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**WORLD BANK HISTORY PROJECT**

**Brookings Institution**

**Transcript of interview with**

# ROBERT CALDERISI

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**Washington, D.C.**

**By: Devesh Kapur**

## FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

**[Begin Tape 1]**[1]

**CALDERISI:** . . professional experience for its staff. I think we have lost something in our service to borrowers. There's no doubt about it.

**KAPUR:** Can one get a sense . . .

**CALDERISI:** But it's not as--I don't think the turnover is quite as rapid as it implies. It may be more accidental in that case than a symptom of a more general pattern. I was rather pleased: I ran out the short CVs of people around the table this morning on the Ivory Coast, and half of them have never worked anywhere else in ten years but Western Africa, which is good.

**KAPUR:** Right. Now, is there any way that one can get a sense for time in the institution, the turnover of staff, not as measured by leaving the Bank?

**CALDERISI:** It's very hard. Because in any case, staff complain that it's still not enough movement. People feel locked in. In fact . . .

**KAPUR:** But, of course, what's good for the staff may not be good for the country.

**CALDERISI:** Right. Not always. No, so it's very hard to strike a balance. I think it's true, too, that there's less continuity on economic analysis than there is on project work. I think the average age of the economists is lower and they feel more restless than the older folks who prefer continuity and familiar surroundings to new challenge and surroundings.

**KAPUR:** What's the--when these people's so-called SAR, Staff Appraisal Reports—has it had another name? Has it always been called an SAR?

**CALDERISI:** Yes, I think so.

**KAPUR:** Okay, then so you have—once the SAR is prepared, then it goes to the Board [of Executive Directors], is approved, and then you have the typed [inaudible] Now a project, when it becomes effective, not when it's approved by the Board but there are certain signatures to be added to be sort of done.

**CALDERISI:** Well, it depends. This is where the state of project readiness becomes an issue. Whenever we used to submit projects to Ernie [Ernest] Stern's office in the early '80s, one had to strike a balance. You know, one's trying to keep to a schedule; you know, we promised the government six months before that perhaps that we hope to negotiate a loan by a certain date. They had calculated then when the money would start

[1] The beginning of the tape was partially overwritten by a second interview; date of taping unknown. Insertions added by World Bank Group Archives are in [ ].

to flow, and they'd used those assumptions in developing their budget for the following year. And one of the benefits, certainly, of Bank lending for governments is that we do tend to be more predictable than bilateral agencies because--and we are—our project schedules used to be—they'd not quite as tight as they used to be, but we used to be very disciplined in project schedules. In fact, schedules, timetables for projects are updated every . . .

**KAPUR:** Fortnight?

**CALDERISI:** Oh, no. Every week, I think. Maybe in some departments once a month. Oh, yes, just to make certain that—well, no, once a month, unless there have been major changes and then you--in between periods, and then you update the timetable. So from month to month one has not just, you know, has a very specific date for the appearance of revised executive project summary or for the appearance of the white cover of the Staff Appraisal Report and so on. And one didn't use to slip any of those dates without a very, very strong reason. I remember sweating, as a loan officer, because I had to explain a two or three day slippage on a, you know, an appraisal departure. And then, you know, there were all these lead times; one had to leave three days for these people, five days for those and so on. And so loan officers—much of a loan officer's time was just trying to keep things on some kind of predictable schedule. Hence the government usually had a good sense ahead of time of when things would be ready.

**KAPUR:** Is this a [Robert S.] McNamara legacy?

**CALDERISI:** Yes, very much so.

The trouble was that projects weren't always quite ready on schedule, and so one would either introduce into the Staff Appraisal Report conditions of negotiation, conditions of effectiveness, and even conditions of disbursement. So if you'd been telling people all along, including the Loan Committee, that a project would not work unless a competent general manager had been appointed in the project entity and one was expecting the appointment by a certain date and it was not made, one could not go with a straight face to the Loan Committee and say, "Well, we don't have a general manager yet, but we've changed our minds. We don't think it's really necessary before proceeding." You would make that a condition of the negotiations, saying, "Government, look, we are on our schedule and you are on yours. And if you want—we'll invite the negotiation, but only on receipt of evidence that you have appointed a person whose qualifications we see and can draw an opinion about." That was one level of condition.

You could also have conditions of effectiveness, which--you tried to avoid conditions of negotiations because they just complicated the schedule. Conditions of effectiveness were easier to introduce because you put off the project startup until they'd done all these things which were considered essential to the successful implementation of the project. Well, the more conditions of effectiveness you put in the project package up to the Loan Committee, the more they would ask whether this project was really ready for implementation. And so that was often the debate, you know: "Don't you think it would be better to put off negotiations until all these things are done up front rather than wait for them to happen?" Because we'd had experience with projects not becoming effective for, you know, six to twelve months until these conditions could be met, and all that was happening in the meantime was the government was paying us commitment fees on the approved loan amount without their receiving any money themselves from Bank. And so we wanted maybe bureaucratic compromises, but it wasn't helping the country very much.

**KAPUR:** So I guess, it would imply that one might sense that the average time for effectiveness from then to now decreased.

**CALDERISI:** Well, we've tried, as I said, to keep these conditions to a minimum, but there are some conditions of effectiveness you can't do away with. One is, one condition of effectiveness which is standard is that the attorney general of the country certify that the loan agreement or the project agreement are in conformity with national law, and so we need a legal opinion from the attorney general which can be produced quickly or sometimes it takes a long time. Some projects have been held up for six months just because the attorney general's office was overloaded and hadn't had a chance to look at the final signed agreements and render that opinion. Other countries can, will arrive with a draft legal opinion to negotiations and say, "Look, unless there are major legal changes in these documents, here is a legal opinion. Can your lawyers tell us whether it's in the right form or whatever, and then we'll finalize it as soon as we go home." So there are some conditions of effectiveness like that which are indispensable and routine. Others, which probably even take more effort to meet, and it's those, that second set of conditions which used to attract attention about the state of project readiness.

Conditions of disbursement are even more cumbersome but sometimes necessary to ensure that events will occur which have, are essential to project implementation but where earlier leverage has been inadequate to ensure it happening. And again, there has always been tremendous discouragement of having conditions of disbursement as such. It complicates the administration, even for our loan department, to keep referring to conditions of disbursement.

But I negotiated a forestry project with Kenya which involved all kinds of conditions of disbursement, including the condition that, because we've had very bad experience with the two preceding forestry projects, we did not, we would not disburse our share of project expenditures for planting until six months after the expenditures had been incurred to ensure that our supervision missions could certify that these plantings had been done properly and the trees were actually growing rather than just dying from, you know, improper planting. But in that respect, I think we should not have done that project or else solved that problem some other way.

**KAPUR:** It's a tricky thing because, I guess--I mean I was asking this because I was wondering if--if one believes the thesis that the Bank, sort of the whole programmatic approach of McNamara made the whole project cycle sort of like a production line, you know, everything in set stages which leaves managers with little flexibility because they have ex-ante covered themselves, difficult to anticipate problems, therefore, you sort of, you know, are, you sort of would err on the optimistic side because you have to meet this. Now if that changed in the '80s, then presumably you would, even before bringing it to the equivalent of the Loan Committee, you would be less reluctant or less queasy about saying, "Look, things have not worked out as per what I had promised to deliver. I'd rather hold on until I get, until I feel more confident," in which case the time for effectiveness ought to show . . .

**CALDERISI:** Right. It could be much shorter, um-hmm. I don't think there was a major change, as far as I could tell. There's still an assembly line atmosphere and tremendous attention to timetables. But I don't think it was a bad thing because it--all around it forced people not to make commitments lightly, to government or Bank management, and kept the pressure on staff and decision-makers in the country about whether they really wanted the project and about how urgent the project was. Sometimes failure to meet the conditions of negotiation or effectiveness was a fairly good sign of the priority of the investment for the country. And that wasn't bad.

**KAPUR:** But then if that was the case, then one should do, putting more with conditions as up front in the project cycle as possible, right?

**CALDERISI:** Well, yes, I mean there were--during pre-appraisal missions now, the aide-memoire is left for government, certify things that have to be done before appraisal will take place. Again, conditions of appraisal not just negotiations, whereas before, when the appraisal mission was the heaviest staff input in the project design, the missions were so busy they couldn't tie together all the loose ends. And it was then that they tended to leave a long list of conditions for negotiations.

**KAPUR:** Further downstream.

**CALDERISI:** Yeah. Whereas the effort in 1986 was to move up that, those kind of steeplechase, earlier on in the project cycle. And as I understand it, it's been reasonably successful.

**KAPUR:** So now we've sort of come up in the stage where all conditions of effectiveness have been met. Then you go through the disbursements. And for the Bank the project is over once the--well, what would be the last disbursements have been made. Now at times you see that the closing dates are extended. But is there an upper limit to how much these can be extended?

**CALDERISI:** Yes. You can--I think the rule is now that you cannot extend the project more than twice for twelve months.

**KAPUR:** A total of twelve months or . . .

**CALDERISI:** Two successive twelve month postponements without a special argument to senior management.

**KAPUR:** I see. And then the undisbursed portion . . .

**CALDERISI:** Is cancelled, usually, although governments sometimes would like to use it for other purposes, and supervision missions will sometimes recommend. There was one recommendation at the meeting this morning of the country team on the Ivory Coast rejected, which was that nine hundred thousand dollars left over from a cotton project, I think, should be spent on government housing. That's just—the person who recommended it is just new to the Bank. That's just not done, and it wasn't part of the negotiated project. And it makes nonsense of the Board approval process if money can just be sort of put into an unappraised activity like staff housing, which is not all that—which you can't make an economic argument for.

**KAPUR:** Although I believe that both--you do have cases where, when there is—it is increasingly I guess becoming, I think, in the '80s, because a lot of IDA [International Development Association] projects because of the exchange rate fluctuations.

**CALDERISI:** Yes, in other words, you can argue it on cost overrun grounds or exchange rate fluctuations. Sure.

**KAPUR:** Net cost savings, so you try expand the scope of the project but not to use it in a way different . . .

**CALDERISI:** Right, but before doing it you still have to make, you still have to request approval saying it is consistent with the original objectives of the project and—well, it was discouraged. The case—the country would really have to be in need for it to be approved. So for least developed countries and IDA funds, perhaps, yes, but by and large the feeling is project savings should be cancelled, for the benefit of the government as much as for the Bank.

**KAPUR:** Now at the end of this, you, I guess, the country and the . . .

**CALDERISI:** It's supposed to be the country, but in practice the task manager prepares the Project Completion Report because otherwise you'd wait too long for the government to do it.

**KAPUR:** Now with the PCR [Project Completion Report], does he do an ex poste at that point on the rate of return?

**CALDERISI:** Yes, usually.

**KAPUR:** But usually, of course, at that point the actual benefits of the project might have just started or so you have . . .

**CALDERISI:** You're re-estimating your streams. You're recalculating your streams based on current prices.

**KAPUR:** Right. But it's not your sense of actual—it's not really the actual rate of return; it's just a re-estimated figure.

**CALDERISI:** Yes.

**KAPUR:** So--and that is really it now, you know, that project is closed, except now . .

**CALDERISI:** Well, I'll tell you what. It sometimes takes twelve months after the closing date for a PCR to be completed.

**KAPUR:** It takes?

**CALDERISI:** Six to twelve months, yeah. Sometimes—it's something that one can put off more easily than an appraisal mission or a pre-appraisal mission or a supervision mission. But we've had--in the last five years we've had quite a backlog of project completion reports to do.

**KAPUR:** Right. There's been some pressure from OED [Operations Evaluation Department] to Operations. But this whole thing on which this [inaudible] says that really PCRs are not taken too seriously . . .

**CALDERISI:** Where? Who said this?

**KAPUR:** By--there's a joint OED/Operations. Or there's a feeling that they're sort of . . .

**CALDERISI:** Well, no, they're done very quickly. And they probably--most of them probably add very little unless the staff member has an untypically large amount of time or interest. A committed—a staff member who has lived with the project for a long time and been able only to write summaries of the last six months will take real pleasure in looking at the project in a wider perspective. And I have seen some extremely critical--critical in the sense of incisive and refreshing--Project Completion Reports written by people whose supervision reports were really quite uninteresting. So—but it takes time and effort, obviously, which project staff don't always have. But most PCRs tend to be a rather uninteresting aggregation of supervision findings over the period of four or five years, a repetition of statements made. So it's really the Project Performance Audit Reports that are really used, really worth reading.

**KAPUR:** And that is again, it's a sampling?

**CALDERISI:** Yes.

**KAPUR:** [inaudible] done on 40 percent, something like that.

**CALDERISI:** They used to do it on all, but they—for budget reasons they were forced to do it on a sample basis.

**KAPUR:** Now who makes the—is it completely an OED decision?

**CALDERISI:** All PCRs go to the OED.

**KAPUR:** So based on the PCRs they will--but if the PCR—I mean, is there an issue that, you know, if I have been involved in the project, I have done everything, and then I find out I've made a, I've sort of goofed up or whatever or the project has not worked out, if I decide to cover my tracks by writing a dull PCR, OED has no way of knowing until, say, four, five years down the road.

**CALDERISI:** I don't know how OED handles it. If I were in OED I would want—I would certainly audit reports where there had been too much staff continuity, where people involved in appraising it or supervising it most of the life of the project had written the PCR. That to me would be one that would need to be looked at carefully; whereas, a PCR written by someone who had only been supervising the project for two or three years and seemed to be, have a very detached tone and approach in the PCR, I would be more relaxed about. But continuity of supervision is often a—or discontinuity, lack of continuity, is very often, is sometimes an issue in OED reports. They will draw attention to excessive turnover.

**KAPUR:** Now the PPARs [Project Performance Audit Report], do they have to be signed off by the region and OED, or OED . . .

**CALDERISI:** The region gets them in draft and comments. OED can reflect their comments or reject them but they try at least to summarize the region's point of view where they haven't been able to accommodate it. And they also send it to the borrowers for comment, and again the borrowers' comments are either reflected or summarized, because, you know, OED reports, draft reports, can sometimes be quite negative and loose because, you know, people have gone through the files and they have this story line developing and they are inclined to find people to blame and so on.

**KAPUR:** Just like an historian.

**CALDERISI:** Yes. And sometimes they are inclined to be critical of the Bank more than they really should be because they feel the Bank is bound to be a villain. Some OED staff are disgruntled operations staff who in some cases have sort of been dumped in OED. I've seen draft audit reports which I criticized very severely because I thought they would be—not embarrassing to the Bank, but potentially insulting and offensive to the borrower because they will often describe country conditions very loosely and generally. So the region is meant--the region is expected to, is only asked by the OED to comment on accuracy of information not the judgments and to indicate--well, you know, you can quarrel with the judgments as well, but they don't feel--they're really asking for a check on accuracy and also whether there is any material in the report that would be offensive to the borrower. And so as a loan officer I used to look at that very carefully.

**KAPUR:** So but if it's—is the thing that it's okay if it's offensive to the region but it shouldn't be offensive to the borrower?

**CALDERISI:** Well, yeah. We at least can quarrel with the argument about how, what the region's done, but it's very hard to correct later once it's gone to the borrower. We always send it before it goes to the borrower. It's very hard to correct tactless comments once it's been sent out. I mean, the harm is done.

**KAPUR:** As an example, Iran—you know, I don't know if I told you there is this new OED database, which is still in the experimental stage, which has summaries of all OED reports. The summaries run about 6 to 12 pages; there are 2400 of these reports, all audits, everything. And I thought it was a great resource for us because it's a text-based database we can search by . . .

**CALDERISI:** You must have had trouble getting into it.

**KAPUR:** Yeah, one of the two things. But anyway I tried to—how many more moments do we have?

**CALDERISI:** No, actually I'm not looking at my watch. I've been trying to button my sleeve for the last 15 minutes.

**KAPUR:** I thought, "Well, let's try the word 'corruption.'"

**CALDERISI:** You told me that.

**KAPUR:** Now this is a case where—now is that a case where one is avoiding it for--I mean, again, if you read it as, one, it's not important; two, it's important but you don't want to offend; three, well, it's important, it's not a question of not wanting to offend but really it's a given and you know you can't do much about it so you don't really bother to bring it, to highlight it.

**CALDERISI:** Well, I don't know. It depends on the specific case, but . .

**KAPUR:** But there's almost no reference at all. I can't believe it; 2000 files.

**CALDERISI:** Well, I think more likely is a possibility that we have, we seldom have enough evidence of anything but incidental corruption and so it's not likely to be surfaced as a major issue in many projects.

**KAPUR:** But in the sense of –I would, however, see if there would be corruption in the projects in [inaudible] because here I know the person in charge. And I--this is sort of is a gut feeling but as well as sort of, you know, you know people and so on and so forth.

And the standard thing is that--you know, a lot of civil construction projects, the standard, very, very effective way to make money is the sand/cement ratio.

**CALDERISI:** I thought of that the other day after you mentioned it as I passed our construction site down the street.

**KAPUR:** But you know, I mean--and over there it's very well, sort of--you know, the director makes 3 percent on, he gets a 3 percent cut; this guy gets a 3 percent cut. You know, it's very sort of standard, so that on any project, you know, the cuts are very much there. Now, which of course is very much true of the Bank, or no--again, you know, no Bank mission can sort of be there and see what the hell is the sand/cement ratio. The effects you can see on quality of construction; I mean, after four years, you know, those things will have cracked up and so on and so forth. But by that time, you know, everything is sort of done and gone because the OED and the region seem to have very little interest in reports on sustainability. There's another one after a PPAR, right, they've started five years after that. Is it five years after the PCR or five years after the [inaudible]

**CALDERISI:** After the PPAR, I think.

**KAPUR:** Oh, after the PPAR. And then one does see fairly different things. But I was wondering, I mean, why if an institution which is really into the long run, development in the long run, there's a seeming lack of interest, at least based on a number of reports, on how long term, what are the effects, long term effects we have or what are the long-term consequences of the projects. Is that simply a matter of resources or just . . .

**CALDERISI:** Well, I think it's resources because, my goodness, when you've already been involved as an institution with a project for ten years, to keep harking back to the effects of a particular operation ten or fifteen years after as well, it not only becomes intellectually difficult—how do you know separate the specific interventions financed by the Bank from other developments happening in the county or the region or the sector or the economy as a whole? I think intellectually it's extremely difficult to attribute cause and effects the further away from the project one gets. But it'd also be extremely expensive to try to do that, when you're already doing more than most investment agencies, or assistance agencies, in doing first a PCR and an audit and, five years later, these medium-whatever-they're-called—medium term impact studies.

**KAPUR:** So then why not have the audits, you know, a few more years down the road than after the PCR?

**CALDERISI:** Because people's memories fade and personnel changes in developing countries, too.

**KAPUR:** And the interest also decreases.

**CALDERISI:** I think if you're going to second-guess the region's view or the government's view of how things went, it had better be sooner than later.

On corruption, I just think it's an operating fact that we are, we can only deal with specific instances of corruption. We can't deal with hearsay. And we very seldom--where we encounter it, in procurement or otherwise, we have remedies for it. And it needn't be, become an issue for an audit report unless it's very, unless it's been extensive and demonstrable, in which case, you know, the project may have been stopped, cancelled.

**KAPUR:** Actually, I think it's under the word "irregularities."

**CALDERISI:** Yes, that might be true. Sure.

**KAPUR:** That's the ways of saying this . . .

**CALDERISI:** Sure.

**KAPUR:** [inaudible] because you can search only on specific--one should have that and all synonyms.

**CALDERISI:** Or "anomalies."

**KAPUR:** That's another one. It's a great thing to read the files on Zaire, [Barber B.] Conable's files, because all the discussions, the words "mysterious vanishing of reserves" or "inexplicable capital flight," you know, occur very frequently in all discussions. And I guess it's a way of—I mean, I'm second guessing, but it seems to me that given [Joseph-Desire] Mobutu's reputation, it's possibly, I mean, sort of one thing that . . .

I think this would be [inaudible] I made a mistake there.

**CALDERISI:** That's all right. I am quite happy to spell some of that out in writing, if you want.

**[Interruption]**

**CALDERISI:** . . while project staff used to complain about countries, you know, program staff not adding any value to the design process, there's something extremely valuable about having technically detached people commenting and sometimes criticizing design, project designs.

**KAPUR:** Through the CPS, central projects staff?

**CALDERISI:** No, that too, but, no, the loan officer. The loan officer used to, you know, used to be very deeply involved in the details of project design. Half of the loan officer's work was commenting on project designs. And then it was the loan officer who looked after defending the loan package to the Loan Committee. And it was the loan officer who chaired negotiations. Since the reorganization the appraisal team leader does all of that.

**KAPUR:** So then how has it really changed?

**CALDERISI:** Well, it means that the person who's been most responsible for designing the project is the one explaining it, both within the Bank and to the government, whereas before, at negotiations, or really after appraisal, there was a handover of the project design from specialists to generalists who then were more detached and critical, I think, or less possessive of the project.

**[End of interview]**