May Saint Fort, Teresa Saldana, Luzviminda Samson Tailonghari, Rosa Ana Sarmiento, Corazon Solomon, Helene Stephan, Salome Torrijos, Marie-Claire Tsang Kwong Chip, Ephraim Ugwuonye, Lydia Vicente, Mario Antonio Zelaya. Endorsed also by: Miriam Farfan (IMF) Solita Wakefield (IMF).

... OPINION... OPINION... OPINION... OPINION... OPINION... OPINION... OPINION... OPINI

## LETTER FROM HEAVEN

# Minimalists deserve Dante's Inferno



One of the obvious benefits of living in Celestial Heights is that we can view events on earth with a certain sense of detachment. News travels fast, as I was trying to explain to Albert Einstein in the Ambrosia Bar the other evening. (We were taking advantage of the Eternally Happy Hour which the Great Barman in the Sky has just introduced up here, offering very keen prices.)

Nevertheless Albert, or Bert as we call him affectionately, could not quite understand how, in early June, your ethereal correspondent was in possession of the salient parts of *World Development Report 1997*. Poor Bert! He has lived such a sheltered death. He seems unfamiliar with the concept of the "embargo", and the fact that news organisations often release documents well before official publication time.

Now, I confess, I do not myself surf the StellarNet. But some of my agreeable young companions here have arrived prematurely with all the technical skills one might expect from the modern young, and they keep me well informed.

They told me, for instance, that Bank

president James D. Wolfensohn was recently to be heard giving lectures on the same evening in London, England, and Geneva, Switzerland. "Why, it's simply not possible," observed Bert. "Oh yes it is," said I. "People think nothing of having their three main meals of the day in three different countries on earth these days."

"But I thought Mr Wolfensohn's message was that the greater part of the world could hardly afford one meal in their own country," snapped the Great Relativist, bringing me to heel, as it were. On reflection I felt Bert was right to chide me. We in the Bloomsbury Set lived well, and probably took a lot of things for granted. All I can say in my defence is that, as an economist, I saw my role as trying to persuade governments and powerful individuals that good government could, in due course, allow the vast majority of the world to live well.

How optimistic, and how disappointed we were! While the standard of living has improved remarkably in the advanced industrial countries since 1945, and great strides have been taken in Southeast Asia

and elsewhere, I don't need to tell a Bank readership of the problems that remain.

Nor, I trust, will either the Bank or its president think I am merely trying to ingratiate myself with your institution if I take the opportunity to welcome this year's *World Development Report*.

There has been a long and rather tedious debate about the role of the state since I myself left it. For myself, although sometimes travestied by people arrogating to themselves the term "Keynesians" (there are no intellectual property rights in this place), I have never believed in the slogan "public sector good, private sector bad".

My mission was always to employ the public sector for the good of the people as a whole, and use public goods and policy to make up for private sector deficiencies. Communism was abhorrent to me — indeed it was in order to save the world from Communism that I fought to make capitalism more efficient. But, equally, "the minimalist state" was, to my mind, a derisory and dangerous concept.

You can imagine, therefore, with what a particularly wry sense of detachment — I don't know exactly how far detached we are up here: Bert is working on some new theory of distance — I observed the antics of various economists, some of whom even won the Nobel Prize for preaching the putative virtues of the minimalist state.

I am delighted that your Joseph E. Stiglitz has concluded that: "Most important, we now see that markets and governments are complementary: the state is essential for putting in place the appropriate institutional foundations for markets."

It seems obvious, but sometimes, as Bert and I found in our respective spheres on earth, labouring the obvious can be a lifetime's work. My own essential insight was that you could only cure the unemployment problem by giving people work...

The state was important in putting the European economy on its feet after the sec-

ond world war; it was vital at crucial stages of the development of Japan and the tiger economies of Southeast Asia (which are the lion economies I often wonder, by the way?).

Communism was a disaster, but, as *World Development Report* emphasises, the collapse of the fundamental social infrastructure in Russia has also been a disaster. What a terrible irony of history it was that the preachers of the "minimalist state" were in the ascendancy at the time Communism finally gave up the ghost in Russia. Do those Chicago boys ever feel any sense of shame — or is shame a minimalist concept too in their moral vocabulary?

Critics of aid were right to warn of the dangers of corruption, but they overstated their case. As *World Development Report* points out, corruption breeds inefficiency and impedes investment. Corruption gives government a bad name. But the minimalists who proceeded to argue that all aid was bad and wasteful deserve a special place in Dante's description of that part of the afterlife that is a long way from where I now dip my quill pen. (Sorry if I occasionally lapse into circumlocution. It helps to while away eternity.)

As I look down on the world from my great height, I detect a happy outburst of common sense on the subject of the appropriate mix of public and private sector activity. It's a subtle business, a lot more subtle than the likes of your Mr Newt Gingrich seem to appreciate.

Common sense? I should like to sign off by reminding you of Paul Samuelson's observations on the subject: "Common sense economics may indeed be all that anyone must use in the end. But it takes the most uncommon sense and wisdom to know just which part of the filing case of muddled notions that men call common sense is relevant to a particular problem." Good day — and night.

— KEYNES

## IS IT ART OR A BABY SHOW?

Regine Boucard, the president of the World Bank Staff Art Society, marvels at "the power of art to set people talking and arguing." She is right: fresh controversy has broken out over this year's exhibition, which appears under the title "Time Out: Reflections".

The argument is not about the ball of money, which is the first object just inside the MC atrium, a huge caged globe of banknotes. For the information of anyone with sticky fingers, they are all fakes, even though the artist Sohayla Vafai spent more time getting permission from more than 100 countries to copy their money than she did in putting together her work of art. Boucard thought that some people might make a fuss about a display of money in the Bank.

But instead the critical attention revolves around paintings of a small naked child whose face is not shown. Morallina Fanwar George writes that: "I am not debating whether these are good pieces of art or not. I understand from professed art critics that these are excellent pieces of work. My concern stems simply from the fact that children are easy prey for all forms of exploitation. As a mother of young children, I can't help being concerned about what image of children these paintings may evoke." George suggests that such pictures should be shown privately, not publicly in the main Bank entrance hall. Other have been more outspoken complaining that it is not art but soft porn, and a temptation to pedophiles.

Sister Wendy Beckett, the Carmelite nun who is star art critic of BBC television, has said that art of the naked human body can be a song of praise to God's creating genius, a view echoed in an e-mail to Boucard in which a visitor to the Bank praised artist Sophie Chardonnet's baby paintings as reminiscent of Michelangelo and Caravaggio, "the pure, innocent and beautiful worlds of cherubs-human beings, transcending the bounds of everyday's drudgery and life." For Chardonnet herself, wife of Bank economist Laurent Msellati, painting her son Oskar was obviously a labor of love. She notes that Oskar himself proudly recognizes himself and declared "That's me" when he saw the finished works.

The paintings of Oskar have won high critical acclaim. Bank president James Wolfensohn declared them to be "wonderful", and Chardonnet herself was the first prize winner from last year's art exhibition, chosen by a jury of museum directors and artists. Nevertheless, for this very amateur critic, the exhibition has too many naked babies, 11 larger than life canvases, including a triptych, plus another nine drawings and preliminary sketches. When there are only 33 paintings on view, Oskar is surely being overexposed.



Sophie Chardonnet (above) proudly shows off one of her larger than life-sized paintings of baby Oskar; while Sohayla Vafai climbs inside the cage to put the finishing touch to her globe of world banknotes.

— Pictures and text by Rafoto

## KNOWLEDGE FOR A BETTER WORLD

By Kevin Rafferty in Toronto

KOFI ANNAN, the United Nations secretary general, called on the World Bank to join hands with governments, the private sector and civil society to "form a global partnership for information." He was speaking at the opening on Sunday in Toronto of an ambitious international meeting on spreading the global knowledge revolution to the furthest corners of the earth, especially to the poorest.

"The great democratizing power of information has given us the chance to bring about change and alleviate poverty in ways we cannot imagine," Annan declared. "With information on our side, with knowledge a potential for all, the path to poverty can be reversed. The capacity to receive, download and share information



Annan: fighting poverty with knowledge

through electronic networks; the ability to publish newspapers without censorship or restrictions; the freedom to communicate freely across national boundaries — these must become fundamental freedoms."

The very fact of the Toronto meeting is proof that the World Bank is already at the vanguard of efforts to deliver the knowledge revolution. The three-day meeting, "Global Knowledge 97", was called to find ways to narrow the gap between rich and poor, on the principle that knowledge capital is just as important as financial capital in economic development.

Co-hosted by the Bank and the government of Canada, GK97 differs from traditional plain vanilla development conferences in its wide range of government, corporate and NGO participants (from 124 countries, 500 of them from developing countries, 30 percent of them women) and its complexity. There are seven different "tracks" of meetings going on simultaneously, tackling such subjects as empowering the poor with knowledge, the role of the state, and distance education. A "virtual conference" is also going on, thanks to the Internet and videoconferencing.

Both Annan and Bank president James Wolfensohn pointed out that it was appropriate that the meeting was being held in Canada, which had come in at the top of UNDP's human development index for four years in a row. Wolfensohn stressed that development cannot be achieved with money alone: "It requires partnerships and people and knowledge and innovation, people prepared to listen and learn from each other."

## New bronze statue celebrates victory over riverblindness

By Lauren Ptito

**THE LARGER-THAN-LIFE bronze statue of a blind African man being led by a young boy**



The statue in its new home

— to be unveiled on June 27 in the MC atrium — will serve as both a monument to the success of efforts to eradicate riverblindness and a reminder

that the work is not over. Entitled "Sightless Among Miracles", the statue is the work of Alaskan sculptor R.T. "Skip" Wallen.

"I'm very proud

to be involved, even in a small way, in this wonderful project that alleviating suffering for so many people," Wallen told *Bank's World* from his Juneau studio.

The Bank is part of a global partnership to eliminate riverblindness (known in medical circles as onchocerciasis and in Africa as the lion's stare), a condition caused by parasitic worms, transmitted by blackflies, which cause a variety of painful symptoms, culminating in blindness as the worms reach the eyes. One ongoing program has virtually eradicated the disease in 11

African countries, and another is attacking the problem in 19 others.

The Bank, the UNDP, WHO, Merck & Co., Inc. and other development partners will sign a declaration at the unveiling, calling for the elimination of the disease by 2007. The occasion also marks the 10th anniversary of Merck's decision to donate Mectizan® — a drug which kills up to 95 percent of larval worms with just a single dose — for as long as it is needed. It is expected that a billion free tablets, with a value of hundreds of millions of dollars, will be distributed.

## IDA down but Bank operations strong

By Kevin Rafferty

**MANAGING DIRECTOR** Gautam Kaji delivered a feistily bullish report on the Bank's lending operations in the fiscal year that is about to end. "Let's get this straight," he told *Bank's World*, "IBRD lending is not down. It is going to be as much as last year. In fact, in terms of the number of projects, which is the real measure of the work people have done in this Bank, it is significantly up.

"So the idea that this institution has come to a standstill and it is all due to this change is nonsense. Look at anything — disbursements are up, and this is not because of adjustment loans, which have gone down. We have done more country assistance strategies than we did before. We have improved our portfolio. There are too many facile statements being made that lending is down."

Having made this challenging opening, Kaji did admit that in one significant area of the Bank Group's work, lending is down. "Yes, there is a drop in one area of lending, and that is IDA. IDA is down, quite substantially." Some early estimates say IDA commitments may be down by more than \$1.5 billion on the original \$6.64 billion budget plan. Kaji did not give figures, but spoke of a "roughly billion dollar drop".

He continued: "We are still trying to analyze the reasons for it. [I expect] that it will be as much for country situations and project specific reasons as it is due to change. Africa accounts for only half of it



Kaji: Bank has much to be proud of

[the drop]. We are concerned. Clearly we need to make a much greater effort and to be more innovative. There are countries in Africa which have worked hard to get macro stability and take significant adjustment measures, which should permit us to be more bullish for lending for infrastructure and social services.

"We cannot continue to have a shortfall on IDA. After all, we go out and ask for this funding from donor countries on the grounds of need, and if there is a need which

led us to ask for that money, then clearly when we are not delivering it, we are not fulfilling it. It is not a question of dollar targetry."

Kaji then elaborated on the performance of the Bank's opera-

tions: "It is important to get the right perspective, and I am very proud of our operational staff for what they have managed to achieve, and we would be doing a disservice to their efforts if we accept simplistic comments that everything is down. I don't think we should be measuring ourselves only on lending and I am trying to get people out of that habit. If you look at what's happening in Africa, disbursements are up, meaning that there is more happening on the ground, whether or

not we signed a few extra loans here and there.

"In general, I find what has happened in operations in the last year very heartening, both in quantitative but more important in qualitative terms, quality of portfolio, quality of country assistance strategies, quality of projects being brought forward. You will find that we have managed to clear up the backlog of implementation completion reports."

Kaji said that the spate of loans in the last few weeks as the fiscal year comes to an end, including a \$885 million package of loans to Russia, \$550 million for Romania and \$400 million for China, was part of the normal end-of-year bunching. "Ever since I joined the Bank 25 years ago there has been a bunching season. What we are seeing is something that we have always said we will address and never managed." He complained that "People get hung up on lending numbers. Any year you will always find that there are six, eight big projects, each of which may be worth \$300 million to \$500 million, and whether you get everything done on them to take them through to the board or you find that some conditions are not met and you have to hold it back, can give you a swing factor of \$2 billion without batting an eyelid."

## BUDGET ALLOCATES EXTRA FUNDS FOR FRONTLINE

By Lauren Ptito

**"THE NUMBER ONE** priority in this year's budget was getting resources back to the front line — getting money back to the country programs in the regions," strategic resource management VP Mark Baird told *Bank's World*. The amount includes some funding for the programmatic priorities set out in the Strategic Compact, including social analysis and work on rural development, the financial sector, and corruption. The regions will receive \$56 million more than last year, a rise of just over 10 percent.

Baird noted that drawing up the budget was an especially daunting task this year, since it wasn't until March 31 that the Strategic Com-

pact was approved by the board, and even then management changes throughout the Bank led to a degree of uncertainty. And, despite the tight time frame, "we

wanted to make the process more consultative," he added. "It was very difficult, but I am very pleased with the result." He reserved special praise for the planning and budgeting department: "What PBD did for this is fantastic. PBD is one of those parts of the Bank that gets dumped on by everybody because they're always in the middle of these budget debates but, having seen this for the first time, firsthand, I think they've made a fantastic contribution."



Budgeteer Baird

He also pointed out that cost savings promised in the Compact are built in to the new budget, even though the KPMG cost-effectiveness review has only just reached

the end of its diagnostic phase. "We weren't waiting for KPMG. What we want from the review is some validation of what we had assumed, and options for realizing those savings in a sustainable manner," he explains. For example, the review identified a possible \$15 million yearly savings through information-technology improvements, a conclusion consistent with the Compact. Other possible savings could come from cutting down on

paper (a whopping \$30 million per year), making better use of space (the Bank has 350 square feet of space per person, well above the industry average), and strengthening and using client capacity (in procurement and budgeting, for instance).

The design phase of the review (phase II) — scheduled for completion by the end of August — will bring clearer estimates of expected savings. Actual implementation will depend on the outcome of board discussion sometime next October.

Although the greatest changes are likely to be seen in FY99 and FY00, "we will not wait for FY99 to implement good ideas," said Baird. "The FY98 budget is flexible."