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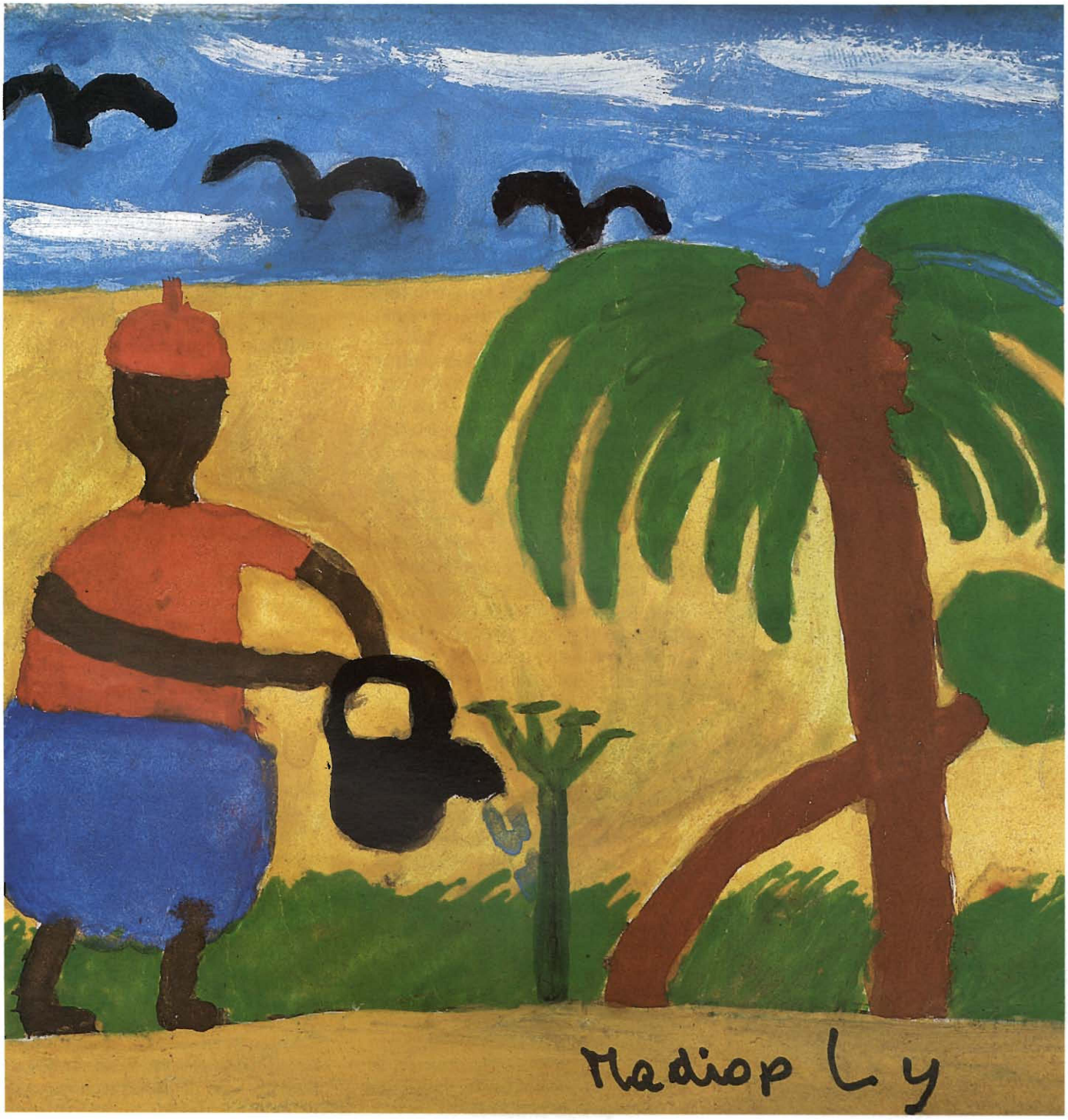
the Bank's World



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Cards hand-painted by Senegalese students illustrate their concern for protecting nature. Page 12

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IDA: Priorities for the 1990s

by Ernest Stern
Senior Vice President, Finance, and Chair, IDA negotiations

On December 14, 1989, a complex negotiating process lasting over 15 months culminated in an agreement on the 9th replenishment of the International Development Association (IDA). Thirty-one donor countries agreed to provide funding of SDR 11.68 billion (about US$15 billion) to cover operations in the fiscal years 1991-93. Together with the repayments of earlier IDA credits, total resources available for IDA lending will reach SDR 13.1 billion (about US$17 billion). This represents an increase of about 25 percent in dollar terms over IDA-8. More than 50 countries, with a total population of over 2.5 billion people, are eligible to benefit from these resources.

The replenishment agreement involves important changes in the relative contributions of donors. The share of the U.S. declined to 21.6 percent, and the shares of Saudi Arabia and Kuwait were also reduced. On the other hand, a number of donors either increased their shares or made special contributions.

Japan played a central role in this replenishment. Its special contribution of SDR 240 million, in addition to its regular share of 18.7 percent, served as a challenge to other donors to provide matching additional resources. Other donors who increased their shares or made special contributions include Finland, France, Austria, Spain, Italy, Ireland, Korea and Turkey. The Federal Republic of Germany and the Netherlands reduced their shares but made special contributions equal to the reduction in their shares. Switzerland, although not a member of IDA, agreed to increase its support of IDA-9 by close to 40 percent.

IDA in the context of international aid flows

IDA is the largest single source of aid to the poorest countries, providing about 20 percent of the concessional funds they receive. Ninety-eight percent of IDA's funds go to the poorest countries. In contrast, the European Community (EC) allocates about half its concessional resources to the poorest countries. The successful replenishment of IDA is essential, therefore, to maintaining effective support of the development and adjustment programs in these countries.

Over the last two decades, the structure of concessional aid and IDA's relative importance have changed significantly. After growing rapidly in the 1970s, the share of multilateral institutions in concessional assistance stabilized at about 20 percent over the 1980s. Of the three main sources of multilateral aid—IDA, the U.N. and the EC—IDA and the U.N. each account for about one-third of the total, and the EC funds, which include the European Development Fund (EDF), provided for under the Lomé agreements, have recently risen to about one-fourth of the total. The share of Lomé funds is expected to continue to grow with the recent Lomé IV agreement to increase funding to the EDF by 25 percent in real terms. The African and Asian Development Funds have grown rapidly since their establishment in the 1970s and now account for close to 10 percent of multilateral aid.

Although IDA is still the largest channel of multilateral concessional lending, it has barely grown in real terms since the mid 1980s. Real resources declined sharply in the IDA-7 replenishment; they were about restored in IDA-8. IDA-9 approximately maintains the value of IDA-8 in real terms. One reason is IDA's size, which makes it the largest single element in the aid budgets of many donors. As alternative sources of concessional aid have grown in competence, competition for limited budget funds has become more intense and program content has become an increasingly important factor in donor decisions on the level of support to IDA. This has been aggravated by the fact that, for the last 15 years, the

share of GDP allocated to concessional assistance has been stagnant in the DAC countries and has declined in non-DAC countries. Total aid has declined by about 2 percent in real terms over the 1980s. These developments make reaching agreement on a substantial funding for IDA a more challenging task with each replenishment.

While the size and burden-sharing arrangements for the replenishment are essential aspects of the negotiations, increased attention was devoted to reviewing IDA's performance and discussing directions for the institution. At each IDA replenishment, the Deputies prepare a report which outlines their policy recommendations to guide IDA management in adapting to changing needs in the borrowing countries and changing expectations of the donors.

Over the last two decades, the structure of concessional aid and IDA's relative importance have changed significantly.

The role of IDA

The policy discussions for IDA-9 started with a review of the evolution of IDA in the 1980s. The Deputies strongly supported IDA's basic strategy of emphasizing a resumption of growth and increasing the efficiency of resource mobilization and use. Three program areas were identified for even higher priority in the future: poverty reduction; support for sound macroeconomic and sectoral policies; and environmental activities.

Poverty reduction

Poverty alleviation is an area to which IDA has given particular emphasis in the past, and the Deputies agreed that this activity should be further strengthened in the future. There was general concern that the focus on poverty reduction may have suffered in the efforts to restructure economies and deal with debt problems. The Deputies emphasized that, while continuing to focus on the poorest countries and poorest groups in these countries, IDA should give increasing weight to effective commitment to poverty reduction by governments in the allocation of its resources and in the policy dialogue. The Deputies welcomed increased attention to reducing the rate of population growth, improving health, nutrition, education and training, institutional development, and women in development, stressing that these programs must be integrated with efforts to reduce poverty if progress is to be sustained over the long term.

Adjustment programs

The discussions clearly indicated a consensus that IDA should continue to play a central role in developing and supporting adjustment programs. There also was broad agreement that investment projects should continue to be the mainstay of IDA's programs. It was agreed that adjustment lending should stay at its current level of about 25 percent. The Deputies were keen to ensure that fruitful collaboration between IDA and the International Monetary Fund continue to be given adequate attention in the design and implementation of adjustment programs. Acknowledging the achievements in this area, they called for continued progress to implement agreements already reached.

Environmental activities

Environmental issues, which have moved to the fore in most donor countries, received a great deal of attention in the negotiations. The Deputies urged IDA to accelerate efforts on the environment in lending operations, country dialogue, and with regard to global or regional initiatives. For the future, it was also agreed that IDA should strengthen its dialogue with non-governmental organizations in dealing with environmental matters.

The new "Operational Directive on Environmental Assessments" was welcomed as a significant step in ensuring that IDA lending operations support appropriate action on the environment. The discussions stressed that Environmental Issues Papers and Environmental Action Plans are essential tools for addressing the major issues in the country dialogue. The Deputies also urged IDA to continue to participate actively in the evaluation of global policies through, among others, strengthened support for the Tropical Forestry Action Plan and improved integration of the Energy Sector Management Assistance Program activities in its lending programs.

A critical aspect of the discussion of environmental issues was increasing access to environmental information about specific projects and programs and on promoting public participation. The Deputies noted, with approval, progress already made. A new operational directive requires that for projects with significant environmental aspects, Environmental Assessment (EA) reports be prepared in consultation with affected groups and relevant NGOs, and submitted to IDA as part of the appraisal process. The Deputies recommended that the completed report be made available by the borrower to such groups and, at that stage, also to the Executive Directors so that they would be informed of any public debate which might ensue involving IDA projects.

Allocation of IDA resources

Since it was well understood that the needs of the low-income countries for IDA funds outstrip the supply at any feasible replenishment level, the criteria for allocation of IDA resources received a lot of attention. While the Deputies endorsed the continued use of existing criteria: need (relative poverty, country size and lack of creditworthiness) and the capacity to use resources effectively (performance), there was general agreement that performance should be given greater weight. But it was emphasized that IDA should not focus exclusively on macroeconomic issues as a measure of performance, but should also take account of other aspects, such as human resource development and poverty reduction.

Performance

It was agreed that performance should continue to be a key determinant of allocations to individual countries to ensure that scarce resources go to those countries that can use them most effectively. Performance should include three main components: sound economic management; efforts toward growth with equity and poverty reduction; and efforts toward sustainable long-term development.

In countries with weak performance, it was agreed that IDA operations should be limited. While there may be a rationale for maintaining a core program in most circumstances, in countries with serious problems of performance, lending should be limited to the minimum

necessary to maintain the policy dialogue.

As part of their heightened interest in country performance, the Deputies were eager to sharpen procedures for assessment. Thus, it was agreed that IDA's Board should regularly review the development strategy of IDA borrowers to ensure that credits are approved in an appropriate policy context. Documentation should be prepared for Board deliberations to cover such matters as IDA's assessment of performance, country lending strategy and priorities, and possible need for IDA-supported adjustment.

Needs

The IDA Deputies endorsed a continued focus on the poorest countries and eligibility criteria will remain unchanged. Given the certainty that resources will be scarce in relation to needs, there was considerable deliberation on regional allocation. The donors had to grapple with the delicate balance between the need to continue support for adjustment programs in Africa and the potential funding requirements of countries in other regions which have received relatively less IDA resources while achieving comparable performance. It was finally agreed that the past practice of limiting allocations to China and India to 30 percent of total resources will be continued and the allocation for Sub-Saharan Africa will remain at 45 to 50 percent, providing performance continues to warrant. But it was also agreed that allocation should be on the basis of universal criteria, including performance. Furthermore, the allocations now planned are based on the current group of borrowers. It was understood that if currently inactive borrowers in Asia become active, or if new members with significant requirements join, management should consider a reallocation from all borrowers or borrower groups.

The recommendations of the IDA Deputies set an ambitious agenda for IDA and its borrower countries, and resources have been provided generously to meet these objectives. The successful conclusion of the replenishment negotiations should be a source of great satisfaction to the donors and to the IDA membership generally. Taken together with the recent Lomé agreement of the EC, they assure an increase in much needed concessional funding for the poorest countries.

Women Entrepreneurs in Tanzania Trained to Mind Their Businesses

Lending the *Miradi* a Hand

by Maurizia Tovo

The place: A community training institute at the foot of Mount Kilimanjaro, near Arusha, Tanzania.
The time: July 1989.

The night before, my strongest urge was to run away. Almost nothing seemed to be in place: only six out of 26 participants had arrived; the guest speaker had canceled; transport was uncertain; and there was not enough money to pay for food.

The next day was a miracle. By 11 a.m., we were all in the seminar room as a substitute guest speaker opened the seminar. After so many months of hard preparatory work, it was really happening. In my imagination, I went around the room kissing the 26 participants who had arrived at the little Tengeru Community Development Training Institute for our pilot seminar on Entrepreneurship Development for Women.

Agreement with EDI

It all began in June 1988, when the Italian government signed a funding agreement with EDI to carry out a project in four Southern African countries with the aim of helping poor women increase their family income. The approach was to train extension agents to assist women to run their tiny businesses, known in Tanzania as *miradi*. In India, this approach has produced encouraging results, but such imported methods have seldom worked well in Africa.

From the start of the project, we decided we needed an indigenous approach, developed in Africa by Africans for Africans. This is easier said than done. There is always the temptation for "us" to tell "them" what to do, no matter how good our intentions. That's why we adopted an action research approach, working together to find the best solution, learning by doing, taking many small steps: research, act, evaluate, adjust, and act again. The project is a partnership between EDI and Tengeru Institute, and, once it's over, Tengeru will be able to continue the effort on its own.

Tengeru's job is to train Tanzania's community development workers, who are front-line extension agents with a variety of responsibilities, ranging from village construction projects to child care and nutrition. One of their responsibilities is entrepreneurship development. It is one that is seldom carried out, in part for lack of skills and knowledge, and because many community development workers are not well aware of their responsibility to support local business efforts. Even those who have the knowledge, skills and commitment face a powerful deterrent—lack of transport.

Our first step was to identify the training needs of both village "business" women and the extension agents. For this purpose, two small surveys were conducted, one for each group.

Project becoming theirs

Involving Tengeru in the training needs assessment was very important: by going to the field, analyzing the data and debating their implications, the project was becoming theirs. In addition, the survey ensured that our starting points would be the actual problems women entrepreneurs and community development workers faced, not a set of sophisticated concepts predigested by foreign social scientists. On the basis of the findings and of many discussions, the Tengeru faculty, helped by two superb consultants, developed a curriculum and training materials.

So at last, many months later, we were ready to try things out. The seminar began with a surprisingly successful ice-

Poultry business in Lomela, Arumeru District, run by a group assisted by one of the participants.

Photo by Gabriella Rossetti

breaker game which one of Tengeru's youngest trainers had adapted from India. Participants and trainers relaxed and the atmosphere became friendly and informal. The young trainer continued her session with a large smile, opening a discussion on the role of women in Tanzania, using large poster drawings. By the end of the day, even the shiest women participants were speaking up, and men sometimes had a hard time getting a word in edgewise.

Interactive, cooperative style

The morning set the tone. Participatory training, which seemed an unlikely prospect, was happening after all. Teaching in an interactive, cooperative style was perhaps the biggest challenge for Tengeru's faculty, accustomed to the traditional lecture method, with each trainer working in isolation from the others.

For some, it was a struggle to give up the distance between themselves and their students.

For others, the problem was "performing" in front of their colleagues and accepting their contributions.

The seminar lasted two weeks, during which participants learned about different aspects of entrepreneurship through games, exercises, role-playing, and lengthy discussions. Then it was time to go back to their work, to find out if what they had been learning made any sense outside the classroom.

Tengeru faculty, accompanied by one of the consultants, joined the community development workers at the villages to see women's *miradi* in action, and all together—Tengeru faculty, community development workers and entrepreneurs—discussed the problems and achievements of each group of women.

The stories collected, and later transformed into short case studies, are often funny and sad at the same time. They tell of the desperate struggle of women to provide a little cash for their family, of the naivete with which some go about it, of the daunting obstacles they have to overcome.

The short case studies became the backbone of the second two weeks of training in September. This time the challenge to participants was greater: after having learned the basics about entrepreneurship, and understood how the concepts could be applied to women's *miradi*, they had to become trainers. Thanks to the case studies, it was all so real that participants put their heart into preparing their own mini training sessions.

Our worries about participatory training were a distant memory. Participants were absorbed by their work. Sometimes the trainers helped, or just enjoyed the dress rehearsals of the participants' presentations. Those playing village women dressed in kangas and changed them when playing other characters, while the man playing the village leader looked properly dignified.

After the fun of creating training sessions came the hard reality: how all this planning could be put into practice without resources. If village women attend training, for example, they will not have time to cook, so someone has to be paid to cook for them. If bank officers come to explain how to obtain credit, they will have to be fed as well. What about the paper for posters? If some of the women want to take notes, what will they write on, and with what?

We had not anticipated these problems. So we decided to give each participant the equivalent of $70 to spend on their mini programs—due reward for their exercise in planning and budgeting.

Now the community development workers are back at their posts. Tengeru will go out to assist them run their first program and see how those 70 dollars stretch. This month, we'll be getting back together once again to share successes and frustrations, to learn from each other, to plan better training. Learning by doing, taking small steps: research, act, evaluate, adjust, and act again.

A Shop at Pasu Market

This is the story of a group that was never able to register. The shop sells basic commodities (soap, cooking fat, cigarettes, toothpaste, pens and pencils, detergent, etc.). A National Women's Organization (UWT) branch started it in 1983, using the contributions of 300 members.

The main problem they face is lack of goods. The reason they cannot get goods is that they are not registered as a cooperative. But, in order to be registered, they need a Cooperative Officer to audit their books. "We have written so many letters to the Cooperative Officer, but he never came," the women said. "Maybe he could not come because the shop is not yet registered, or because our capital is too low, or because there are too few Cooperative Officers ..."

They keep a record of daily work, but claim they don't know whether they're making or losing money. They feel they are losing, since they have only three to 10 customers a day. How about closing the shop? Impossible, without calling a meeting of the members. But the meeting cannot be called unless the books have been audited. The last meeting was called in 1984.

In the same little market are three other shops selling similar goods, and right next door, another UWT shop opened in 1986.

What about other projects? The women are too busy at home to have time for any other business. "The only solution would be to fill the shop with goods: the shelves are almost empty now ..."

And the Winner Is ...

by Thierry Sagnier

Last November, we announced a Sexist Language Limerick Contest dedicated to helping Bank Group staff avoid the use of sexist language in their writing—and their thinking. We chose as an example a ditty penned by Robert Calderisi, Principal Adviser to the Vice President, Personnel and Administration, that ran:

There was a young woman who'd glower
At the notion of being "manpower"
She said to her boss
"I'm quite at a loss
How can I change sex in an hour!"

This prompted Steve Ettinger of CODOP to respond:

Her manager he did reply,
"I'd thought you a regular guy,
But your feminist views
Do my manhood abuse,
Better seek a new job, cutie pie!"

person-power
missus and mister
hers and his
wife and husband
person-hoers
person-made
Dear Sir/Madam
she/he

Alexandra Jones of PHRHN sent in her entry and took us to task for not quoting women in the story on sexist language that accompanied the contest announcement. She also, rightly, pointed out that we used the term "men and women" twice as often as "women and men." We stand corrected. Herewith, her contribution:

If you do not think sexism thrives
In the language of our daily lives,
Ponder "brother and sister,"
"Men and women"; "Mister
And Missus" and "husbands and wives."

But this order you'll say is reversed
In "Ladies and Gentlemen"—even worse!
For this social deception
Is the only exception
It's time women truly *came first!*

IENIN's William Steel offered:

My boss' technique is terrific,
Job descriptions are quite scientific.
To keep things fair
She says, "he/she" or "their"
And avoids language gender-specific.

Jim Feather, Director of the Publications Department, sent this via All-in-1:

Sexist language you tell us is rife;
It causes us trouble and strife.
But on page twenty-three
Of Bank's World *you will see*
A ref'rence to "IMF wife."

Editorially piqued (and in spite of the fact that she would be an ineligible contestant), *Bank's World* Associate Editor Jill Roessner shot back:

Saying "wife" is sexist you claim.
Mr. Feather, really, for shame!
Since I know she's the distaff,
I said so, that's the gist of
My defence. I'm quite free of blame.

The last word, to date, remains Mr. Feather's, who responded with:

"By their spouse you shall know them," said she.
"I'm content to be Wife, IFC.
Woman's sole definition's
Her husband's position."
Come off it, Jill, Fiddle-de-dee.

Other contributions included a second entry by Steve Ettinger:

The Bank manager who'd been taught
Sexist writing he had to abort,
Advised his support staff,
"If your men make that gaffe,
You girls shouldn't type their report."

He added, "Let's manfully seek
Not to offend the sex that is weak,
Where now 'him' does occur,
Let's change it to 'him/her'
Though, honey, that may take a man-week."

Bank spouse (no,"spouse" is *not* a sexist word) Jennifer Rutherford sent us this:

There once was a terrible person!
You never before met a worse 'un!
Who snuck in at night,
Caused a heck of a fright
By pronouns all 'round a'reversin'.

Well, you may not think it is so bad—
But I was just shocked at the cad!
Fancy putting in "he"
Where it could've been "she,"
Sure alack and alas 'twas a lad!

There were far more entries than we have the space to print. Media and Communications staff worked long and hard into the night and voted by secret ballots to determine the winner of the prize: lunch for two—on us—in the D Dining Room. The first ballot ended in a tie. The second ballot, cast by three women and two men, chose *Steve Ettinger*. Congratulations, and give us a call on Ext. 74686 to tell us when you want to eat your prize.

Meeting Highlights Contractors' Concerns

Taking Care of Business

by Ernesto Henriod

When Frans de Vilder, President of the Confederation of International Contractors' Association (CICA), responded to Moeen Qureshi's remarks upon opening the two-day meetings between representatives of CICA member associations and Bank staff, he said, "I am glad to be given the opportunity to come and present the case of the contractors in this, the Holy of Holies ..."

No, he wasn't awed by the stately wood-paneled walls and the huge horseshoe table of the old IMF boardroom in the E building. Contractors are used to such surroundings, and, in fact, often build them.

And, no, the thought of all that money stashed away in the Bank's vaults did not cross his mind. Mr. de Vilder was fully aware that we don't deal in ready cash.

His subtle implication, discussed frankly and openly November 9 and 10, was this: contractors see the Bank as an institution out of their reach, not easily approached and insensitive to their trials and tribulations. Contractors seldom have the opportunity to talk openly with Bank staff, let alone management. Supervision missions usually overlook them and their problems, as Bank staff confer with the borrowers and their consultants, getting their side of each story but often neglecting to look into some of the *real* causes of delays, cost overruns and other implementation problems.

Bureaucratic procedures

Difficulties arise, for instance, when a site is not handed over to the contractor because of expropriation delays or, more frequently, when bureaucratic procedures to make land available have not been completed on time, when contractors are paid late—often eight to 10 months late, when a borrower cannot find extra funding to cover the additional work made by unforeseen site conditions or through an oversight of the project designer, when an inexperienced project administrator issues contradictory or potentially damaging orders, or, even worse, when a designer attempts to conceal his errors by blaming the contractor.

Legitimate gripe

The contractors, it seems, have a legitimate gripe. Lack of communications with them, or poor understanding or management of contracts can indeed be costly.

Take, for example, the case of an education project in a Middle Eastern country. Construction of 14 schools came to a standstill. Contractors abandoned the site because the borrower had steadfastly refused to provide escalation clauses to adjust prices for inflation. Or the time a contractor was denied a protected rate of exchange for the foreign currency needed to perform his contract.

The contract price steadily eroded with the fast depreciating local currency, and the contractor stopped work.

The recent meetings were held to improve communications with the construction industry, partly to help our borrowers avoid such costly situations in the future. The event was initiated by the Procurement Policy and Coordination Unit (CODPR) of the Central Operations Department, following a series of consultations with international contractors' associations and a similar meeting held in 1988 with the European International Contractors' group. The encounters are slated to be held annually in late fall. (For those interested, an informal note with details of the November discussions is available from CODPR.)

> ***'It is the construction industry that translates the dreams of statesmen and visionaries to realities by building highways, ports, dams, water supply systems, and so on.'***
>
> —Qureshi

Construction is a necessary link in the process of developing infrastructure. As Mr. Qureshi put it, it is the construction industry that translates the dreams of statesmen and visionaries to realities by building highways, ports, dams, water supply systems, and so on.

Listen

We should accord contractors the benefit of our attention and listen to what they have to say for, at times, they can help from the initial stages of a project's development. Thus, the meetings' agenda included discussion of initiatives such as BOT (Build-Operate-and-Transfer) for

which an entrepreneur—often a civil contractor—finds the financing and designs and builds the facility. The contractor then operates the facility for a number of years, holding the equity, repaying debts and obtaining profits, after which ownership is transferred to the host country. Another possibility is Turnkey Contracts, where the contractor does the design (directly or through a consultant), and builds and delivers a finished product conforming to agreed upon performance specifications: a bridge of a given size and capacity, or a factory capable of producing so many tons per annum. These approaches differ from Management Contracts, in which the contractor takes responsibility in the design stage, participates in the definition of least-cost solutions, manages the procurement and supervises construction of the works (not unlike the system adopted by the Bank for constructing its new buildings). Other initiatives employing the entrepreneurial, engineering and down-to-earth practical knowledge and experience of contractors were also addressed.

Participants in the November meetings included contractors from both developed and developing countries.

Made their case

The latter made their case: difficult working conditions, uncertain markets in which to develop, lack of investment and working capital, shortage of management skills. Yet, the developing contractors must absorb an important share of the load—they are called upon to perform tasks that don't attract international competition. They want to be part of the construction of large and complex projects in their own countries, be it as associates or subcontractors of the larger firms. For this to be possible, though, they need training in management and engineering, and the capital and physical means to make substantial contributions to the construction efforts.

In concluding his opening remarks, Mr. Qureshi recalled the time he was building his own home and asked the architect, "Tell me, is there anything worse than dealing with a contractor?"

The architect shrugged and replied, "Yes, not having one to deal with."

Editor's note: Ernesto Henriod is Procurement Adviser in the Procurement Policy and Coordination Unit.

Finding a Place Called Home

by Alan Drattell

Location. Location. Location.

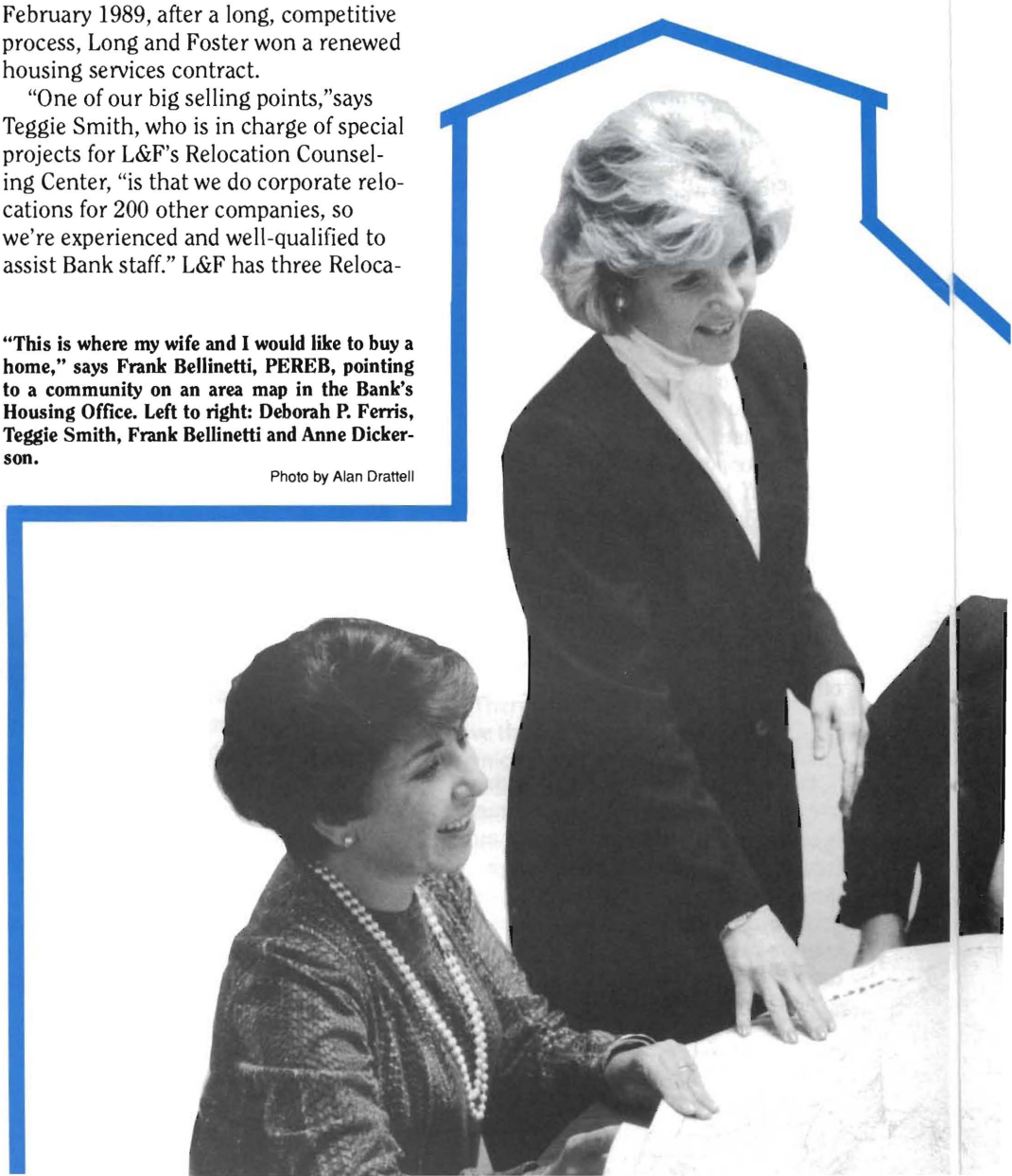
Those "three" requirements are central to buying a house or condominium or renting a house or apartment. And for Bank families, there are other requirements as well—ranging from dealing with a real estate agent who can speak your native language to leaping the hurdles of cultural shock for those who move to the Washington area from another country.

For a number of years the Bank has had a Housing Office to help current staff and those just joining the institution in finding suitable housing—and others in selling their present abodes. In February 1989, after a long, competitive process, Long and Foster won a renewed housing services contract.

"One of our big selling points,"says Teggie Smith, who is in charge of special projects for L&F's Relocation Counseling Center, "is that we do corporate relocations for 200 other companies, so we're experienced and well-qualified to assist Bank staff." L&F has three Relocation Counseling Centers—in Tyson's Corner, Virginia; Bethesda, Maryland; and Baltimore (near Baltimore-Washington International Airport), Maryland.

Another factor is that the L&F team includes agents who can converse in 47 languages and dialects, "so when we have a client who cannot speak English, we are able to link that person with an agent who can speak the relevant language," adds Mrs. Smith.

Mrs. Smith supervises the activities of two full-time housing advisers at the Bank—Deborah P. Ferris and Anne Dickerson, who is a Bank spouse and former WBVS Chairperson. They are based



"This is where my wife and I would like to buy a home," says Frank Bellinetti, PEREB, pointing to a community on an area map in the Bank's Housing Office. Left to right: Deborah P. Ferris, Teggie Smith, Frank Bellinetti and Anne Dickerson.

Photo by Alan Drattell

on the fourth floor of the O building, and it is their job to introduce Bank staff seeking L&F services to what is available in the area and to link staff with the appropriate agent in the field.

One of the advantages to having this advisory service, according to Mrs. Smith, is as an aid to Bank recruiting. "We have made presentations to all the Personnel teams to let them know how the Housing Office can assist them in relocating new hires to the D.C. area. The earlier someone seeks our assistance the better, for that gives them and us that much more time to match them with the type of property best suited to their needs."

Good investment

Internationally, Mrs. Smith notes, the Washington area is known as a good investment "and Bank staff generally are investment wise," so some people who may be coming here on a fixed-term assignment might still prefer buying rather than renting. "We even help summer temporaries who need rentals while they are here," Mrs. Smith adds.

There are many quirks in local laws and customs that people coming from other areas may be unfamiliar with, and the housing counselors can help, according to Mrs. Smith.

Another important aspect of relocating is specific needs, such as a particular school for the children; L&F can help the staff member and family decide on the most logical site. "We do a needs analysis for every family," says Mrs. Smith. "Some people, for various reasons, may want to be close to a Metro station. Or, if someone does not drive, walking distance to shopping may be a priority."

Multiple listing network

L&F is tied into the multiple listing network of area Boards of Realtors, so that if L&F does not have a primary listing of a house in an area a staff member wants, scanning of the computerized multiple listing most often will locate the desired type of dwelling.

Ali Tricha, EDS06, says, "The Housing Office gave me excellent ideas about where to rent a home that would please my family. I did not know where to begin, but Ms. Ferris gave me a lot of time. The agent who was recommended to me found me a good house at a good price to rent for one year."

Says Vipul Tandon, PBDFR, "I want everyone to feel confident about calling the Housing Office. I received excellent assistance. It was particularly useful to me because I was a first-time home buyer, and the agent who was assigned to me was extremely patient and very professional."

Here is how the Housing Office will help staff seeking assistance:

- Provide a financial comparison of renting versus purchasing.
- Maintain a current file of rental properties, and if staff choose to rent, counsel them on the cost of rent in relation to their salaries, the cost of utilities if extra, and leasing procedures in the Washington area. If requested, L&F will also review the lease for any restrictions, such as sub-leasing and keeping pets.
- Advise purchasers on property values and trends; property taxes; availability of mortgage financing options and the cost of monthly payments in relation to their salaries; general advice on the usual purchase clauses (e.g., inspections of homes) in purchase contracts; referral of purchasers to sales agents who have been specifically selected and trained to work with Bank staff.
- Advise staff going on field assignments regarding sale versus rental of their current Washington area property; arrange for an agent to provide a market analysis of property to sell; and provide property management information.

Alert the Housing Office

"New staff or staff who are currently overseas on assignment who will be returning to the area soon should alert the Housing Office of when they will arrive in Washington and their specific housing needs. They can call the Housing Office (202-473-0617) or by fax (202-477-6391)," says Mrs. Smith. "This advance notice will enable a housing specialist to make the necessary arrangements so the relocation will proceed smoothly.

"One other thing I'd like to clarify: Use of the Housing Office is for all current and future staff who need assistance in purchasing or leasing a place to live, as well as those seeking to sell or rent their current house or apartment."

Periodically, the Housing Office conducts seminars for staff. But assistance is available on a scheduled basis Tuesdays through Fridays from 10 a.m. to 4 p.m. in Room O-4044. Call Ext. 30617 or 30636 for an appointment.

On the Record

World Bank Operations in Eastern Europe

Parvez Hasan

Parvez Hasan, Chief Economist, EMENA region, addressed the "Hungary in the Nineties" symposium held last November in Budapest and sponsored by the Global Action Institute and National Bank of Hungary. Here are excerpts from his remarks:

The World Bank is not a newcomer to the region. Poland, Czechoslovakia and Yugoslavia were founding members, though Poland and Czechoslovakia ceased to be members within a few years. (Czechoslovakia has just applied for membership.) Romania joined in 1972, Hungary in 1982. Poland rejoined in 1986. Our lending to Poland is yet to begin but to other East and Central European countries (including Yugoslavia), our gross commitments over the years have been close to $10 billion. Hungary has so far borrowed $2 billion for 20 operations, and several loans for Poland are in various stages of preparation.

The Bank lending to member countries of East and Central Europe is based on the same economic criteria as that applied to other members. As the Bank has come to better understand the particular economic system of its socialist members and as these countries themselves have become more committed to fundamental economic reform, the Bank's lending has been and will be more closely linked to changes in policy and institutional framework of each sector and of the economy as a whole. For instance, in Hungary, the Bank started with relatively traditional lending to industry, agriculture, infrastructure and energy, but has progressively extended its advice and financial assistance to overall programs of economic reform, especially through loans for industrial restructuring. The Bank is presently engaged with the Hungarian authorities in preparing a possible first structural adjustment loan.

Any lending by the World Bank—and especially adjustment lending—must meet certain prerequisites. Let me mention two important ones.

First, the country must have reasonable prospects of maintaining, or attaining, macroeconomic stability in order to provide a suitable climate for economic growth. Countries in the throes of serious imbalances, particularly as evidenced by large or growing current account, fiscal deficits and inflation, need to adopt programs to restore macroeconomic equilibrium and growth. The Bank's adjustment lending operations, which support these programs, are usually associated with financial assistance from the IMF aimed at stabilizing the economy.

The second, and related, condition is that borrowers must demonstrate they are, or are going to become, fully creditworthy. For a country already heavily indebted, this implies that the program of economic stabilization and adjustment must be sufficiently rigorous to permit the country to service its debt, achieve a reduction in the shares of national income and export earnings devoted to debt service over a foreseeable period, and therefore resume growth. The assessment of creditworthiness, of course, requires many sensitive judgments about future economic developments and about the willingness of other creditors to contribute to financially supporting the program—either with new funds or by easing the debt, or, in the case of the most severely indebted countries, by forgiving debt or reducing interest payment obligations. For such countries, devising a program of economic recovery to restore creditworthiness requires agreement between the country itself and its major creditors on a debt workout program.

Clearly, the experience of Hungary, Poland and Yugoslavia in the early 1980s has shown that to restore sustainable economic equilibrium and growth requires more than the traditional package of policy measures like cutting imports, reducing budget deficits and modifying individual policy variables such as interest rates and exchange rates. Addressing the fundamental sources of structural imbalance in their economies—in particular, the enterprise sector's traditionally unrestrained access to resources from the state budget and the banking system to finance its activities and any resulting losses—is essential. As long as this feature (the so-called soft budget constraint) prevails, enterprises are not sufficiently motivated to increase their profitability, and so resources continue to be used inefficiently. At the same time, increases in wages outstrip increases in productivity, and so imbalances in domestic supply and demand persist as well.

An effective adjustment program for the countries of East and Central Europe would include the elements of systemic reform that, to varying degrees and with different emphases, Hungary, Poland and Yugoslavia have each begun to adopt. These elements, which in combination are essential to the working of a market economy, involve a fundamental re-ordering of the enterprise sector through limiting its traditional access to resources from the budget and the banking system while simultaneously increasing enterprises' autonomy and financial accountability. But a fundamental change in enterprise behavior also requires: *first*, mobility of factors and production—both capital and labor; *second*, effective competition through freedom of entry and exit; *third*, removal of administrative interventions in price setting; and *fourth*, a clear and explicit representation of ownership interest and diversification of actual ownership.

We have also learned that the desired changes in enterprise behavior are a greater challenge than they may have first appeared to be. For example, it is not sufficient to merely declare enterprises financially responsible for their actions; nor is it enough to legislate change in the regulatory framework, such as by introducing a bankruptcy law; nor is it adequate to realign prices administratively. Incentives must be transformed thoroughly for all actors throughout the economy—in other words, remove the stake that enterprises and households have in the existing system.

The historic efforts now under way in Hungary and Poland to transform the system testify to the limitations of past attempts.

Looking to the future, I will single out two conditions for reform to succeed.

One, there is need to establish true financial discipline. This implies the state would refrain from subsidizing loss-making firms. The state would give up its major role in financial intermediation to permit the development of a modern financial system, in which banks would be autonomous and apply strict standards of creditworthiness in lending to enterprises.

Two, there is need to take adequate measures to mitigate the expected social costs of reform and adjustment on the most affected population groups—for instance, those who lose their jobs and those pensioners whose real incomes are sharply eroded as consumer subsidies are reduced.

There has been little talk during this seminar of the social costs of adjustment. Unbridled capitalism can invite serious political backlash. Having said this, I must say that reform will mean gainers and losers, and I am not suggesting to cushion the effect on all losers.

The World Bank is strongly committed to assisting the member countries of East and Central Europe, provided commitment to systemic change is maintained, effective implementation of reform can be ensured, and for heavily indebted countries, such as Poland, debt workout plans supported by coordinated action among principal donors are agreed upon.

In Hungary, our lending has risen to $330 million per annum during the last three years. It is one of the highest levels per capita in the Bank, and net flows from the Bank have accounted for 15 to 20 percent of net flows to Hungary. In addition, the Bank has played a significant role as a catalyst in cofinancing.

As I said earlier, we have broadened the agenda of policy and institutional reform in Hungary through successive operations and, hopefully, through a structural adjustment loan in the near future, we can deepen our involvement with the entire economic reform program. Provided the Bank and the government can reach agreement on such a program, we should expect to maintain overall Bank lending to Hungary at a high level and would hope to increase the share of adjustment lending in the total. We are also planning involvement in longer term areas of human resource development and environmental improvement. I would like to add, however, that while external assistance is important, much larger flows of foreign capital are not the answer to Hungary's problems.

The Bank will soon begin lending to Poland. Two development projects in industry and agro-industry have been appraised and projects for energy resource development and conservation, transportation, and telecommunications are also under preparation.

We also stand ready to start working on supporting the reforms through an adjustment operation, provided the prerequisites are met. This will not be an easy task, but, if all goes well, the Bank can be in a position to support Poland with substantial financial assistance as we have been doing in Hungary. We would naturally work closely with the IMF and the European Community and other major donors.

Our intellectual work—economic and sector studies—provides the underpinning of our lending work and our dialogue with governments. We spend about 20 staff-years annually on this work in Eastern Europe. In Hungary, we are fortunate to have been able to work closely with local experts and institutions.

Our sister organization, the IFC, is already active in creating joint ventures in member countries of Eastern Europe and in assisting governments in improving their policy framework for direct foreign investment.

In conclusion, we in the World Bank fully realize the historical importance of economic and policy changes in Eastern and Central Europe. Our involvement in the area is already substantial. With the expected inclusion of Poland as a borrower in the near future, we would anticipate at least doubling our lending to this region over the next three years. We hope to remain very active in assisting the countries with the formulation of their programs for reform and adjustment, and we stand ready to provide further support through adjustment lending. The challenge and the difficulties facing the reformers are considerable, but the potential benefits far outweigh the costs and risks.

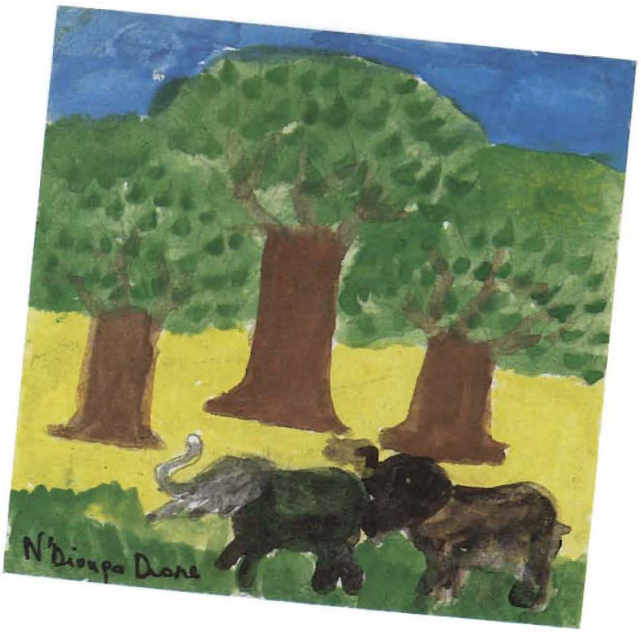
Children Illustrate Their Country's Problems

Special Greetings from Senegal

by Linda Patorni

What started off as a simple idea has turned into an exciting and successful little project by the students of the Mame Thierno Birahime M'Backe school in Dakar, Senegal. The result: some 400 beautiful and imaginative greeting cards which the Senegal Resident Mission staff have sent as their official New Year's cards, each an original watercolor, depicting the theme of protecting nature.

A year ago, I had seen an outstanding exhibition of children's art in Dakar and was impressed by the perceptiveness of the paintings, each one illustrating some of the very real problems facing their country—whether it concerned family or education, or broader environmental issues such as drought or deforestation. The children's uninhibited use of color was impressive as was their sense of perspective and their attention to detail. The exhibition was organized and coordinated by Ousmane Fall, a young man who heads the art education division in the Ministry of Education and who himself is an artist. He works with the schools, helping to design their art curricula, and has coordinated a number of similar exhibitions throughout the country.



Respectons la nature

Aquarelle originale

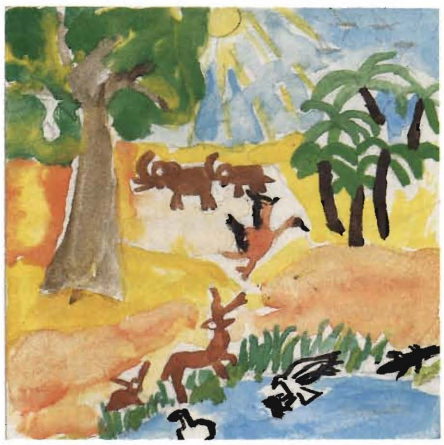
Working with children

I approached him with the idea of working with children to produce paintings that would not just be exhibited, but would become individually created and signed greeting cards to be sent to a wide audience, including all of the highest government officials in Senegal. Both he and Ibrahima Niang, the Minister of Education, were excited by the idea and by the theme of protecting nature.

We selected the Mame Thierno Birahime M'Backe school, which is located in a densely populated area of Dakar, and which, like many schools in Senegal, is very poorly equipped. The school has a total of eight classrooms for 11 classes, forcing the children to juggle their lessons between the school and other nearby buildings. The facilities are poor, the classrooms small and dark, usually with more than 60 students per class. Resources for the art classes consist of pencils and lined exercise books. The school, however, has a dynamic art teacher, Anta Germaine Gaye, a well-known artist who has exhibited her work in Senegal and abroad, and whose enthusiasm captivates her students.

Madame Gaye explained the project to her students, who ranged in age from 10 to 15 years, and they discussed the theme during several classes, making pencil sketches of their ideas. Despite their urban upbringing, it was obvious from their initial sketches that they are well aware of the magnitude of the problems affecting both rural and urban areas and the impact on their future. While there is now much more active national support for reforestation and protection of parkland in Senegal, the trapping and exporting of wild birds is still, unfortunately, a thriving business. And,

Ibrahima Niang, the Minister of Education of Senegal, and Linda Patorni thanking the school. Far right, Anta Germaine Gaye, art teacher, and Francois-Marie Patorni, Resident Representative for Senegal.
Photo by Claude d'Almeida



as in many African countries, the elephant population and that of other large game has been decimated.

First experience with paint

The first painted designs were outstanding, particularly as it was the children's first experience with any form of paint. In fact, I hadn't anticipated their excitement when we produced the paints, brushes and cards. The paintings were done on 3-inch square cards, which were to be mounted on preprinted greeting cards. There was a slight delay once the paintings were finished because I hadn't realized they would have no pens with which to sign their names. I hastily brought a few felt-tips for that final touch.

The 400 cards are superb. The concern for deforestation is eloquently portrayed by dramatically encroaching sand dunes, vividly colored bush fires, bulldozing or chopping of trees, side by side with more hopeful pictures of farmers cultivating wetlands, and planting or watering seedlings.

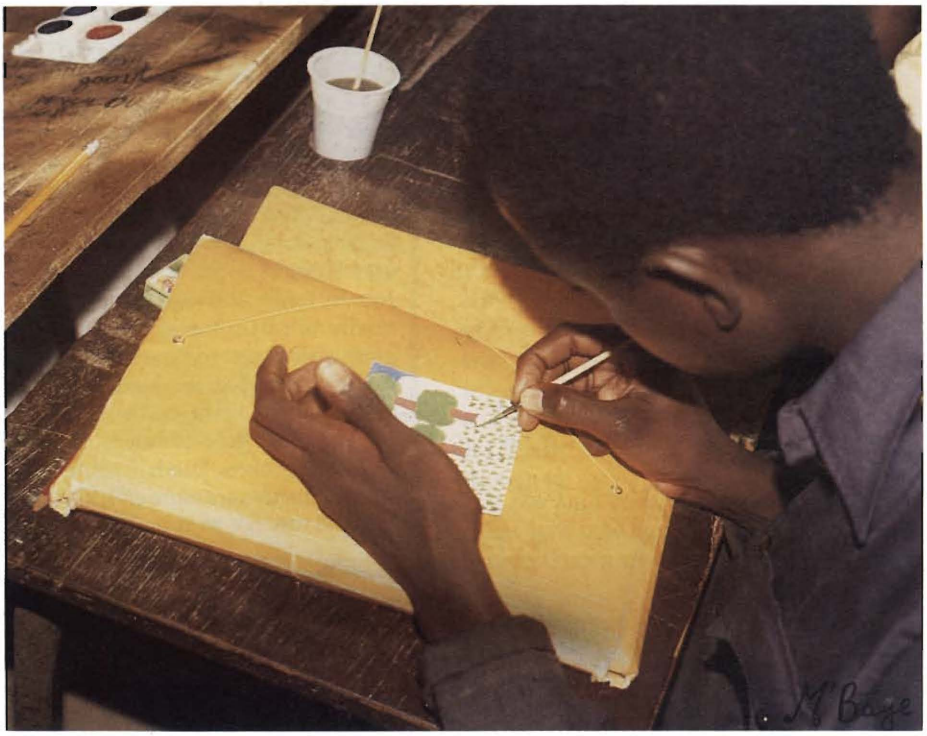
Wildlife is illustrated in a number of ways: the wrongful slaughter of Senegal's few remaining elephants, or more pastoral lakeside or bird scenes from Sine Saloum or the Parc de Djoudj, the third most important refuge in the world for migratory birds. Some of the paintings are artistically outstanding, while others are so imaginative that one can forgive the odd fingerprint, smudge or paint spill. Each is original and comes with a preprinted message which, translated, reads: "This original watercolor was painted by a schoolchild from Dakar, to promote the awareness of youth toward nature. The choice of illustration has been left to the imagination of the young artist." Each card contains a small insert thanking the school and the individuals concerned.

As of this writing, we are in the process of sending the cards. The reaction has already been phenomenal. UNICEF in Dakar is considering doing a similar project and the World Conservation Union is planning a small article with illustrations in its next Africa bulletin. Education Minister Niang was particularly taken by the results and, in thanking the school, proposed a much larger scale project for next year, involving several schools and possibly raising some funds.

My own reaction—after gluing all 400 paintings to the printed cards—is that small is beautiful. Nonetheless, there is no doubt about the potential of such a project, should the children of Senegal want to take it on.

Editor's note: Linda Patorni was an Administrative Officer in Country Department II, Asia, before taking a leave of absence to accompany her husband to Senegal where he is the Bank's Resident Representative.

A third-year student working on a forest scene.
Photo by Ousmane M'Baye



IFC

Country Funds for the Developing World

by Asimina Caminis

Country funds have a long history. The first funds, which were set up in the early 1800s, invested in the newly industrialized countries of the era—primarily Canada and the United States. Today most country funds invest in the stock markets of developing countries—the so-called emerging markets. These markets, most of which were considered off-limits by foreign investors a decade ago, are now viewed as the new frontier by many in the investment world.

There are two basic types of country funds: new-money funds and debt-equity conversion funds. New-money funds raise money from investors to buy shares in companies in a single country or a group of countries. Many are listed on the major stock exchanges and some are publicly traded. Debt-equity funds, conceived in the wake of the debt crisis, allow commercial banks holding rescheduled debt in a given country to trade the debt for shares in local companies. Both types of funds generally target companies whose securities are likely to appreciate in the long term, and, like mutual funds in developed markets, they often have a specialized focus.

IFC a pioneer

"IFC was a pioneer in setting up country funds for developing countries," says Robert Graffam, Deputy Director of IFC's Capital Markets Department. IFC has been involved in over 20 funds (see box) in various capacities, including sponsor, lead or co-lead manager, placement agent, and investor. "As the first and most active promoter of these funds," Mr. Graffam adds, "we have introduced international portfolio investors to the emerging markets."

The first modern country fund was the Japan Fund. Investors who have held shares in the fund since its inception in 1962 have reaped a phenomenal return of over 3,000 percent. Several Brazil funds were successfully launched in the mid-1970s. It was in 1981 that IFC first became directly involved in country funds, as adviser to the Mexican government in connection with the Mexico Fund. Although the Fund suffered initially because of the debt crisis, it has performed well during the past few years.

The Korea Fund

"Things really got started for IFC in 1984, with the Korea Fund," Mr. Graffam declares. IFC was the fund's key sponsor and one of the co-lead managers. "At the time, there was a great deal of skepticism. Korea was considered a heavily indebted country experiencing political turmoil." Spectacularly successful, the Korea Fund is now trading at around 150 percent of its net asset value and has served as a model for a number of other funds. By the mid-1980s, country funds had caught on with investors: more than 30 were launched from 1986 to 1988, and at least 20 were launched during 1989.

In addition to playing a major role in setting up several new-money funds that invest in individual countries, IFC has launched two funds that invest in stock markets worldwide as well as two regional funds. These are closed-end funds—investors can withdraw only if they sell their holdings to other foreign investors or if the fund is wound up—to reduce buying and selling pressures that could lead to volatility of share prices. The debt-equity conversion funds developed by IFC typically target specific kinds of companies—for example, state-owned companies undergoing privatization, private companies, or joint ventures—depending on what local regulations allow.

Valuable management and research

The new-money country funds often make it possible for investors to enter stock markets in developing countries that would otherwise be closed to them. Many investors are uneasy about their ability to monitor these markets on their own; the funds provide valuable management and research services. While investing in emerging markets is by no means risk-free, it has a number of advantages. Investors can diversify their portfolios into markets with low correlation co-efficients, which means that the performance of emerging markets not only varies greatly from one market to the next but also generally does not follow that of the developed markets. Investors can also acquire stocks that are, in many cases, still undervalued. And returns from emerging markets have been extremely attractive in recent years. According to IFC's own stock price indexes, the four markets with the highest re-

Investing in Emerging Markets

Emerging markets have excited considerable interest in recent years, but a variety of factors—for example, complex local regulations governing foreign investment, foreign exchange restrictions, and scarcity of information—make it difficult for investors to enter these markets directly, hence the popularity of country funds. Although they appeal primarily to institutional investors, the funds also attract some retail investors. Individual investors can buy shares in all country funds listed on the New York Stock Exchange (see table) through their stockbrokers. Funds listed on other stock exchanges are more difficult to buy into and may not be as liquid.

Countries can shed some of their foreign debt while capital is raised for local enterprises.

turns in 1989, measured in U.S. dollars, were Turkey (300 percent), Argentina (136 percent), Taiwan, China (91 percent), and Thailand (82 percent). In contrast, Japanese stocks had a return of 2 percent, U.S. stocks 30 percent. Eleven of the 19 emerging markets monitored by IFC outperformed the U.S. stock market in 1989.

Developing countries also stand to benefit from these funds. International portfolio investment often stimulates the growth of local securities markets and acts as a bridge between emerging markets and international investors, bringing more sophisticated valuation techniques to developing countries. The supply of equity finance to local companies is increased; however, since it comes from a diversified pool of investors, local operating control is not threatened. New-money funds developed by IFC have raised over $1.1 billion, and, as of November 1989, their market value had more than doubled to $2.4 billion. Their dramatic performance has inspired other institutions to launch similar funds: there were over 100 new-money funds for emerging markets with total market capitalization of $7.4 billion as of June 1989.

IFC-Sponsored Country Funds

New Money Funds	*Year*	*Initial Amount* ($ millions)	*Listing*
The Korea Fund Inc. I & II	1984 & 86	100	New York
Emerging Mrkts. Growth Fund Inc. I & II	1986 & 87	250	Luxembourg
The Thailand Fund	1986	31.13	London
The Malaysia Fund Inc.	1987	84	New York
Equity Fund of Brazil	1987	81.5	unlisted
The Thai Fund Inc.	1987	115	New York
The Brazil Fund Inc.	1987	150	New York
Emerging Markets Inv. Fund	1988	123	Luxembourg
Thai Prime Fund	1988	155	London & Singapore
New World Inv. Fund (Lat. Am.)	1989	62	unlisted
First Hungary Fund	1989	75	unlisted
Nomura Jakarta Fund	1989	30	Hong Kong
Manila Fund	1989	50	London
The Philippine Fund Inc.	1989	60-125	New York
The Turkish Inv. Fund Inc.	1989	60-100	New York
Jardine Fleming Asia Select Ltd.	1989	77.25-103	Hong Kong
Debt/Equity Funds			
First Philippine Capital Fund L.P.	1987	250	
The Investment Co. S.A. (Chile)	1987	30.15	
Equitypar Brazil	1988	100	
Argentina Investment Corp.	1988	50.01	
Int'l. Inv. Co. of Chile	1989	60.45	
Argentina Privatization Fund	1989	500	

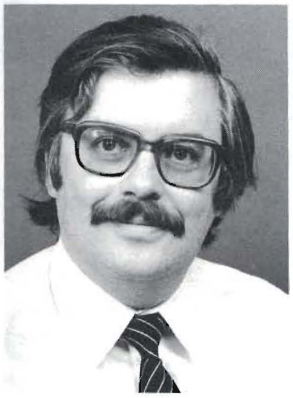
Productive partnership

Debt-equity funds offer debtors and creditors, who are often in deadlock, a way to enter into a more productive partnership. Countries can shed some of their foreign debt while capital is raised for local enterprises, and creditors have the chance of recovering losses by switching into better-performing assets.

The volume of capital raised by country funds to date has been impressive, but IFC believes that their full potential as a mechanism for attracting capital to developing countries has yet to be tapped. The exposure of foreign portfolio investors in emerging markets is still very low; if it were to increase to 1 to 2 percent of the trillions of dollars in managed funds worldwide, new yearly capital inflows into the developing world would climb into the billions.

In developing and promoting country funds, IFC has worked with many of the world's leading investment and merchant banks. Some of these banks are now setting up their own funds. "However, they frequently seek IFC's participation because of our experience in structuring funds and our familiarity with the economic situation in developing countries," says Mr. Graffam. "We know the investors, we know the local companies, and we can advise governments on the regulatory steps to be taken." So, although its role will undoubtedly change as the market for country funds matures, IFC's involvement will continue.

Senior Staff Appointments



James A. Hanson
U.S. national ... Appointed Lead Economist, International Finance Div., International Economics Department, effective January 2.

1982: Joined the Bank as a Sr. Financial Economist, Strategy and Operations Support Div., Industry Dept. ... 1983: Transferred to the Financial Div., same department ... 1985: Promoted to Lead Economist ... 1986: Joined the Resident Mission, India.

Kenneth Lay
U.S. national ... Promoted to Senior Manager, Financial Operations Department, effective December 1; and also to serve as Chief Financial Operations Officer, Funding Group II (Japanese Yen and other currencies), same department, effective January 1.

1982: Joined the Bank as Financial Operations Officer, Financial Operations Dept. ... 1985: Promoted to Sr. Financial Officer ... 1987: Chief Financial Operations Officer, Funding Group III, same department.

Alan Mole
U.K. national ... Promoted to Chief, Operations Programming and Controls Division, Financial Operations Department, effective November 15.

1975: Joined the Bank as a Disbursement Officer, Controller's Dept. ... 1979: Promoted to Chief, LAC Section, same department ... 1983: Sr. Disbursement Officer, Loan Dept. ... 1987: Adviser, Office of the Director, same department.

Jaap van Opstal
Dutch national ... Promoted to Legal Adviser, Finance, Legal Department, effective December 1.

1979: Joined the Bank's Legal Dept. as Counsel, Africa Div. ... 1983: Finance Unit, LEG ... 1985: Promoted to Sr. Counsel, LEG.

Manuel Penalver-Quesada
Spanish national ... Appointed Chief, Country Operations Division, EMENA Country Department I, effective February 15.

1976: Joined the Bank through the Young Professionals Program ... 1977: Operations Officer and Industrial Economist, Projects Dept., LAC ... 1982: Promoted to Sr. Industrial Economist ... 1983: Sr. Economist, Country Dept. I, LAC ... 1984: Deputy Chief, Eastern and Southern Africa Projects Dept. ... 1987: Promoted to Chief, Industry and Energy Operations Div., South-Central and Indian Ocean Dept., Africa Region.

Stanley Perch
Canadian national ... Appointed Chief, Pensions Administrative Division, effective January 15.

1967: Joined the Bank as an Accountant, Treasurer's Dept. ... 1972-75: Deputy Chief and Chief, Disbursement Div., Controller's Dept. ... 1976: Chief, Administrative Expense ... 1978: Chief, Accounting Div. ... 1981: Director, Loan Dept. ... 1984: Sr. Adviser, Program Coordination, Office of the Vice President, Finance ... 1986: Deputy Director, Tokyo Office.

Jocelyn Radifera
Malagasy national ... Transferred as Chief, Official Borrowing Operations, Funding Group III, Financial Operations Department, effective January 1.

1969: Joined the Bank as Securities Asst., Treasurer's Organization ... 1975: Sr. Securities Officer, Securities, Treasurer's Dept. ... 1982: Chief, Funded Debt and Borrowing Div. 3, Financial Operations Dept. ... 1987: Chief Financial Operations Officer, Funding Group IV, same department.

Hans M. Rothenbuhler
Swiss national ... Promoted to Chief Financial Operations Officer, Funding Group I, Financial Operations Department, effective January 15.

1974: Joined the Bank through the Young Professionals Program ... 1975: Attorney, Legal Dept. ... 1979: Promoted to Sr. Counsel ... 1982: Promoted to Legal Adviser, Finance ... 1984: Promoted to Chief Counsel, Finance Unit ... 1986: Sr. Financial Officer, European Office, Paris.

Mary M. Shirley

U.S. national ... Appointed Chief, Public Sector Management and Private Sector Development Division, Country Economics Department, effective January 1.

1980: Joined the Bank as an Economist, Country Programs Dept. I, LAC Region ... 1982: Seconded to the Core Team of the sixth *World Development Report* ... 1983: Promoted to Sr. Economist ... June 1983: Transferred to the Office of the Director, Projects Advisory Staff ... October 1983: Appointed Adviser, Public Enterprises, same Unit ... 1987: Adviser, Public Sector and Private Sector Development Division.

Paul Siegelbaum

U.S. national ... Appointed Chief Financial Operations Officer, Funding Group III (U.S. dollars and other currencies), Financial Operations Department, effective January 1.

1982: Joined the Bank as an Attorney, IFC's Legal Dept. ... 1985: Sr. Financial Operations Officer, Financial Management and Planning Dept., IFC ... 1986: Legal Adviser, Finance, Bank's Legal Dept.

New Staff Members

Yolanda Arellano
United States
Secretary/CFS/12/18

David Ballands
United Kingdom
Engineer/IFC/1/2

Simon C. Bell
Australia
Financial Econ./AF6/1/8

Michele Bendjouya
France
Compensation Pol. Ofcr./PER/1/2

Milagros S. Benedicto
Philippines
Secretary/AST/1/2

Gervaise Brandoli
France
Secretary/PAD/1/16

Cidalia Brocca
Brazil
Secretary/LOA/1/8

Avinash R. Chandak
India
Sr. Sys. Analyst/CSH/1/16

Kathryn Cherrie-Ferreira
Trinidad
Secretary/AS4/1/16

Margaret Christo
India
Secretary/LAC/1/2

Philip J. Condon
Ireland
Investment Ofcr./IFC/1/8

Edward A. Coppola
United States
Guarantee Ofcr./MIGA/1/16

Daniel Cotlear
United States
Economist/AF6/1/16

Alan J. Cutler
United States
Sr. Sys. Analyst/CSH/1/16

Mohamed S. Fofana
Sierre Leone
ED's Asst./EDS/12/26

Herman Garrido-Lecca
Peru
Investment Ofcr./IFC/1/16

Kirk B. Ifill
Trinidad
Investment Ofcr./IFC/1/8

Roumeen Islam
Bangladesh
Young Professional/YPP/1/2

Norman Jones
United Kingdom
Forestry Spec./AST/1/2

Pauline D. Kokila
India
Secretary/IEC/1/16

Aimee T. Koye
Cote d'Ivoire
Secretary/B/L/LOA/1/16

Ferenc Molnar
United States
Counsel/LEG/1/2

Manon C. Muller
France
Young Professional/YPP/1/2

Maria K. Nadi
United States
Secretary/LOA/1/16

Finn Nielsen
Denmark
Municipal Engr./AS2/1/2

Augustina Obias
Philippines
Secretary/PER/1/16

Juan Prawda
Mexico
Education Spec./LAT/1/16

Hildegard Richter
Germany
Secretary/CFS/12/18

Hoda Y. Rizkalla
Egypt
Secretary/EM3/12/18

Hartwig Schafer
Germany
Young Professional/YPP/1/2

Nemat T. Shafik
United States
Economist/IEC/1/8

Laila S. Tushan
Lebanon
Secretary/EM4/12/18

Of Sailors and Fine Tuning ...

by Chris Parel

"We trained hard—but it seemed that every time we were beginning to form up into teams, we would be reorganized. I was to learn later in life that we tend to meet any new situation by reorganizing, and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency and demoralization."

— Gaius Petrorius, c. A.D. 50

* * *

It is a humbling experience to realize that organizational theory has such deep classical roots. And in celebration of "Fine Tuning" we thought to dust off this ancient mariner's lament (which was posted in several Bank buildings during the reorganization) and see if we had learned anything of importance.

The Staff Association has been rebuffed in its attempts to participate in Fine Tuning discussions. We asked to see the detailed terms of reference and were turned down. We also requested unsuccessfully that staff be kept informed of what was going on in the Task Forces that were deciding what the "new" new Bank would look like. Management has chosen to keep the proceedings secret. This may have been motivated in part by a genuine concern to minimize feelings of insecurity among staff. But, of course, the effect has been just the opposite. So let this be Lesson 1: *Bank morale is best served by keeping staff informed of questions that affect us directly, such as reorganization.*

* * *

The Task Forces and "Fine Tuners" have been drawn from the top echelon of management. Staff whose business it is to evaluate systems and organizations throughout the world have not been asked their views on a range of issues about which they have mature, informed opinions. How is it possible, for instance, that staff views have not been sought on something as fundamental as the quality of services provided by decentralized personnel teams? Unfortunately, failure to confer with staff only serves to reinforce skepticism about motives. Tales of a "slugfest" and heroic "turf battles" at the top abound. The perception that the "Fine Tuners" take care of themselves inevitably surfaces. Deja vu. Lesson 2: *Involving staff minimizes skepticism and contributes to a sense of ownership, integrity and fair play.*

If you tell subordinates to do something, they are likely to do it whether it needs doing or not.

Organizational changes often (but not always) take place when something is not working properly. The term "Fine Tuning" doesn't fool anybody. Within days it was known that some of the most basic tenets of the reorganization were under attack: the size and character of Technical Departments and PPR, the abolition of OPD, the location of IAD, decentralized personnel teams, the role of Strategic Planning and PBD, the location of External Relations, etc. Naming a thing properly is a powerful tool. And to call the present reorganization by any other name only serves to reinforce skepticism. This provides us with Lesson 3: *Call a thing by its proper name.*

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There is a law that says if you tell subordinates to do something, they are likely to do it whether it needs doing or not. To safeguard against unnecessary and disruptive changes (such as those that apparently plagued the Roman fleet ...) a clear case, based upon hard data, needs to be made that something is wrong. An equally strong case needs to be advanced that the remedy will really improve matters. Given the "Fine Tuners'" surprisingly short time frame, limited resources and the complexity of the issues involved, staff can only wonder whether the exercise is serious. Lesson 4: *Reorganization should only be undertaken when an incontrovertible case for change can be made.*

* * *

Figuring out how an institution as complex as the Bank should be organized is difficult. Implementing the changes is even harder, especially if large numbers of staff are affected. The implementation of the reorganization was, quite frankly, a disaster and the SA's Staff Survey clearly documents the damage done to staff morale. Hence, great care must be taken. The President's promise that there will be no downsizing must be respected. And if staff must be shifted from one function to another, their genuine career concerns must be respected. This provides us with a very important Lesson 5: *To preserve morale, staff must be treated fairly when changes are made.*

* * *

After a major reorganization and two years of settling in, we are told that more change is now required. In fact, many units in the Bank have already been "Fine Tuned" over the past two years. And yet, we apparently still don't have it right. This reinforces the perception that the problem may lie elsewhere—may in fact have little to do with the organizational boxes we sit in. Lesson 6: *If management practices and leadership skills have not changed for the better, it is not clear that restructuring units is going to make much difference.*

* * *

In the end, it is a question of trusting in staff and respecting their judgment and their commitment to the institution. We should have learned this by now. But as Gaius Petrorius reminds us, some business practices seem not to have changed much—at least not since the days of the Roman Empire. And this brings us full circle to Lesson 7: *Those who ignore history's lessons are invariably destined to be "Fine Tuned."*

Around the Bank

All That Jazz

The newly formed World Bank Jazz Ensemble: Piet Werbrouk, tenor sax, Eric Leifert, acoustic bass, John Link, guitar, Mick Riordan, piano and Manuel Trucco, drums. The group performed at a recent United Way fund raiser and at a noontime concert in the H building.

Photo by Ivan Andrews

Letters to the Editor

To the editor:

In February and March, I will be flying to four countries in East Africa. Although entitled to first class, I will travel in business class (and in economy when business is unavailable on some short flights in Africa). This will save about $1,900 on this trip, which will be used to send one of our nurses to the annual American Occupational Health Conference in Houston, Texas, in April.

Are there any important advantages in flying first class? I believe there are none. One can get enough to eat and drink (remember that two alcoholic drinks on a plane have the same effect as three on the ground!) in the business section of the plane. Some will claim they can sleep more easily on long flights when in first. However, to lessen the symptoms of jet lag, it is best to only take catnaps on long flights, as one should frequently drink non-alcoholic fluids to combat the excessive dryness inside the plane, and also should walk occasionally around the cabin to lessen body fatigue and stimulate the circulation.

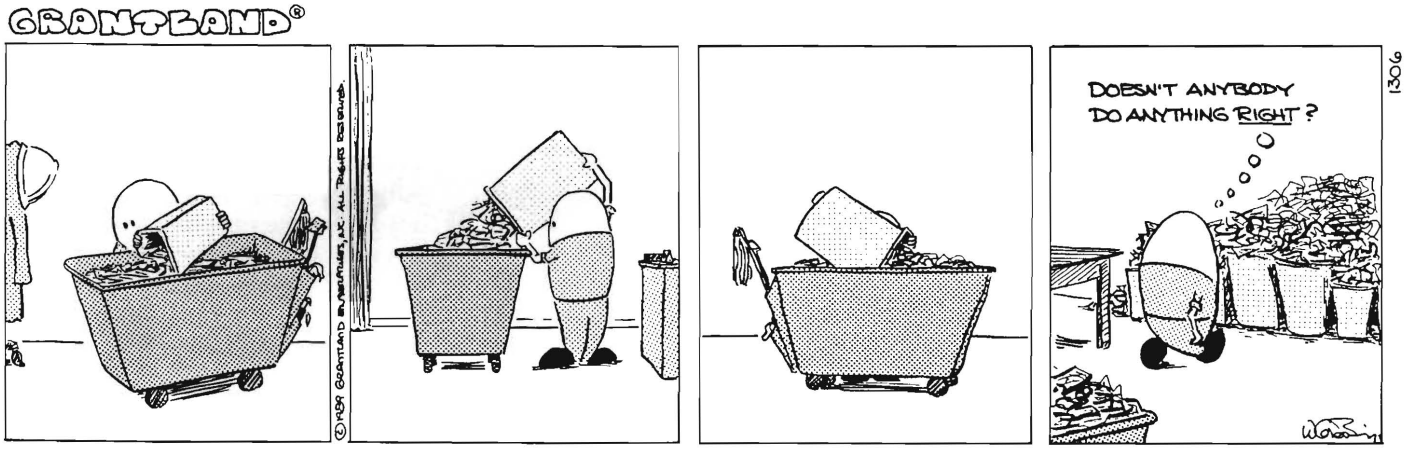
Consider how much money could be saved and used in more productive ways if most of us gave up first-class travel.

Michael Irwin, M.D.
HSD

To the editor:

I have a suggestion to make regarding the title of the last page of *The Bank's World.* I suggest that instead of "Answerline," you should now call it "Gripeline," which is what it has turned out to be. As you state, we should be able to come up with issues/questions of broad interest to staff in general, rather than negative issues affecting a disgruntled few. It's amazing the number of discontented staff we have at the World Bank. Whenever staff are given the opportunity to air their views, it's nothing but complaints (i.e., smoking, aerosol sprays, vending machines, etc.). The smoking issue is one they refuse to drop. I wonder how they function outside the Bank? Do they wear masks on the street? Do they live in purified bubbles? Do they preach to street smokers the detrimental effects of smoking? Or is it only the Bank's smoke that affects them? As in everything in life, we should display a little more tolerance and should always take the good with the bad and not expect everything to go our way.

Kati Scalzulli
LAC



Measures of Progress...

... is the title of a series of poster kits designed to promote understanding of the process of economic and social development—especially of low- and middle-income countries. The poster reproduced here presents statistics on gross national product (GNP) per capita for 120 countries with populations of more than 1 million.

Each poster kit contains a 24-in. by 36-in. color poster map of the world, six color photographs with texts, and a teaching guide designed for use in secondary schools. The kits are prepared by Katherine A. Sheram, who runs the Development Education Program in the Publications Department. Says Ms. Sheram, "Although these kits are designed especially for secondary schools or above, they can also be used for lower- and middle-schools with some teacher adaptation."

Other kits available in the series examine life expectancy at birth and population growth. These are available from the Bookstore at 50 percent discount to staff. And a catalog listing the different development education materials published by the Bank is also available.

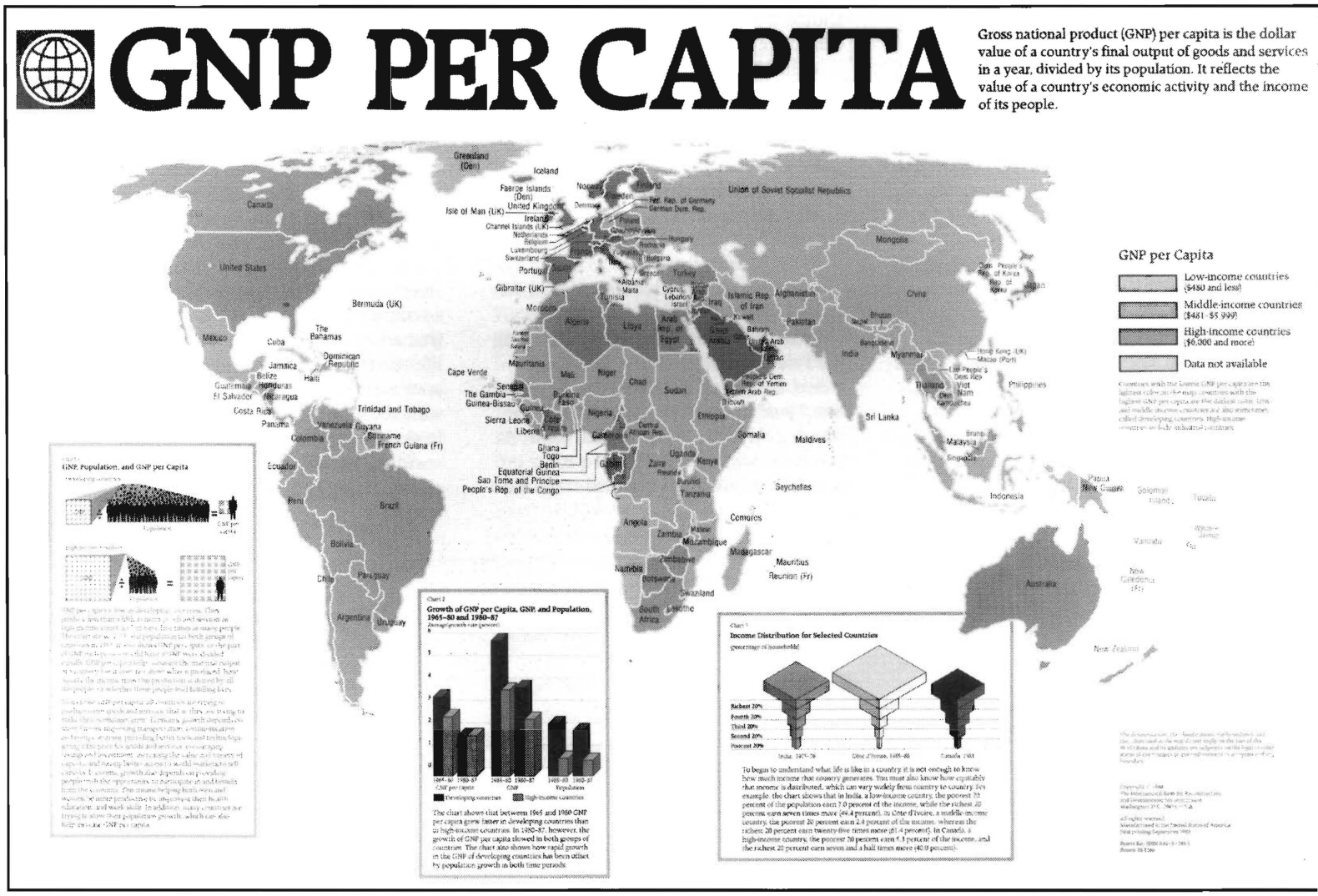
With this particular kit, students learn to:

- read and interpret data about GNP per capita on maps, graphs, and charts
- explain the relationship between GNP per capita and population growth rate
- explain some of the factors that can help increase GNP per capita
- discuss what GNP per capita *cannot* tell you about a country.

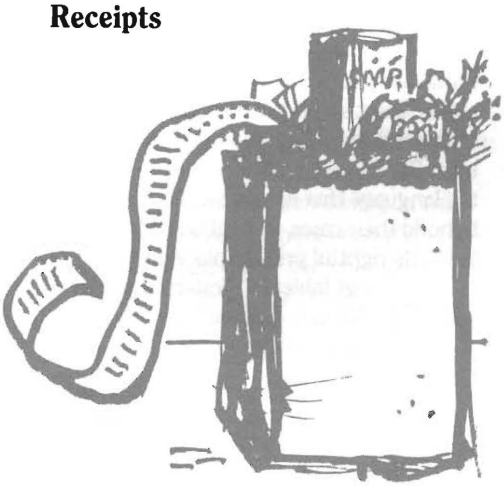
The comprehensive Teaching Guide contains a glossary, a full range of worksheets, data table, and a test.

More than 5,000 poster kits have been sold to date, largely in the United States, Canada and the United Kingdom. Additional poster kits are planned for the future.

Feedback from teachers using the poster kits has been excellent. One social studies supervisor in New York wrote, "I express my admiration for World Bank educational materials. They are effective because they require students to gather data from different sources, make inferences from their observations, and synthesize a lot of information. These skills are invaluable.



Save Your Grocery Store Receipts



You have a terrible craving for a candy bar. You run into your local Giant Food or Safeway store and indulge yourself with 45 cents' worth of sugar, cashews and calories. You can turn that moment of weakness into something worthwhile. Save the cash register receipt (blue from Giant, and orange or white from Safeway)—and send it to Lee Grassley in Room O-4131, or Yosef Hadar in E-8031. Of course, we'd also like you to save your receipts for larger amounts, but even the 45-cent ones add up, and it takes $70,000 worth them to get a free computer for a registered school.

"This area is the most expensive in the nation for groceries," Mr. Grassley points out. "In most areas, if a food store nets 1 percent of its total sales, that's regarded as a good profit margin. In the D.C. area, they get 3 percent. It's time the grocery stores gave something back to the community."

The two supermarkets have launched the program in cooperation with Apple computers. Lots of families are saving the receipts for their own children's schools, but people who do not have schoolchildren, or whose children's schools are not participating, can help some inner-city youngsters. The Community Relations Office has identified several schools in low-income areas which need help in collecting enough receipts to take advantage of the offer.

Mr. Grassley says he's been receiving about five or six envelopes of receipts each day, not as many as he would have hoped for. Perhaps some of us have enormous envelopes stuck on the fridge with a magnet, and they are positively bulging with receipts. Better send them in—the program ends March 31.

United Way Update

United Way volunteers and coordinators have been particularly busy this year. Kenlee Ray, who chairs this year's campaign, reports that special events have greatly helped raise campaign contributions. Among them:

- Randi Selehdar and volunteers in IEN raised $523 with a departmental raffle and a chili luncheon;
- Lucie Tran of CODMO and her colleagues held a bake sale that netted $101;
- The ITF benefit, "Hang Loose in Hawaii" garnered $342;
- AF5's walk-a-thon and weight-a-thon were expected to raise about $1,300;
- Roger Silk and volunteers in the Investment Department hosted a coffee during which Amy Ginzburg from the Coalition for the Homeless spoke. This led some staff, who otherwise might not have donated, to contribute to the campaign.

An International Munch, during which the World Bank Jazz Ensemble gave its first concert, also raised funds.

The Observer

The Last Word

by Frank Vogl

This is my final column for *The Bank's World,* so permit me to write about politics. Not the sordid office politics, or the behind-the-scenes deals that may have driven key decisions down the years here. No, permit me to leap beyond the walls of the Bank and talk about the politics of aid.

The 1990s need to see the rebuilding of the aid constituencies across the landscape of the developed world. All of us can play a part in this vital mission.

There is the temptation to dive into the grand unfolding business of East European development at the exclusion of all else, or to become a still more narrow specialist on debt, or focus exclusively on aspects of the global warming issue. But such temptations, so great these days for politicians, must be avoided.

The political debate over foreign aid in many capitals of developed nations increasingly seems to be in danger of overlooking the true development challenge of our time: the hundreds of millions of people in the developing world who live in the most frightful and wretched of conditions.

The aid debate dare not forget the poor.

There were times in the 1980s when it looked like this was happening, and it could well happen in the 1990s. As the last decade unfolded, so the doctrinal enthusiasm with private sector solutions spread like some new Paris fashion across the par-

liaments of the West, and foreign aid increasingly was seen by politicians as being a dirty word equal to give-away and welfare. Non-governmental organizations in the aid arena all too often found themselves doing damage limitation rather than building new constituencies. And sometimes the Bank seemed so close to the establishment that even it was suspected by NGOs of having lost its heart and become as anti-aid as the toughest of its governmental shareholders.

Today the aid constituency in one developed country after another seems weak and timid compared to the 1950s and 1960s. Yet a revival of the strong constituency is essential if the most basic problems of global poverty are to be attacked.

When humanitarian aid gets equated with handouts, as it did so widely in the early 1980s in particular, then the advocates of aid turn from the humanitarian arguments to seemingly more pragmatic approaches. They argue with governments about their Third World strategic interests and highlight the commercial benefits to be secured by development assistance. Even the crucial issue of environment in developing countries gets turned into a narrow self-interest matter, where, to secure support in a Western capital, it is suggested that funds must be made available to prevent the sort of global warming that melts the snow in Swiss ski resorts, wrecks the season in the South of France and robs the retirees in Maine of any good reason to flock to Florida in the winter.

All such arguments may make sense and no doubt have their time and place. But to press them too hard overshadows the crucial human dimension of development. It is the plight of the masses of the developing countries that daily demands us to give of our best at the World Bank. It must be that same plight that goads the politicians to vote solidly in favor of increasing foreign aid.

As I pen these lines I look at the latest report from the Development Assistance Committee of the OECD and take no encouragement from its figures showing that total annual official development assistance is about $51 billion now—a tiny sum compared to the need, and compared to what consumers in developed nations spend on the frivolous luxuries of life. Why, you just have to finance a couple of RJR Nabisco-type Wall Street takeovers and you have the equivalent of all foreign aid going to all developing nations for a full year.

The World Bank is moving ahead today with the largest array of development programs ever sponsored by a single agency in all of history.

It is the humanitarian story that has universal appeal and it must be told with more emotion than we have seen in recent years. The aid community has shriveled and has become inward looking. It has not run out to find new members, to capture the hearts of today's youth, to use language that rings true in the gut of any decent politician. Phrases like structural adjustment, entrepreneurial incentives, food security and so forth have come to dominate the debate. These are meaningless phrases to the man in the street, the politician on the back bench, the student in the college debating chamber. They are the useful words of technical dialogue, but no more than that.

We need to return to the old language of poverty, but we need not return to the old arguments. One of my failures here at the Bank was not getting a Bank President to give a major speech in layman's language about hunger. I tried a couple of times, but the timing was somehow always wrong. But the aid community needs new inspiration, and I believe the Bank can provide it.

The Bank should not directly intervene in the political debates of its member countries. But it can provide the arguments and the language that help local aid supporters to build their cases, strengthen the issue of aid to its rightful priority place on the cabinet tables of Western leaders. We can demonstrate that we have learned much in recent years about what works and what does not work in development. We can show that there is hope for the people of the Third World in the 21st century.

We can demonstrate it. The World Bank is moving ahead today with the largest array of development programs ever sponsored by a single agency in all of history. In that multitude of programs are examples of how electricity is changing life for the better in a distant rural village, how clean water has finally come to a remote town, how education is changing the prospects for millions of people in a score of nations.

The Bank can pluck dozens of bright humanitarian examples from its work. It can show how individual programs are tied to meaningful policy changes that offer better prospects than ever for sustainable results. And in the politics of aid in the 1990s, it will be precisely such illustrations that will make the difference. They must make the difference, because the numbers of absolute poor are growing and the pool of aid resources is declining in real terms.

The politics of aid are cruel to those who have nothing, least of all the leverage to secure assistance. In the 1990s it may become even crueler...let us hope this desperate prospect does not develop and that, instead, we see a rekindling of the humanitarian flame that did so much in earlier decades to enable all of us professionals in the aid community to have a chance to try and do good.

Editor's note: Frank Vogl is taking a leave of absence.

AnswerLine

The purpose of this column is to answer questions of broad interest concerning the World Bank Group's policies and procedures. Please include your name and room number so we can send you the answer to your question, even if it is not selected to appear in the magazine. Your confidentiality will be protected and your name will not be submitted to the manager from whom an answer is sought. An anonymous question can only be answered if it is of sufficiently broad interest to be included in the magazine. Send your questions to: Answerline, The Bank's World, *Rm. E-8044.*

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Note: Questions about the rehabilitation of the Main Complex should be sent to Answerline as well

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Question: Please provide information on what proportions of vacant regular posts in the Bank have been filled from inside and outside the Bank respectively, during, say, the last 12 months? It seems to me that our division chiefs, who do most of the recruitment in the Bank, prefer to fill their vacancies from outside the Bank, whether because the grass is always greener elsewhere, or because they don't want to poach on the divisions of their colleagues. If they go through the VIS at all, it is just a charade. If my observation is correct, won't that bloat the staff numbers of the Bank? Certainly it makes it very difficult for us regular staff to achieve the Bank policy (still?) of "planned periodic reassignment" every six or seven years.

Answer: The observation you make is not correct. During the period of July 1988 to June 1989, 710 positions were advertised through the VIS. Of the 545 that were filled, 402 (74 percent) were filled from within the Bank in contrast to 143 (26 percent) hired from outside. In effect, of the positions filled, which were announced in the VIS, three out of four were filled by staff already on board. This seems quite representative of experience more generally. The Bank's hiring rate (i.e., filling vacancies from outside) appears generally to be about 7 to 8 percent, while its reassignment rate (filling vacancies or making swaps with staff from inside the Bank) has generally been 12 to 13 percent. *Ian Hume, Director, Personnel Policy Department*

Question: In view of the Bank's commitment to projects with at least a neutral, if not positive, impact on the environment, I am upset by the large number of extraneous Bank publications my division receives and which are subsequently discarded. I am particularly disturbed with the multitude of reports received from the Vice President and Secretary's Office. I understand that the Bank has a paper recycling program, which is heartening. However, we could and should go one step further to eliminate this tragic waste and conserve our resources (by eliminating the cost of printing, distribution and recycling) to devote to our mission of development. A list of all reports (PCRs, PPARs, PPR Case Studies, summaries of discussions of the Executive Directors and others) could be listed on electronic mail. Interested individuals could then obtain their desired/required reports. For those without electronic mail, the lists could be printed from the division chief and then circulated. This new procedure would not only be cost-efficient but morally sound.

Answer: The Print Shop produces the number of copies of a document specified by the client and makes the distribution selected by the client from one of 115 standard or 20 specialized lists. Additional unlabeled copies may be sent to the client if so specified. In some cases all copies are sent to the client. Standard lists are based on positions, e.g., all Section Chiefs, Division Chiefs, etc., by name. This information comes from the IBM mainframe and is updated continually. Specialized lists are created upon request of the client. These are updated by the Print Shop upon request of the client. In cases where the client does not make changes regularly, we request updates.

List management is a time-consuming job. Standardized lists save time and costs even if a percentage of staff receive some documents in which they are not interested. Specialized lists are kept to a minimum and each list includes a number of documents. Specialized lists for only one specific document are discouraged as they would increase list management requirements.

In the case where you receive unlabeled reports from the Vice President and Secretary's Documents Office, the solution is simple. The Documents Office sends each department the number of copies requested by the department director. You should ask your director to decrease the number requested from SEC.

In cases where distribution is based on a standardized list, the solution would be for recipients to notify the Print Section Chief in writing to have their names removed from the distribution list for documents no longer desired. This cannot be done, however, for specialized lists unless you wish to be excluded from *all* the documents covered by a specific list.

As to the suggestion to order documents from a listing on All-in-1, this would require delaying production or costly reprinting. The results would not be economical and make work planning for printing and distribution as well as for storage difficult. Therefore, such an option has been discouraged. *John Montefusco, Chief, Printing and Graphics, General Services Department*

Respectons la nature