

WORLD BANK HISTORY PROJECT**Brookings Institution**

Transcript of interview with

BILSEL ALISBAH**Date: December 11, 1990 and December 21, 1993
Washington, D.C.****Interview by: John Lewis, Richard Webb, Devesh Kapur**

*Bilsel Alisbah
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BILSEL ALISBAH
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[Begin Tape 1, Side A]

LEWIS: . . . the relations between field and headquarters--you start out in the field, the preoccupation with project work. I'm particularly interested in the India case and the South Asian case of-- to the extent to which--I think you went to Delhi in '72 and you found sort of aftermath shocks or whatever of the Delnish and all that kind of stuff--project conditioning, whether it's true that India was really being handled with sort of with kid gloves. And it would be interesting to get your sense of what did a change of vice presidents matter between [*I. Peter M.*¹] Cargill and [*Mervyn L.*] Wiener and [*Ernest*] Stern and even presidents as well--all of them, I'm sure--and the same kind of thing in West Africa.

You came to the Bank from Princeton, right?

ALISBAH: Yes.

LEWIS: And you were trained as an economist, but you've always been in operations.

ALISBAH: Well, I mean, I did the Woodrow Wilson and then I stayed on to do my doctorate and I completed the exams and all but I've never written up . . .

LEWIS: You're one who never wrote the thesis. There's another one right here.

ALISBAH: One of those guys. I guess that proves that if you don't get it done in a certain time, you don't do it ever.

LEWIS: Were you at Princeton with [*Pedro Pablo*] Kuchinski?

ALISBAH: Yes, we were classmates.

LEWIS: And Al Barry?

ALISBAH: Yes. Kuchinski--well, Al was in the economics department, so we actually--with Al, I think, we briefly lived together at some stage? I don't know . . .

LEWIS: Was Bob [*Robert*] Picciotto at the school at the same time?

ALISBAH: Bob Picciotto was in the class, I think, just after mine. I was the class of '63.

¹ Original transcript by Brookings Institution World Bank history project; original insertions are in (.). Insertions added by World Bank Group Archives are in *italics* in [].

He might have been '62, but what he did is that he came straight from Woodrow Wilson to the Bank. So he arrived a year before I did, before they even went to the YP [*Young Professionals*] program. We knew each other pretty well at that time. It was a pretty small class.

LEWIS: And you didn't go YP.

ALISBAH: I came. I was the first YP. And Wilfried Thalwitz, I, Eugenio Lari and all were the very first group. The period in which the Woodrow Wilson graduates used to dominate the place. I think at one stage in the India department, my reincarnation in the India department, we had, out of the six people in the management team, four were from the Woodrow Wilson. It led to some sort of cracks from the minority that you needed a special passport or . . .

LEWIS: You came YP so then you didn't really choose your assignment, did you?

ALISBAH: Well, I chose it in the sense that—well, I mean, I chose India pretty much. I mean I just happened to--it was, I guess, the second thing I worked on and then I--they liked me and I liked India and then sort of kind of I pushed for it and it happened. But I mean, you know, my second assignment could as easily have been . . .

LEWIS: The second assignment--that would be on the India desk here, is that right?

ALISBAH: Yes. I worked from about '64 to '69 on the India desk here and then went to the Turkish army for two years to do my service which was catching up with me and then came and actually worked on Indonesia very briefly. And I worked on Sri Lanka and Philippines, but I mean primarily it's been India.

LEWIS: I didn't realize you had been in the headquarters India shop for so long before you went to the field. That's when, well, of course, Cargill was the number one, I guess, and [*William M.*] Gilmartin was . . .

ALISBAH: Gil was the—yeah, I mean, Gil was the res rep [*Resident Representative*] I eventually served with, but that was his second coming, and I guess his first coming had taken place at some stage when I had just started. Well, Ben [*Benjamin B.*] King was the--when I first started working in India, when I indeed met you and we were together with some visiting delegation from the--it was the first FAO/IBRD [*Food and Agriculture Organization/International Bank for Reconstruction and Development*] cooperative program visit. And we called on you, and Ernie was there and all, and that's when [*inaudible*]

LEWIS: Yes, that's right. Was Henry (Urgens?) with you?

ALISBAH: Henry Urgens wasn't with us. He was back there. It was Ken Jones and--don't ask me all the names--but I was the guy that was assigned by the World Bank, since they didn't know who to provide, to go with this group. And I remember Henry getting

quite excited at the beginning as to what the low regard they held the FAO cooperative programs in. All they sent was me, a recently graduated YP and all. *[Laughter]*

LEWIS: So, what was the balance between Delhi's office and headquarters at that time, as you perceived it? I think that really, except for Indonesia, it's been thought of as the leading case of considerable delegation to the field. Was that—was that really so, or were all the shots being called back here?

ALISBAH: I think—I mean I am now giving you a perspective of almost ten years, clouded by experiences when I returned to India, sort of some six or seven years ago, and had another stint and the Bank had been changing and India had been changing and all. But I—I wouldn't say that India was a great delegation case. I mean, clearly, you know if you're looking for that kind of model in the early history of the Bank, the Indonesia case is the much more sort of striking case.

The New Delhi office started very much as, with the sort of economic report and, you know, economic listening in mind and then kind of grew over time as the program grew. I mean, people said, "Well, we also need somebody besides an economist" *[inaudible]* some sort of loan officer types so the loans that . . . And then of course at one stage we kind of jumped into agriculture in a big way so that in agriculture the New Delhi office became the place where much of agriculture in the project sense was done. But that must kind of date to, I would say, the late '60s and then mostly the '70s. Basically in the '60s it was primarily economic report writing and the kind of--I mean, one thing that, looking at sort of India and Indonesia compared, was, of course, the background was the fact that in the India office, at least in the periods when I'm familiar with it although in earlier history there were, I gather, some cases of difficult characters or unusual characters that I heard about but never met, but in the '60s and from '64 onward when I was pretty familiar with it, one of the important phenomena was, you know, that the resident representative there was always someone that was sort of pretty close to the vice president back here so that there was a very good sort of rapport between the people here and there, whereas some of the officers in Indonesia have always been characterized by a certain amount of tension between here and there.

LEWIS: So like Gilmartin and Cargill, is that right?

ALISBAH: Gilmartin and Cargill was, I think, a very good combination, and that kind of carried straight on through. I mean, Jochen *[Kraske]* and I sort of were a more recent incarnation and worked pretty well, too. So there may have been minor exceptions, but as a rule it was a situation in which there were just a very few hassles over who does what, my prerogatives were, your prerogatives. I have a feeling more of that kind of stuff developed in the agriculture area later on because you had sort of--you got into the business prior to reorganization *[inaudible]* a rather long span of years. You had a sort of what to me was a strange situation, as I learned about it, of almost four different agricultural divisions here dealing with agriculture. Only one very strong group there was in control. Then sort of three other outfits here dealing with different parts of agriculture.

LEWIS: What would that be? The desk? The country?

ALISBAH: We didn't have country departments at that time. I mean we had . . .

LEWIS: Did you have regional projects?

ALISBAH: We had the regional projects department with different technical divisions in it.

LEWIS: And then there was the central projects department also . . .

ALISBAH: No, I mean at that time--oh, yes, you mean in central bank? But they were, in the period I'm thinking of, which is sort of pre-reorganization, the last sort of eight to ten years, I mean the central group was really not so much involved in the doing things . . .

LEWIS: Sort of the kibitzing or vetting group, I guess.

ALISBAH: Vetting, commenting, looking at quality and all, but the actual doers on the agriculture side were split into four divisions in the then, I guess, South Asia region which included, as I said, one outfit in Delhi that dealt with extension projects and, I think, irrigation, some irrigation. I am not even sure I completely can reconstruct it for you. Here you have a general agriculture division that dealt with such things as credit, another one that dealt with agro-industry kinds of things, and I've forgotten now. But there were basically four divisions with the result that, you know, if you kind of said to anyone, "What's the Bank's agricultural strategy in India?" you really kind of didn't have a . . .

LEWIS: Did the Bank get into integrated rural development, that sort of doing-it-in-the-round kind of thing in India in the '70s?

ALISBAH: Yeah, I mean we had some of those kinds of projects. I mean, again in India things always looked a little bit different than they have looked in the rest of the Bank, but there were these drought-prone areas kind of schemes that we got into which was an attempt at doing that and some of the very early agricultural projects had a phenomenon of trying to adopt that approach in India. But then sort of, I guess, when you go out into the--well, at one stage it was quite a few of these area-specific irrigation projects, which were, I mean, sort of . . .

LEWIS: I don't mean to learn too much about India, but when you were there Wolf Ladejinsky was there. And he was a force all to himself, or did he fit into the . . .?

ALISBAH: He was--well, you knew Wolf, huh?

LEWIS: Yes.

ALISBAH: I mean, I guess I would classify him as a force unto himself but also a very nice guy. I think he was very good. I mean, he certainly wasn't working on the agricultural projects or anything like that. He had his own very sharp observations and perspectives on these things but--which came out either through the economic report or came sort of terms of notes and all that he wrote. He was one guy who observed more in a 24-hour visit somewhere than, you know, someone on mission would do in two months with five people, but he was a sort of a very, I think, unusual character.

LEWIS: What about--you were in Indonesia for one year, did you say?

ALISBAH: I worked on Indonesia at this end with Stokes Tolbert from '71 to '72.

LEWIS: And Bernie [*Bernard R. Bell*] was out there?

ALISBAH: Bernie was still out there and, you know, I guess Ray [*Raymond J.*] Goodman was the director. And, you know, there were a lot of relationship problems in that period but I wasn't very high on the totem pole. I was kind of fully aware of the agony, the frustrations for all concerned--from which you can, of course, draw different conclusions. I think both of them are right. I mean, in one sense in the India case we did not have serious problems of that nature because the people's chemistries were paid sort of more attention to and, as I said, I think some of the people the vice president kind of hand-picked and felt very close to, which helped it work. Of course the other side of the same coin is that since the office in India never had quite the same powers and authority of actually being responsible for what the Bank does in India, you also have less reason for frictions and problems than in Indonesia. And so that was quite alien to the standard way of the Bank doing business in resident missions.

LEWIS: Cargill, though, had left the vice presidency by when? By the time you went to Delhi in '72? Was he out by then?

ALISBAH: He was the one that sent me out to Delhi in '72, and I think he was still there for about a year.

LEWIS: I see. Then Mervyn Wiener came, right?

ALISBAH: Then Mervyn came which--I guess Mervyn was there for only about two years or something.

LEWIS: Yes, until they started OED [*Operations Evaluation Department*]. Then Ernie.

ALISBAH: Then--well, Mervyn must have been at this slightly longer, because I remember coming back from Delhi and being here when Ernie became the vice president.

LEWIS: You were there for, in that hitch, for three years?

ALISBAH: Two years.

LEWIS: So this--you put quite a lot on Peter Cargill's choice of personnel and relations with them, but this same kind of relationship, I gather, continued after he was succeeded by others?

ALISBAH: Yeah, I mean, I have this perception which may be kind of wrong, which one has to be careful about when you know a lot about something, that—you know, I mean having more or less started on the right kind of foot and the India office was kind of always working alone--well, as I said, I think there was the agriculture sort of thing which was a bit confused and probably some tensions associated, but the overall office's relationship with headquarters was never kind of a big, traumatic event.

LEWIS: Let me try this, and I'm just sort of casting on--Richard, please do move in on this question, but I want--I'm thinking of sort of things that don't loom very large maybe in the total but they could be very interesting. One is the Daniel Benor T & V [*Training and Visit*] system of extension which has been a big deal for the Bank. One time Bob Picciotto almost bit my head off in a seminar because I had referred to it sort of a little bit sardonically, I guess. This was at a seminar in honor of Wolf in Kyoto in 1978; he'd died by then. And I was sort of kidding around a little bit about it, but Picciotto would not have any of that at all. Anyhow, you must have been there when it was being sort of implanted in India. Jim [*James Q.*] Harrison wrote a book with Benor, a little thing. What about that? Did that get to be a--why was it seized so vigorously? Was it oversold? Or what?

ALISBAH: Well, I probably fall—I mean, in the Bank you will find some who kind of pooh-pooh the whole thing and some who think it's the bee's knees, and, you know, there's-- I probably, I mean, I won't say in the middle but more towards the bee's knees end of it. But, you know, I also think that--I mean I would be myself quite interested in an objective assessment of what is ultimately, I mean, taking a ten to fifteen year perspective on something like this, achieved or didn't achieve or why or why not. I mean, as a guy who was sort of close to it and sort of doubted it at the beginning and then sort of wandered around with Danny doing his bit and all, I have been quite impressed by, in a way, the what you might call the pure common sense of the thing. Now, if you listen only to Danny, clearly it gets oversold, but as I said I mean to me what's very impressive about it, like most impressive things in life, it's basically very simple and common sense. Add to it a kind of a charismatic guy that can sort of carry people—I mean, he did. I saw a lot of examples where he would do some of this very effective stuff when everybody else was bashing their heads against, going to the chief minister, showing him some of their stuff, saying, "Give me more people for this thing," you know, and somehow, you know, coming away with understandings and this and that. Now a lot of times some of those understandings fell apart or they were not quite as solid as Danny may have sort of explained it to you when he came back. But in India I was quite impressed by how much he was able to achieve in the Indian setting in terms of decisions, commitments, making projects out of things that didn't even sound very project . . .

I mean, one of the shortcomings of the whole exercise was that it would have been nicer

had we not been a project funding institution because I remember—I mean, some of our agonies were trying to figure out what to finance in this exercise, and that may have led to some even mistakes and stupid things where our bureaucracy and the Indian bureaucracy . . .

LEWIS: How did they get funding? You had to fund it as a loan, didn't you, a soft loan?

ALISBAH: Well, I mean, they were mostly IDA [*International Development Association*] credits, but yeah, I mean they were projects just like any other projects except that there wasn't—I mean if it really worked there wasn't really all that much to finance because it was basically an idea and the sort of systematic implementation of an idea. So we had to kind of worry about constructing houses through ICB [*international competitive bidding*] for extension workers, village-level workers, and, you know, bicycles for them to go from place to place and cars for the next guy up and all that. But I mean there was a certain straining of the system to figure out how do we kind of translate this into something that's financeable and significant enough to interest—I mean, to me it's another success of Benor that he was able to kind of get people on both sides interested in making projects out of things which didn't really require much resources it's because people bought into the idea on that side.

LEWIS: Has the fact that IDA credits are the softest coin you have inhibited the Bank as a technical assistance institution? Some people, some governments will say they just don't—they always prefer grants.

ALISBAH: I don't know that if I were making a list of things that inhibit the Bank's technical assistance role that I would list that as one of the things that, I mean (a) we ourselves probably aren't that great.

LEWIS: What would you put higher on the list?

ALISBAH: I don't know in what order I would put them, but, I mean, first of all we're not that great in the business of providing technical assistance—other than in the context of [*inaudible*], other than in the context of, again referring to those days, other than in the context of Project X or Project Y and its implementation in which case, you know, consultants and this and that, they sort of preferred technical assistance solution and of course, you know, the Indians didn't view that necessarily as technical assistance but viewed it as kind of an attempt to control what they were doing. No, but I would list, I mean, sort of our capacity in this area as an issue. Certainly I would put pretty high on the list the Indians' general lack of interest in technical assistance, not just from the Bank but from anyone, so in that sense, yeah, I mean it may have been an important factor that the Indians kind of figured out how to, I mean, "From the Bank we'll get the project assistance and we'll have to put up with some economic advice and from the UNDP [*United Nations Development Program*] and others, if we can't get it any other way, we will get some advisory stuff." Yeah, so in that sense it may be important. I'm way oversimplifying it, but . . .

LEWIS: That FAO-Bank collaboration, did that make sense?

ALISBAH: In the India context or generally, you're talking about?

LEWIS: Well, I suppose either one, but I was thinking Indian.

ALISBAH: Well, generally it was clearly a very sensible kind of *[inaudible]* in the sense that, I mean here was the Bank trying to do a lot much more in agriculture. There was FAO with oodles of people and expertise on how to sort of attack this stuff for the benefit of helping another country like India. I think the idea sounded very good. Of course, what happened in practice, I think, is that the collaborative program became some sort of a funny little part of FAO that I'm not so sure the FAO regarded very much as a part of it, so we had just another bunch of people that could just as easily have been recruited here as opposed to there. So I—and again my, my observation as a long-timer in the place is that somehow the original objective, you know, something went wrong in translating that into the design of the collaborative program, we never had a thing that was able to tap the rest of the FAO. You had another body of people that sat down wearing a special hat that probably the director of FAO regarded with some skepticism. So that part of it—well, in terms of, I mean, being able to do more things in India than we would have otherwise been able to do, I think it worked well.

KAPUR: You were about to state a couple of reasons why technical assistance *[inaudible]* and you said that one of them was the lack of enthusiasm of the client itself. What were the others?

ALISBAH: Well, as I said, one is I mean our own sort of lack of enthusiasm, and coupled with that some sort of element of our own capacity to come at it purely in terms of technical assistance, you know. And our—organizationally, I mean, if you remember to those days there wasn't truly a part of the Bank to whom the client can say that that was the group that felt responsible for providing technical assistance or whatever kind of was taking place. It was largely taking place in the context of individual projects, which one should not, I mean I don't want to sort of *[inaudible]* and say that that's *[inaudible]*. result in the transfer of knowledge and assistance to the Indians, but that was not the primary objective of the--worries about the project and the project design and will it work and all, they're very, sort of the driving forces in that exercise. There was nobody sitting here saying you might look at India's sort of technical assistance needs, what are the priorities, who should do what, where we would we put it in, that kind of thing, was, didn't exist at the Bank.

KAPUR: I think you said that *[inaudible]* *[Robert S.]* McNamara's *[inaudible]* technical assistance usually comes later than financial resources, *[inaudible]* within the bureaucracy there was *[inaudible]*.

ALISBAH: Probably, that's part of it. Yeah, I mean I wouldn't dispute that. It's also I guess you have to, I mean, really kind of even organize, I mean, yourself in a somewhat different way to include technical assistance as one of your prime objectives. I think that,

you know, you would need to have some organizational aim and someone that feels responsible and in charge for thinking it through, for delivering it, planning it. Which doesn't mean that, I mean, you know, again in a number of sectors and all you will find people who have a fairly clear idea of what are some of the sort of weaknesses in the Indian system and with a fairly pragmatic approach to--short of changing the world--how one can sort of go about that and indeed kind of a game plan for how our assistance--and I'm thinking now of our more recent incarnations in India where probably on the power sector we had a pretty good idea of what are the things that need to be tackled, how to go about it, and also recognizing how difficult it is to come to grips with it.

So I think over time, especially as one got into sort of, the Bank getting more into what you might call the structural adjustment mode of thinking and thinking what are some of the generic issues that one should be doing something about, I think technical assistance or thinking of what kind of sort of assistance to provide and all has become something that you see more of and hear more of. Again, I'm exaggerating greatly and in a way I know my words--and my memory may be clouded on some of these things, but certainly you know if I think back to these earlier days that we were discussing much more of the discussion was in terms of "What--how do we make this project work?" And technical assistance may have come sometimes quite nicely into that discussion, but it was really from looking at the "how do we make this investment work" aspect and not in terms of sort of saying what, from the *[inaudible]* perspective, what are kind the needs, in terms of know-how, people, training. I think when Sir John Crawford entered the picture, both in the context of the Bell mission but especially afterwards when he continued the relationship--I don't know whether you were still there by then

LEWIS: I knew him well, quite well.

ALISBAH: But he wrote some of this dimension of sort of looking at generic issues and worrying about, not so much about investments and the projects but, you know, how can sort of the Bank as well as the international community bring about change and help in that the process. But that's the only thing that sort of in the early days stands out in my mind as an example. There may be a lot of isolated examples, where there were concentrated, for example, looking at technical assistance type issues.

LEWIS: As you talk--you sort of suggest to me what could be a very important although it's so far in my mind a pretty fuzzy point. There's almost a difference of culture. Sir John Crawford is a good example of--a super example of a genuine agricultural wallah, a specialist, a technical assistance person who gets out into the boondocks if necessary and really kind of engages himself in the technical issues. And until he was recruited by Bernie Bell I think there were not many of that kind of people in the Bank--that he then went and got Dave *[W. David]* Hopper and some others. But if you think about Bank people as compared with the kind that you have at the Ford Foundation, let's say, the Doris Browns and others that are engaged in the intensive agriculture, rural district projects and so on, there's something else. And also in AID *[U.S. Agency for International Development]* there's a different kind of, I suppose, type of personnel involved, I think, to some extent.

ALISBAH: Well, I guess I would agree that you don't have too many people who are able to—who are both sort of technically very sound and adept in an area and can also see the sort of broad picture and not just in the sector but in the economy context and all. So in that sense I think such people are kind of rare all over.

But it also has something to do—I mean, one, to me one of the very striking and interesting things about being in the Bank in the period that we started doing sort of, you know, structural adjustment was the very phenomenon that . . . You know, I mean, I was involved in sort of three or four missions to Africa where I was the director. I had to go and people would [*inaudible*] West Africa. It's the same guys, and you needed the whole collection of them and maybe in that sense Crawford was a nice way of getting three guys in one. But you know you would get this phenomenon of the chap that knew damned well, I mean, what wasn't working in Ghana or in Nigeria, and at the sort of state level or the district level and, you know, how you kind of get the oil palm [*inaudible*] what you did wrong in that process and all, I mean super and extensive knowledge. Then you had the guys who had been writing, you know, sector reports and economic reports saying the government should do more of this and more of that and they drew attention to this and that, which again kind of, all very legitimate but all very highly unspecific, not very well prioritized at all.

I remember being with some of these groups where you had sort of both, some of these guys that were looking at the macro pictures comparing sectors, trends, and all with some of the sort of really very experienced project types with a lot of knowledge. And you kind of say, "Okay. I mean, first of all, we are only going to be able to ask these guys to do ten things in the context of an adjustment operation or a sort of a big sector operation. Now, let's kind of start putting things down on the list. Which are the ten that we want to sort of pick as the [*inaudible*] thing why." You know, it was—you know, maybe it was sort of Crawford was able to do with a shortcut, but it was really precisely the fact that you actually had to ask the other side to do some very specific things, had to determine how you measure whether those things are being done and producing results and all, it sort of brought a totally different perspective to the work of the Bank and in a way also made people much more thoughtful in what they were sort of proposing and recommending and all. And those were some of the kind of most exciting things I was involved in, in comparison to, for example, writing a general economic report which you think you know some consortium is going to read and make speeches about, to get into a situation where actually people were going to do things.

LEWIS: You were involved in India for a long time and in West Africa dealing with much smaller countries. It reminds me to ask whether you think there is--has there been any kind of major difference in the manners, the style of the Bank in the way it deals with a big country like India or an "important country," quote-unquote, and a smaller country, maybe one that has less expertise?

ALISBAH: The short answer is "yes." [*Laughter*]

LEWIS: Okay. Please build on that.

ALISBAH: Well, I—I mean undoubtedly, first of all, I think there is just the sort of, I guess, the politics of it that, you know, someone who appears to be sort of particularly desperate and this and that—I mean, no doubt in India, too, there have been attempts to kind of push further, to kind of write things in a way that asks for a lot more, but the Indians are (a) kind of themselves very knowledgeable in a lot of these areas. In some areas they have quite legitimately been able to say to us, “You know that what you're suggesting may be a very good technical kind of thing, but, you know, what about this or that?” So intellectually I mean the other partner is a lot stronger. Indeed the other partner by experience in terms of dealing with international organizations is a lot more experienced. If they don't want to do something, they will think of three legitimate reasons and six other reasons, and you know half the people they deal with will be trying to figure out which is real and this and that. And thirdly I mean clearly you're dealing with a more international player. And so all of these things put together, you know, clearly means that (a) one is more careful before proposing anything; secondly, what one proposes and what gets accomplished changes quite a lot in the process. In some of the sort of smaller African countries, especially in the period where, you know, things were going pretty badly in Country X or Y, there may have been a much more kind of a readiness to say, well--again, when I made the transition from the, to personalize it a bit, from India to Africa, besides going through a sort of a culture shock period, I found myself more often sort of telling some minister of finance over sort of an informal drink or something, “You know you said you agreed to this, but are you sure you know what you're getting into? I mean, how are you going to implement this thing? How are you going to do it?” Now, you know, maybe I might have done that to somebody in Marissa(?) who were having the first project and I had an excited chief engineer that wanted to have a World Bank project, I might sort of say, “Well, how are you going to deliver on this or that aspect of it?” but it would never even have become a long--I mean, this would have surfaced by the time we got to negotiations. I mean, in India if I did it at all, I did it before the thing actually became a project and went to the Board.

In Africa in a number of cases I was pretty sure that the object was to go to the Board with something that looked beautiful and pretty and all but there wouldn't be much difficulty in getting it there. But then as you got to some other places you had really legitimate concerns that these chaps didn't know what they're getting into or, alternatively, maybe they do but they had no intention to do anything about it. But there were quite a few instances where sometimes, you know, people really appreciated what they were agreeing to, so I felt we had an obligation to explain. Somebody else might not have explained, but in the end you have the *[inaudible]* To the extent that we kind of by definition want to push in the right direction, you push two guys even with the same force, one will go back further, he doesn't stand firm. So yeah, I mean that's a long-winded answer to the short question.

WEBB: *[inaudible]* corruption?

ALISBAH: Yes.

[End Tape 1, Side A]
[Begin Tape 1, Side B]

WEBB: . . . keep watching certain things?

ALISBAH: Well, it meant that--of course one of the sort of, probably sort of more depressing phenomena over time is the fact that as one goes back to India one finds that they more and more--or maybe I am getting older and wearier and whatnot, but you know it is not that India has been standing steady on this front, although it has always been fascinating to me given the sort of extreme poverty of India you know how, having been sort of more prevalent and more widespread, but let me just sort of qualify this by perhaps another more general point: that of course folks(?) that are kind of going to deal with project X or project Y or structural adjustment program X and Y don't really know the real story and that anecdotes and seeing examples that . . .

You know, I know now the situation in Turkey much better because my father passed away two years ago and I have had to pursue a lot of business and government offices myself. So that has brought to me a sort of a realization of what sort of life in Turkey is like in the trenches that I wouldn't have had, even though I had been a Turk, going every year, talking to all kinds of people. I don't have the same understanding and I now sort of appreciate that that's a pretty serious problem in Turkey, in today's Turkey as well.

But in some of these other things--I mean even the way of, the mentality of thinking about it is totally different. I mean, you know, in Liberia you would be sitting talking to the minister of telecommunications who would be telling you that he is trying to--he already owns one radio station and is trying to buy the other one and also, I mean the concept of what is okay or not okay, it's a totally different sort of moral standard. Again, helping your tribe and doing things for your people and all if anything, you know, was kind of regarded as the proper thing to do, whereas I think in India you would still get a commission inquiring into it and this and that if somebody said I was doing those kinds of things. So by that I mean, you know, the degree between, so that even if I qualify it by saying I don't really know what's happening in India or in Liberia; they're very observable. What it meant for our business was that of course (a) we had to be a hell of a lot more careful worrying about procurement arrangements and how our funds are channeled. You know in India again, I mean, there is a system by which our funds are become part of the budget and to the state and this and that. It confuses a lot of people here that don't understand the workings of the system. Some of our Executive Directors occasionally trip over the *[inaudible]* and all, but you didn't, you know, you didn't, I mean, in some cases you might ask questions about how will the funds travel, who will do what, but it's something you worried a lot less about.

In Africa I wanted to know what happens, who gets it, who approves it, how does that procurement thing really work, for especially local procurement which isn't going through ICB, so we've had some very specific things one worried about. Plus, I guess, you know when things were particularly bad, although that's both an economic and a

corruption issue right now *[inaudible]* like Sierra Leone. At one stage I concluded and we pretty much made it our strategy for Sierra Leone that we really didn't want to do anything other than the social sectors. Well, you know, I mean we were providing something that either was going to be consumed by the poor and where there weren't going to be too many steps between what you provide and their getting it. So it even started affecting sort of what you finance and the design of the projects, but I think Sierra Leone is probably one of the extreme cases on the corruption scale.

KAPUR: In most extreme cases did you ever ask yourself, "Why are we here?"

ALISBAH: Yeah. But I still, I guess, even in the extreme cases—I mean, I think Sierra Leone and some of the things we were trying to do in that period were, you know, even in that kind of a situation you can sort of design projects which make, you know, which benefit people. So to the extent that if you are in a place like Sierra Leone, basically enabling, whether you're providing textbooks or what have you for more kids to go to school and learn something that, I guess, is the humanitarian aspect of the Bank's work that I personally think I identify with and think because, you know, it serves a purpose.

But there have also—I mean, I have—Ghana to me is probably the most interesting case I have personally been associated with. In Ghana we reached the stage, not so much on the corruption issue but on the just pure economic mismanagement issue, that we did take a decision not to lend anymore, so it's, while it cuts against, maybe, are rare in the Bank's life, but occasionally they do take place. I was supposed to be the country director who is, you know, usually kind of the one that's supposed to be interested in lending, whereas the technical guys are always running around debating whether *[inaudible]* projects and country things, always sort of running around saying, "These guys dealing with the country are pushing the money."

I remember when I took this decision—I guess Ernie was the vice president then, he sort of fully supported it. By then he was operations vice president. Then I had all the technical people sort of coming with all kinds of sad stories about how, you know, since we had just been helping build the oil palm factory, now not to finance the seedlings and this and that, and that follow-up project was really going to result in destroying those things . . . No, but that that was a case where you really thought that that got to the stage where even the more simple-minded things you were trying to do were in the context of such mismanagement that you had to ask yourself, "What am I achieving in this country?" I—Sierra Leone was a kind of a case where you do a very sort of a basic needs kind of a thing. Probably the same question as in Ghana applies, but there is—it's always a hard line to draw. I mean sort of keeping sort of a foot in while doing something that will do good but not harm in a very sort of a large-scale: is it a good idea or a bad idea? Probably one can argue both sides of that one, but again in this particular period in Sierra Leone where over a four-year period they may have done one thing, so that came pretty close to, I think, not doing anything.

In Liberia *[inaudible]* That's a very sad case. I really don't know. I don't think we have done much in the last three, four years again, so more often than not if we get into such a

prolonged case one probably does withdraw. (telephone rang)

[Interruption]

LEWIS: Don't let us keep you longer than you have time for this afternoon.

ALISBAH: I'm happy to sit together again.

LEWIS: Okay, we're still here so . . .

ALISBAH: No, any time. I've been sort of trying to do, sort of, three jobs for the last week, which has been a bit hectic . . .

[End of Tape 1, Side B]

[End of session]

BILSEL ALISBAH
Session 2
December 21, 1990
Washington, D.C.

[Begin Tape 1, Side A]

ALISBAH: . . . Turkey seems to be sort of . . .

WEBB: Uh-huh, where is the central bank, in Ankara?

ALISBAH: It's a—it also got of bunch of branches, a lot of which it doesn't need, but the basic headquarters is Ankara.

WEBB: Yeah, yeah, yeah.

KAPUR: You now look at the Turkish SALs [*structural adjustment loans*] from a different light?

ALISBAH: You look at the other end, through the other end of the barrel. [*Laughter*]

KAPUR: Well, so Richard, quick, can you give Bilsel some advice on this situation?

WEBB: Not at all, not at all. One doesn't learn anything. [*Laughter*]

ALISBAH: Yeah, actually, I've had to kind of learn a little bit more about which ones are sort of well managed ones, quite apart of the economic policy aspects and the internal management of—of the Bank which is more likely the one area that I am going to be stuck for my sins in the Bank

WEBB: Oh, the commercial banks.

ALISBAH: No, no. I meant of the—I mean the running of the Central Bank, the all sort of personnel aspects of, you know . . .

LEWIS: Ah, yeah, yeah, yeah.

LEWIS: I suppose there are a fair number of veterans from the Reserve Bank of India in here, aren't they?

KAPUR: Well, especially in the Fund [*International Monetary Fund*].

LEWIS: In the Fund, is it?

WEBB: When I rejoined Central Bank in 1980 with colleagues, we—the first thing we did was to sit down and plan to reform the Bank’s administration. And, well, a group of colleagues took over that job. I was there five years, and the whole time . . .

ALISBAH: Did it change?

WEBB: It was incredibly complicated.

ALISBAH: No, I gather it’s not—I mean, probably some of the Latin examples are more relevant also because of the inflation issue which in India at least you don’t have that problem. But these guys kept telling me when I was discussing the job with them, we have got--one of our most serious internal problems is the number of people we have in relation with the work we have because, you see, Turkey, I think, has sort of gone from the terribly controlled economy, where the Central Bank played a key role. But, finally, I said to them, I mean, I asked four or five of them in individual discussions, I mean, what is your assessment of—they have 8,500 people. I said, I mean, “What is your assessment of how many people do you need to do this job?” And consistently they said, “About 1500,” which gives you some . . . And of those 1500, they said, “Five hundred are people we don’t have here.” I mean, one thousand of them [*Laughter*] we got. So, they—you know it creates all kinds of morale problems and every time they apparently tried to let people go, the court system kind of says, “Rehire them.” So there is nothing like a redundancy possibility and not much of a probably prospect of being able to organize any golden handshakes because given the rate of inflation, unless you can sort of guarantee people a future real income which would be not an easy thing for a public sector to undertake, which this is.

WEBB: Wonder if there’s ever been a case where they’ve just plain hived people off because they get in the way, they clutter up the operation, and immunize them by putting them on some sort of . . .

ALISBAH: Make work project or something.

WEBB: Yeah, yeah.

ALISBAH: Well, they have done things similar to this in some part of it, I mean they have basically, like in the print shop where they print the money and all, introduced kind of shifts. I mean, basically people are working fewer hours but then they’re at least are not around getting in the way of the ones who are doing the work. Yeah, maybe you have to organize soccer teams. [*Laughter*]

KAPUR: The Economist had a—I don’t know if you saw a few months back—they had a graph correlating number of central bankers per capita and rate of growth of countries. [*Laughter*]

ALISBAH: No, I didn’t see that one.

KAPUR: Guess which one—which way it went?

ALISBAH: Was it an inverse relationship? *[Laughter]*

WEBB: I don't see why you would need more than two or three hundred people. When I joined the Central Bank, there were 600. When I came back, in between governments, they'd pumped it up about 2000. We had a very modern law when I came in *[inaudible]* this kind. There was overarching public sector unit that would take redundancies and relocate them in other parts of the public sector.

ALISBAH: Yeah.

WEBB: Beautiful idea! So, this is the new law. And we started the government and everyone said, "Oh, this will reduce people." So the Minister of Finance said, "Why don't you start, Richard, with the Bank?" *[Laughter]* And I was all gung-ho, so I said, "Yeah, of course we'll start." So we started, we made this list, about--I think there were about sixty people because we pruned—and we knew this would be the first go-around, so the sixty were the obvious cases. And we ran into tremendous trouble, we had all kinds of screens to make sure *[inaudible]*. So it took about a year at least. Finally sent the list to the ministry of labor for their action. The Minister of Labor said, "You can't do this! We'll have the strike on our hands" and this and that. So we insisted and these people actually were separated, full salary while they wait for relocation. That's—I think, nothing gave me more trouble over the five years than those . . .

ALISBAH: Than that thing?

WEBB: In the end, we had to, had to give up. The courts, the other ministers never wanted the problem . . .

LEWIS: You didn't even get rid of the sixty, then?

WEBB: No, they all came back. And it was hideous because they were all—they all hated the Bank by then. And many of them had spent—since they had a full salary, they all didn't have to do anything, spent their whole day hanging out around Congress.

ALISBAH: And lobbying and gossiping, and . . .

WEBB: Lobbying and making friends here and then providing dirt on something or other. We had several congressional committees investigating us.

LEWIS: Good luck. *[Laughter]*

ALISBAH: Well, I don't have to do it if I don't like it is what I guess is the only comfort I have.

KAPUR: Has it been difficult here?

ALISBAH: Well, I mean, I don't know what's going to be like there, so I can't quite . .

WEBB: Compare.

ALISBAH: . . compare, but . . .

LEWIS: What have you been here--about thirty years, huh?

ALISBAH: Yup, save minus two for the Turkish military service, I mean, actual—though I was on the sort of on the books of the Bank at that time, on sort of a leave of absence, but—yeah, it's been thirty plus by now.

LEWIS: In the most general terms how do—how do you see the changes during this period? What's your feeling about the place as it evolved?

ALISBAH: Well, like a lot of things, I guess, some good and some bad. The Bank that I joined in '63 was a totally different animal from the Bank of today. I mean, at that time it was very much--the establishment viewed itself as a small cadre of professionals that were primarily invested in--I mean, interested in putting together good development projects. And it was really sort of the quality of the project that was the primary consideration, although you would get into, obviously, every now and then, issues of pricing and this and that, but it was much more on the what one might call [*inaudible*] emphasis on the engineering side of the--getting the designs right, the consultants right, and all.

Now we are of course almost at the other extreme, although we kind of remind ourselves every now and then that we are still in the project financing business and all. So that's been one dramatic change, I mean, this pre-occupation with broader sectoral and economic policies, the And that's, I mean, as you know within that there is also the whole issue of the diversification of the areas that the Bank assisted in, from, moving from the more, you know, sort of highways and railways kinds of business into the harder and softer sectors. The other phenomenon, of course—I mean, and all of those are positive things, you know, in my judgment, if you get the sort of the proportions right and don't get too carried away.

The other thing, which may be inevitable given the size and the fact it's become the sort of largest player in the development business, is the increasing politicization of the thing. And I do think one of the things that's bothersome is that--I think, and maybe it's naïve to think that it can be otherwise, but most of the shareholders frequently lose sight of the reason why the Bank is around, i.e., to assist with development and all. And everybody tries to make the Bank a little bit, the sort of tool for their own sort of bilateral pet ideas, whether it's the U.S. private sector or the Scandinavians sort of particular hang-ups on forestry or what have you. I mean, you know, I mean—I don't—I wouldn't kind of mind it if people came at this because they had had sort of great thoughts about how to go about development but very often it's sort of whatever is the preoccupation or the interest

of country X or Y that seems to or tends to drive more and more of what to do and what not to do, where to do it, where not to do it. Again, that may be inevitable of the function of size and the amount of resources going into it. But to me it's been the sort of unpleasant part of the change.

WEBB: Is that a change where you see quite a difference over the last ten years? Last five years?

LEWIS: Let me just add to that in terms of—I think you are talking about the sort of intrusion on the--the effort of the full-timers to do what they think is right, just do the assigned work. It's sort of a question of autonomy, the degree of autonomy that the full-timers have. Back in the sixties when you joined, was there more of sense of—of independence that, kind of, of the institution from the owners?

ALISBAH: It may be—I mean, it's a good question and I don't know the—you know, I don't feel very confident about saying I know exactly the right answer. I mean, to the extent that you were not getting into a lot of these policy issues in those times, obviously you had less of a test of intrusion. And I am sure--I mean I was a lowly soldier in those days, but obviously there were sort of, some sort of political views being expressed by some of the larger shareholders. Of course, those were also the days in which, I mean, the U.S. share in the place was so predominant, at least as compared to what's happened over time, but—I mean, the Americans may have in the very early days, I mean if they felt there should be assistance to the Fertilizer Corporation of India or no assistance to it, and what not may have been able to kind of do it with a phone call to Gene [Eugene] Black or what have you and, you know, people may not even have been aware of what was taking place. Now, in today's world every thing sort of is a bit more public, and sort of, I mean, as soon as somebody does something, the others suspect, talk about it, think about it. So you have a much more talk about and much more open indications of different shareholders trying to pursue this or that agenda of their own. I mean--to answer your other question, I think it has been, there has been a significant increase in the last ten years.

KAPUR: *[inaudible]* *[Alden W.]* Clausen?

ALISBAH: Certainly during the time of *[Barber]* Conable and *[Lewis T.]* Preston, I'm—I mean, I was partly sort of sitting away during part of the Clausen time so I'm not too sure about that time, but in that last two, I think, there has been an increase and to some extent I think it's probably a fault of management. I mean, again, some of this is inevitable, but I also think that—I mean, I'm going to be jumping around but if you sort of take Board-management relations, to me one of the characteristics of the last sort of six to eight years has been one where we kind of keep aggravating the shareholders unnecessarily over small things and then kind of not taking strong stances on the important things because you have such a hostile environment.

LEWIS: Can you give us an illustration or two of that?

ALISBAH: Well, I mean, I guess, one, it would be this business of the inspectors, you know. I don't think that's a healthy development for the Bank and yet kind of in the name of IDA replenishment and this and that, we kind of rationalized that something that is inevitable and necessary and this and that. I think it's going to change the character of the institution a great deal.

KAPUR: If you—one wonders, if one looks at the whole SAL policy-based lending. if sort of inadvertently, whatever it did for the borrowers, but if inadvertently it opened the door for reduction of the Bank's autonomy. The moment the Bank got much more into policy-based lending and as the bilaterals began to retreat from the general, then the Bank had opened itself up and there was virtually nothing that could be done to enclose that. The more you, an institution gets into that then it will become an instrument.

ALISBAH: Yeah, I mean obviously that—I mean, I wouldn't argue with the premise that policy-based lending complicates the whole equation and opens one up for more sort of pressures from the outside. That is true, but still again—you know, you can—I mean, the only defense against that if you have traveled that route is to very much stick to basic principles and not give in. And I'm not so sure that—you know, the sort of management has always done that in—and again, you get into sort of very difficult areas. I mean, take something like China. I mean, I think again from where I sit the way we kind of went about the China program and the lending and the ups and down and all were for—you know, I mean, I am also a human being and, you know, I was very bothered by Tiananmen Square and this and that. But—I mean, you know, the institution went through all sorts of schizophrenia--I mean, you know, to try to restart lending and this and that and when the American jumped up and down, retreated. I mean the Chinese never quite knew where they stood and kind of kept getting put off. So . . .

LEWIS: If you'd been in charge then, how would you have played it differently? Would you have just stayed the course and faced down the U.S.?

ALISBAH: I think—I mean, the worst kind of a thing in these kinds of the situations is kind of indecisiveness and rolling with the punches. And then—you know, in the end, I think vis-à-vis some of the larger donors, we kind of again fed the impression that if they push hard enough, they get what they want. And vis-à-vis the Chinese, we must have kind of looked pretty silly, I would think, although Javed [*Burki*], I think, did a first rate job of maintaining the relationships with them in a very difficult situation. I guess what I'm saying is that in those kinds of things, one needs to have a sort of very clear strategy which maybe cannot ignore some of the sort of politics outside but then to sort of stick to that strategy, whereas in a number of situations like this there is a bit of sort of rolling with the punches and improvising as you go along, which I think only feeds the--then others who want to do the same.

KAPUR: In that way, has IDA become the albatross around the neck? Because every—as soon as one replenishment is over, again the donors are, “Okay now you got to—you wouldn't not get the next one unless A, B, and C, then D, E, F.”

ALISBAH: Well, I think—I mean, that’s, that’s the area where I would have a criticism, that we really—I mean, I think we have let it become an albatross around the institution’s neck by, I mean, I personally don’t see what would be wrong in occasionally telling, you know, we have now become the guys that have to go and beg and make compromises with this one, public ones, private ones and this and that. You know, I mean it would be nice, again maybe I am being naïve, but to say to the donors, “Look, you know, if you folks want to replenish this time around at 70% of what the last one was, so be it. You know we hope you will explain to the Africans and to the South Asians, you know, why you are doing this and the rationale for it, but don’t ask us to, you know, have another two Japanese vice presidents or don’t ask us to establish this and that private sector thing or what not.” We have never done that. I mean, we have somehow always put the premium on trying to have a bigger and better IDA replenishment so that these guys now know that this is the time to see how much you can get out of the institution to mold it in your own interest.

LEWIS: That pattern was set way back in the ‘60s and ‘70s when they went bananas over IDA.

KAPUR: In a way, the real [*inaudible*] opening was McNamara’s Vietnam one. This was the first big one where the institution retreated on a major principle to get the IDA replenishment through Congress.

LEWIS: Well, yeah, but I think, all through the ‘60s [*George D.*] Woods was selling like crazy and McNamara from the beginning, which was . . .

KAPUR: Right, but he never--but they never really changed anything in the—in the—[*inaudible*] institution, you know, like [*inaudible*] did.

WEBB: But Algeria back in the ‘60s.

KAPUR: But not right . .

WEBB: Well, in a way—I mean, it’s not necessarily next day. It’s the . .

KAPUR: I guess, it’s a gradually . . .

WEBB: . . the same box. You’re in the same box.

ALISBAH: No, I think you’re right, that some, some of this stuff goes back probably pretty far. I mean, I don’t know, you guys by now know more about exactly what you would trace it to. But it’s certainly become much more prominent in recent years and in a way, I mean, it’s become more of a free for all, there is maybe initially one or two kind of were pushing for one or two key things. Now everybody, I mean, uses it to—I mean, you know, the Japanese sit up in the Board and very often kind of say, “If we don’t have more Japanese staff, if we don’t have more of this and that, no IDA or this and that.” So that it’s become, I mean, you know . . .

KAPUR: Like the French and francophones.

ALISBAH: Yeah, right, right. So, I mean, the whole thing has become much more public and much more everybody feeling free to put their demands on the table and nobody kind of willing to say, you know, I mean, “This is not the name of the game.”

WEBB: When you say, “nobody”, the thing I really wonder about, who really makes the difference there in, when it comes to linking or not linking? Is it essentially the president? Or is it more the Board? Or is it a more collective thing?

KAPUR: Sort of . . .

WEBB: A president is really in the hands of his top people and they tell him, they give him the judgments to call.

ALISBAH: Ah, well, I think in the end—yeah, I mean, it’s some combination of all of those, but in a more simple-minded way--I mean, the president has to set the tone.

WEBB: He is the one that could have made a difference.

ALISBAH: Right.

KAPUR: Given the fact that the presidents—I mean each one of them, I mean I have sort of stayed the past three or five years, so as soon as a president comes, there is always an IDA replenishment just around the corner. He must be, surely be influenced much more by senior management than his own views. I mean, each one of them came “cold turkey” into the Bank in a way, without having a clue. Or is that putting it too strongly?

ALISBAH: Ah, well, I don’t know. You’re talking to a lot of the senior folks in the Bank and I mean I guess you’re asking the same, some of the same questions or pursuing the same things. I—I mean certainly a number of us have had the strong view that on things like IDA replenishment we are paying too heavy a price and setting too many, sort of, precedents that don’t help in a longer term sense. I mean, it gets you around to the next replenishment but . . .

But clearly, I mean, there are also a number who feel pretty strongly that that’s what needs to be done, especially the, you know, guys that helped negotiate [*laughter*] the agreement or what not become very much captives of trying to preserve it, and they turn out to be very influential people in the institution, too. So that’s—I think—I’m pretty sure the president has, any president here has broad schools of thought. And again, I mean, you know, a president . . .

KAPUR: Is management divided on this, in respect to this issue?

ALISBAH: Yes. I think so. I certainly have personally written notes about it, you know, saying it was a bad precedent. And I know a number of others spoke up in meetings we had with Preston.

KAPUR: The same thing on information . . .

ALISBAH: Yeah, that's a controversial—that's another controversial one. Yeah, there was a lot of differences of view.

KAPUR: In a way, I mean, it sort of appears almost in an openness [*inaudible*] of the NGOs [*non-governmental organizations*]. It's very much a directed at putting off the Washington-based NGOs. Right, I mean, or am I really exaggerating?

ALISBAH: Well, the thing is that—I mean—the—yes and no, because this whole NGO business has become a very kind of an international network that—I mean, you know, when I was dealing with my good friend Narmada, I mean, you know, you would get, say on one day, 400 letters from some elementary school in, somewhere in the boondocks in UK, and you would, sort of, the next week get practically the same letter in Swedish, you know, and then you would be getting a bunch of the same ones from Bihar in Urdu, and whatnot—so it's . . . I mean, clearly there are some outfits and they may be more prominent than the U.S., who they are able to kind of push buttons and generate these things but what is the cause? What is the effect? And all is not all that clear. And each of the executive directors obviously worries about the groups in their own countries. I mean, again, when I was dealing with the Narmada, the Dutch were getting hell from their own NGOs, the Scandinavians were getting it, the Japanese were getting it from Japanese NGOs, and also it was—of course, to the Indians it looked like, I mean, this is kind of the rest of the world trying to poke their noses into our business.

KAPUR: But also for the sort of more fundamental questions—because the Bank pushes for governance and democracy, I mean, I am sure at least in Gujarat, we did a referendum on Narmada it would still win hands down.

ALISBAH: Yeah.

KAPUR: Now, the worst aspects of [*inaudible*] democracy is that the minorities can be pretty much crushed. After all, it is elected representatives, supposedly have taken a decision, however reprehensible. And how does one sort of have that, how does one juxtapose or balance that?

ALISBAH: Well, yeah, I mean I guess from the Bank's perspective in that kind of a situation—I mean inevitably, again, it's one of the sort of sad aspects of what is happening and the fact that we have—that that has become so politicized, too, that I'm sure, you know, people inevitably are going to stay away from anything that sort of smacks of environmental controversy. And there are not going to be very many projects in which, you know, that have developmental impact and whatnot where there aren't some environmental issues. So in a way I see it as another sad development that in the

future, you know, people down the line will be very leery to get into anything that even sort of smacks of controversy.

LEWIS: How about dissent within the Bank? Was that easier, more common, back in the old days than recently or vice versa? I think you are saying that talking out of school, I mean, that there's been an increasing concern about openness to the outside world that can bring hostile reactions but . . . Was there a lot of argument going on in the institution over that?

ALISBAH: I mean, as we—as we have gotten into more and more of these sort of controversies in the world around us, there is also some mirror image of that in the Bank at all levels. Indeed, I mean, my perception, which maybe is somewhat jaundiced, is that, you know, you probably have more sort of genuine debates and arguments and differences of view and that that somehow diminishes as you go up the line. But, you know, by the time the sort of president has a meeting with the vice presidents and says, “This is what we have decided to do” you kind of get less debate when it reaches that stage. Which is why sometimes you get these sort of frustrations where people then go and leak things to the press and this and that because they kind of feel that their point of view hadn't been sufficiently articulated in the decision-making process up the line.

But to come back to your point on the, you know, I mean, the governance and democracy and . . . Well, it seems to me again, maybe it's simple-minded, but the Bank in—I mean, whether it's Narmada or some other project, has to say, I mean, first of all, does this make economic sense? And if it makes economic sense for the country and the region, then what does it take to get it efficiently implemented, including sort of looking after the people who are going to be displaced and this and that. And then stick to its guns. I mean, if—if you really think that people are not doing what they should do on the borrower's side, yeah, I mean, then one should first try to persuade and then take tougher lines. And to the outside be kind of prepared to say, “Well, damn it all, I mean, the thing makes sense and we are doing it.” But, you know, I mean when presented with controversy, we again sort of start floundering a bit and rolling with the punches and trying to figure out how do we get out of it and all that kind of thing which—which to me, is not, is not healthy, I mean I guess I sort of come back to the same theme that you need sort of a clear strategy and decisiveness on the part of . . .

LEWIS: Stick with Narmada for a minute. It was Conable who decided to recruit Brad [Bradford] Morse, was it?

ALISBAH: Yeah, it was—I mean . . .

LEWIS: Were you in on that?

ALISBAH: I was certainly around. I don't think I was at the meeting where they actually took the decision. I mean, I was at that stage part of this sort of president's council. I might have been away or something, but I—I mean, I have the impression that it was sort of 80% Conable idea that we should sort of have an independent distinguished

outsider look at it. I don't know--it may well have been that, you know, the idea—I'm pretty sure the idea was not sold to him by anyone on management but it may be that one or two of the key executive directors may have gone and said to him, "Why don't you do something like that; it will buy you and us . . ."

LEWIS: From what you are saying, I take it you think that was a bad idea?

ALISBAH: Ah . . .

LEWIS: It was almost unprecedented, wasn't it? There were no precedents, practically, for that kind of thing.

ALISBAH: I don't think—no, I guess, there was no, no precedent. I am not necessarily saying that, I mean, when something becomes that terribly controversial to have an independent outside look doesn't bother me. Indeed, I mean I would argue that, you know, doing that occasionally may be better than sort of saddling the place with a whole inspector thing in an institutionalized form that you are going to have to live with for the rest of your life. I mean some things, I guess, about the Morse thing didn't quite go right. And, you know, as someone who knows a lot about the sort of background of the thing and all I did not find it a, a very kind of objective exercise. . . .

LEWIS: It was a strange assignment, wasn't it, just to look at the complaints about environment and resettlement, not the validity of the whole project?

ALISBAH: Yeah, I—I mean I think one somehow—and a lot of the things, at least in the, I mean, by then I stopped working on it, so I only, I read it as an interested observer involved in the past. But I mean in terms of kind of drawing lessons and looking at it and all, I mean, to me one important lesson in the thing is also the sort of federal structure of India and how do you deal with a scheme that has multiple states involved that benefit in different ways and all, given India's constitution and this and that. And that, you know that kind of a thing wasn't even touched on in the report.

KAPUR: One thing I wanted to take up with John's [*inaudible*]*—this, if I, if you look through over time the Bank's country economic and sector reports, you know, the country reports, and this is only a sense, no more than that. One has the sense they become much more infused with sort of very politically correct language. You know you see these words "transparency," "market friendly," "safety nets," "accountability" just thrown with such . . . And in the case of Africa and all, you just wonder, do people are have any sense of how—and you just wonder, what—how, how much of this is in reaction to all these pressures from outside and so on, to make it appear [*inaudible*], how much of it is more than the rhetoric, it really is a change.*

ALISBAH: I—well, I mean, if we are discussing sort of the evolution of economic and sector work in a way, I mean, there I think whatever you may think of whether sort of getting into adjustment lending was a good idea or a bad idea, whether the Bank did it well or badly or opened itself up. Certainly for economic and sector work it was a very

good thing because in a way, I mean, in the Bank I joined then we used to have these huge basic country economic missions that would go with thirty people and spend months and what not and produced volumes and volumes. They were—you know—and some of them were really excellent analytical pieces and descriptions of the economy and also very generalized kind of, you know, I mean, “You should do this and that.” What the SAL business forced, I think, the economists and managers in the Bank to do was say, I mean, “Well, fine, I mean, you’ve got this seven volumes of problems, but you know if you have to do something about it what exactly would you do; which one would you tackle first; what in tackling that, what kind of steps do you—you know what kind of frame work do you need to put in place; do you need to look at the legal area; do you need to look at the . . .” I mean, it made the whole thing much more focused, and it forced, you know, the Bank’s good economists to really think things through in terms of an implementation sense, much more . . .

WEBB: This is despite the fact that SALS have a hundred conditions.

ALISBAH: Well, I mean again, there are, you know . . .

LEWIS: They are really commissions and conditions.

ALISBAH: Yeah.

LEWIS: That’s what is involved, yeah.

ALISBAH: And I think there are good SALs and bad SALs and again, I mean, it’s an area in which we have not always exercised selectivity ourselves. I mean I—even though [Willi] Wapenhans and everybody else make nice reports, I have yet to see a report that goes to the Board, whether it’s about a sector, a project and something, which kind of says in this country there are in sector, there are these ten very serious problems and we are not going to do anything about seven of them. [Laughter] And we are sort of going to tackle these two in the course of next two years and all . . . I mean that just never—I mean maybe it’s part of your political correctness business and all, but somehow, you know, there is a lot of fluff and on each one of those . . .

LEWIS: And there was kind of a bandwagon effect, too, wasn’t there? I mean, once SALs got to be the in thing that everybody kind of wanted to get the . . .

ALISBAH: Wanted their SAL whether [inaudible]. Yeah, I mean, to me—just to jump to ma be to the Africa period which I have particularly fond memories of—to work on Ghana was very fascinating because we had a luxury there of things in Ghana, thanks to Nkrumah [Kwame] and his successors, had gone so badly that in a way the institution had stopped lending and there wasn’t a huge pipeline of projects and there hadn’t been a lot of folks running around preparing projects. So when we suddenly found ourselves in a situation where there was receptivity and a desire for real change, we had the luxury of being able to say, “Given these circumstances in Ghana, what kind of portfolio makes sense?” I mean—and then we prepared that portfolio, we agreed with the government

where we were on the same wavelength so that, you know, everything one was doing fitted into what made sense as opposed to trying to keep sixteen projects going that may not really kind of fit the changed circumstances and all.

But then you did see—I mean inevitably—and also vis-à-vis the donors—I mean, first of all, they had sort of all written Ghana off their aid programs, so you had to get them back in, but when we got them back in again one could say to them, here are the things that we and the government agree are the priorities, you know, help in those, so that you didn't have people trying to sell them railway wagons and because that's why they would like to get rid of at that time. But then that bandwagon effect that you speak of, you know, started coming up because as soon as people sort of said, "Oh my God, here is kind of looks like a success story in Africa," even within the Bank, you know every division sort of wanted to have a project in Ghana, you know: what about education, what about urban, what about this and that? And I mean it became very hard to hold the line on that enthusiasm. And sure enough the bilaterals then started getting more interested in selling their wagons and this and that, and before you know it, you know, they got somebody interested in the Ghanaian side that this was a good idea and all. But we had at least the luxury of sort of two to three years before the bandwagon effect took place where one really kind of focused all the efforts in a consistent way in three or four key areas, which produced results. Now if you look at the Ghana lending program, I'm sure it looks like anybody else's lending program with some of everything in it.

LEWIS: That's—you tell a story there that the Bank—the Bank's playing kind of a key, key donor role, I mean, the lead donor role and traffic cop to some extent for the others.

ALISBAH: But only, sort of, with the full . .

LEWIS: Oh, with the government.

ALISBAH: . . cooperation of the two or three guys, such as [*Kwesi*] Botchwey who were very much, you know, on the same wavelength.

LEWIS: My question is a side issue. You sound as though the Bank played that very well. I have always claimed that it is very difficult for the Bank to do that when it doesn't have stronger resident representation in country, but you apparently could do it, could do it from Washington?

ALISBAH: Well, we also put one or two people in the field to help with it. I think it was a coincidence of very good people and very dedicated people at this end, one or two good people in the resident mission, and also—I mean, again, a sort of in a way an accident of the history that you had some, you know, air force chap who actually, I mean, somehow decided to trust three good technocrats and then let them—and didn't waver for as much as I guess seven, eight years. Now, I mean, who would have guessed that he would be like that and . . . But that's where some of this development business does also become sort of accidents. [*Laughter*]

LEWIS: Yeah, right.

KAPUR: If you look at from, now, at a distance at South Africa, *[inaudible]* out of there, in the Bank sort of—definitely the ‘80’s was the Africa, I mean, in a way for the Bank. The story is . . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

ALISBAH: . . and inevitably the results are going to be mixed. I mean indeed, you know, and maybe we don’t kind of again say that honestly enough in reports we writ, I know. But certainly some of the African countries really are not sort of viable economies. Basically one has to say, “Look here.” I mean this may be a bit me personally speaking, but in some of these countries I think what you have to say is, “Let’s spend as much on sort of education and this and that because really the only resource some of these people are going, some countries are going to have is going to be their people, so if we can sort of train them and educate them to do things that’s the only hope. But they are going to be basically dependent on assistance from the outside, if the objective—and or the long time, if the objective is to improve their welfare overtime.” Yet, I mean, if you read some of the SALs and this and that about places like that I have dealt with Upper Volta (or now Burkina) and what not, it sort of reads like you’re reading about any country, I mean, that somehow if these guys pursued the right policies they would have it all kind of solved. And I think—I—I don’t—I genuinely don’t think that is the case.

Then you have the kind of cases if where they did the right thing, they would be a lot better off. But, but, somehow—yeah, I mean, Kenya and Nigeria, the, you know, but—where they kind of, in the case of Nigeria they keep making the same mistakes every time they have an opportunity. *[Laughter]* It’s almost like a Greek tragedy of some, some kind, you know, where—I mean I don’t, I guess one can sort of criticize the Bank in those kind—I mean you can criticize the Bank I think in the cases which where we don’t kind of more honestly acknowledge this is not going to be sort of a case of doing X, Y, and Z and there being some light at the end of the tunnel, that for a number of these countries one is talking about really a very long, long period of dependence on assistance and how do you sort of maximize welfare and how do you sort of try to reduce that dependence. And I think the only way is through investing in human resources in a pretty heavy way including, of course, things like health and what not. So I mean I don’t think we—you know you can criticize the Bank for not stating that more explicitly, although, you know, again it’s a tricky one to state because you might then lose half the donors if you don’t do it right or you may kind of totally alienate the country you are dealing with. But I think there are ways of doing it honestly and well. And then . . .

KAPUR: But to what extent is that motivated by a sort of putting the—*[inaudible]* a desire but perhaps more implicitly about, say, in a sector or country people say the Bank really wants to be the biggest kid on the block. In a sense, its refusal to leave and say,

“Look [*inaudible*] but we really don’t have much to contribute to, and let some one else be number one.”

ALISBAH: Well, there is some of that. I don’t know—I don’t know that I would sort of—I mean that phenomenon is there. Whether, you know, how serious a cause is it of some of the shortcomings, I don’t know. I mean as I said earlier, I think selectivity whether you’re talking about the hundred conditions in SALs or in the kind of thing you’re mentioning or how many sectors we want get into and we think something is happening some place, is an issue. I think somehow sort of controlling our own appetite does become a problem. If I was making a list of the, you know, serious things, I don’t know where I would put it as a cause of problems.

And of course to some extent the donors and the shareholders also keep pushing the Bank. I mean, on the one hand, they will make speeches about, you know, why are you trying to do every thing, why don’t you get out of this and that, but I mean sure enough if you sit in a country discussion in the Board, you know, every executive director then says, you know, “How come we are not doing this and how come we are not doing that.” So--so you get a mixed signals from the shareholders.

LEWIS: Let me put Devesh’s question a little differently. As I hear him, he is saying here in too many things, too many countries, maybe--and one could imagine that the, if the Bank had had this fault it was either because in a particular country things are so screwed up, they didn’t have the guts just to say to hell with it and walk away and leave them to stew in their own juice, or that the—I think the easier case would be whether there was some other potential rival, maybe the French in francophone Africa, and the Bank was simply competitive and didn’t want to defer to the, to let the French have the bigger play. Is your experience in Africa—have either of these things really been played out, have there been cases where there was a serious proposal just to screw it, get out, leave the country, and then--so the devil take the hindmost?

ALISBAH: Well, I, I would agree that we don’t do that often enough, although, you know, I mean, there is some great rationalization on an individual case when you finally get down it. Now the case of Ghana is one that, where that had happened. I mean in essence we had told them we are not going be doing anything with you folks, and indeed we were sort of trying to fold up the existing projects and get out of them. I mean in a way it was an interesting period again because there is always this perception that somehow country directors are the ones that are kind of trying to push more things. And when—when I kind of said, “We are not doing” and convinced management that we shouldn’t do anything, some of the same technical folks who were very critical of the sort of country approach and this and that kept saying, “But, you know, what—I mean, here we had the first project to, to”--I don’t know, what was it, I mean I guess seedlings or something--“and now we have to do the next one because the seeding are coming and the factory—if we don’t put up the factory for palm this or that, you know, the whole thing is going to go to waste and all.” And I mean, you know, then--I mean that’s sort of a decent size example where it happened.

In Sierra Leone we pretty much reached the conclusion, given the level of corruption and all, that the only thing we would do would be to dabble in the social sectors, you know, where we had sort of at least some reasonable hope that the money we were putting in was, you know, going to be used for what we were financing. And we decided not to do anything.

Liberia, I mean you got to the stage where you can't do anything, period.

But we do not—and I mean I think there should be much more drastic--well, “drastic” may be too strong of a word--but there should be much more ups and downs in the activity in countries including the staff resources devoted to countries. I mean I think the Bank is somewhat slow to react and to some extent, of course, you know, if you are dealing with country X and are responsible for the relations there, there is inevitably the tendency to kind of say, if you have been bashing your head against the wall for three years you always kind of feel, “Well this time they are really beginning to listen to us. They have a new finance minister that's serious; the new president has asked us to do this and that,” so it's not so sort of black and white where you can say, I mean, “It's very clear now that nothing is going to happen for the next three years; nevertheless do it.” But certainly when you look back backwards, I mean it's very obvious that nothing much has happened in some places, even though we have spent a lot of energy and time on it. You probably couldn't have anticipated correctly all of those ex-ante, but you probably could have done a somewhat better job than we did.

LEWIS: But my second alternative about the rival--my impression is that except for the French in Africa that bilaterals have been going other way, they've been getting the hell out. I, I over the . . .

ALISBAH: Well, even the French--I mean, their idea of what the Bank was that—I mean in a way the Bank's maybe doing more in the francophone side is somewhat defensive as well, as well as the sort of wanting to be the big kid on the block phenomenon. Because the French idea is that, I mean, “We will do the economic analysis and this and that and we will tell you how to use your money, but, but we need your money.” So . . .

KAPUR: One other thing of—if you look at the whole thing of adjustment lending, especially in Africa, is it's sort of about, and in fact in general, is about changing policies and building institutions, two of the major legs of that program. And while the comparative advantage, if you put it in that way, in the Bank [*inaudible*] changing policy has a much more clear comparative expertise. How do you see its comparative advantage over time in institution-building? After all—well, to elaborate on that, I mean institution-building has never been as much of a science as policy. It's much more an art.

ALISBAH: Right, right.

KAPUR: Much more sort of experience, hands on and so on. And after all, a significant fraction of the Bank staff has never worked outside the Bank; in a sense, you know, all--

they have never really built any institution, I mean, sort of in a sense of actually being . . . And if you—in all these reports one sees of OED [*inaudible*] reviews, it is also apparent that institution-building has in Africa has been one of, has been less successful definitely than changing policies. And how do you see that in terms of the staffing of the Bank, its experience and its comparative advantage?

ALISBAH: Well, no—I mean, as a very broad generalization, you know, I would agree with the point that you are making that on the whole probably our comparative advantage is more on the economic policy side than on the institution-building side. Although, on the institution building business, as you also say, I mean, there isn't really anybody else that you can kind of say is a great expert. And in a way it may be somewhat unfair to kind of say that the Bank doesn't have people who have a lot to offer in that area because, I mean, still, you know, half—half the Bank staff are people that come from institutions, you know, a number of them have managed power, this power, that, et cetera. I mean—if, if anything one of our faults is not to use these people as well as we could have and perhaps not to listen to them as much and not to be as consistent in following up on the institutional things as we might be on the economic things, because I think in house we probably have a lot of expertise. But it's a little bit of this political correctness things, I mean, you kind of, you know, say things about institution-building and this and that in the . . .

KAPUR: But does this have to do with the—I mean one feels if when one talks a lot in the Bank there's this split in sort of YP, sort of management culture, and the non-YP, those who entered, you know, in their late thirties and forties who feel . . .

ALISBAH: It may have some thing to do with that, but I think part of it . . .

KAPUR: I mean it's very apparent if you follow and listen, of course, obviously in the report [*inaudible*], you see the division chiefs and above [*inaudible*] and the percentage of that which was ex-YP over time. That would inevitably happen of course as the younger people rise up, but the percentages have changed very dramatically, particularly since reorganization. And I was wondering if that has—and you also feel a tension?

WEBB: The percentage has increased in the share of YPs in . . .

KAPUR: ...of ex-YPs, yeah, in the Bank's management structure.

ALISBAH: Especially in the operational area.

KAPUR: In the operational area, where, sort of—and I was wondering if, in a sense, if that has had any bearing or role or not really?

ALISBAH: It may, I don't know, I don't know the answer to that. I mean I know that, you know, one of the problems in this institution-building business is the—the effort and the follow-up that goes into worrying about the institutional things, you know—I mean, the—there was a period when—that may still be going on or it may get reactivated every

now and then, where everybody, you know, including OED reports and all, said, “It’s very important to have training components in projects.” And--and sure enough, I mean, if you are really talking about institution-building to do a sensible job without kind of paying attention to training is wrong. But then, I mean, what would happen, is that, you know, sure enough, every project that went to the Board had a nice training component and some even had annexes and this and that. But then if you, you know, follow it through, what happened during sort of supervision and where was the attention going and all—somehow, unless there was some staff member that was particularly enamored or was a training specialist that stayed with the thing throughout, I mean, you know, you get supervision reports and all, where kind of, certainly on our side, we don’t pay much attention to the training; we’re worrying about counterpart funds and about other . . .

LEWIS: Have you explicitly changed the subject to personnel?

ALISBAH: No

KAPUR: No

LEWIS: I was just thinking maybe we ought to do that. And there are two issues here that you just touched on, you as a personnel boss. One is this question about the balance between [*inaudible*] entry YPs and lateral entry, whether you have a feeling about the policy? The other is the turnover question—the--the--you have—this is an institution where there is a very, quite rapid turnover, I think in assignments, isn’t there? How does it compare? You must have studied that compared to national bureaucracies?

ALISBAH: The—I think—well, I—the honest answer is that I haven’t really, sort of done any comparison with other organizations. But I would agree that the—there is too much sort of turnover in the Bank. I mean you have sort of two or three phenomena at work. One is that there are sort of people who are perceived to be really good and outstanding, you know, are kind of sought after or keep kind of getting promoted so that kind of causes a discontinuity. Then there is the perception people have that, “My God, you know, if I have been some place more than three years and all, there must be something wrong with me.” So people also kind of themselves are all antsy and want to move on. And for the bulk of the people that applies. Then you have the phenomenon of also some people who have been in places extremely long who should really move on; I mean you also have that problem. There have been some folks who have been stuck in Africa and have been in Africa so long that the kind of rest of the institution says, “Well, these people, I mean, don’t know about anything else. Do I really want to use them in Latin America maybe.” Then you have some people who are very comfortable in places. I mean, they enjoy working in East Asia and don’t want to move and some of those you kind of try to encourage to move. So I would agree with you that, I mean, one of the things that bothered me was how to get a bit more of a handle on making the rotation business more systematic and reduce the amount of turnover that, that takes place.

Now I would also maintain that one of the great strengths of the Bank over the years has been to have people who have experience of different parts of the world so that--I mean

I—you know, to me, I mean certainly every five years people who still have enough of a career ahead of them and this and that should do different things because, I mean, you know from your own experience that whether as an economist or as a wildlife expert or what have you—if you go and talk to the senior officials in a country, if you are kind of telling them, “This is what you should do; this is what we think of your problems,” they listen with a little bit of a glazed look. If you tell them that, you know, “Six years ago in China they faced this kind of a situation. They tried this and then this part sort of went wrong, and in Peru they—you know, when we tried to do, deal with the same problem, here is what we encountered,” that becomes very interesting, they ask you questions and this and that. So, I mean, that also to me is one of the shortcomings of the organization along country lines as opposed to having some sort of technical expertise that covers a much wider geographic area because that kind of credibility and experience, I think, is what makes Bank staff listened to and their advice valuable to the other side. So I, I mean I think we haven’t got the balance right right now and there is a tendency, especially among the managers and some other sort of senior people, to rotate a little bit too often.

LEWIS: What’s the mechanics of rotation? Is it—well, you suggested that via different impulses [*inaudible*] somebody says you’re very good--somebody—the individual seeks alternatives . . .

ALISBAH: Yeah, I mean what happens is that—I mean you get some director that leaves, you know, somebody gets promoted and all and then there is kind of a whole chain of events that takes place. And you know what I have been sort of trying to push for and argue is that we should have a clearer picture each year of who are the people that should move this year and really not sort of get into these chain reaction things. And—and, you kind of say, “All right, I mean, you know, these three people have now moved but let’s—let’s stop it there,” which would also encourage in some cases where you say, “Let’s go outside and get someone at that level rather than necessarily promoting someone from inside.” But this phenomenon of the chain reaction was one of the things that bothered me because it would be somewhat unplanned.

KAPUR: Sort of to put it a bit, I guess, crudely, [*inaudible*] this chain reaction phenomenon has—did the mechanics, the one of the reorganization of ’87, make these personal allegiances which are—which are one—which—I mean, chain reactions are one effect. And also Minister [*Moises*] Naim made a sort of statement, I wonder if you saw it?

ALISBAH: No, no, I’ve heard about it, though.

KAPUR: Right, and where he—I guess, and it’s been--one sees it, especially Mr. [*Moeen*] Qureshi and Mr. Stern moving to different regions, when one moves and then the other moves and so on so forth, in the chain reaction. And isn’t that also an element in this?

ALISBAH: Well, it's certainly an element, and—but—but it's not the—it's not the only one, and I am not even sure . . .

KAPUR: If it is central?

ALISBAH: . . . if it's the most important one. I mean that may determine, you know, who is it exactly who goes from here to there. But, you can, I mean, to some extent you will never in the Bank do away with that. And some of it may be good, some of it may be bad. I mean I don't find anything wrong with the fact that, you know, when you have a vacancy and you're looking for someone, and if you get sort of three or four people, you know, the one that you sort of worked with and know a lot about and have a high opinion, you know, will become a factor in the equation and—and there is nothing wrong with that. Provided, you know, again the system should sometimes be able to say to you, "Fine, I mean—but there is a priority here. There is Mr. X who has the same qualifications and who is coming back from a resident mission and he needs an assignment so, you know, you are getting Mr. X." You know you can—you can deal with that phenomenon by making sure that in a way person-to-personnel function has the ability to say no in some of those cases, for good institutional reasons, I mean, not for any . . .

LEWIS: Let me ask you in terms of--this is a dumb information question. The Bank--can it command, assign a person to a job? National governments can, foreign services assigns you whether you like it or not, you know, and then of course military organizations . . .

ALISBAH: If it is at—the short answer is yes, if it is at the same level.

LEWIS: I see.

ALISBAH: But, I mean, there is the issue of what is legally possible and what is the culture of the Bank. Unfortunately, the culture of the Bank over time has been one in which the individuals feel a great deal of authority over deciding what they want to do next, as well as managers feel that they sort of should be the ones who do the selecting of the people that they want. I mean they say, "You can't hold me accountable for, on the program, if I can't select the people."

And, I mean one of the things that we were trying to do through these career development reviews and all that we have introduced was to build into the record much more systematic discussion of what are the sort of sensible, next career steps for you—for you, given what you have done, given your interest, given the institution needs, so that you can break this culture without appearing arbitrary. I mean if I come to you suddenly out of the blue and say, "I want you to go and work on Zaire next month," you're going to say, I mean, "This is pretty arbitrary and why? Is this the army?" On the other hand, if there has been kind of a discussion, "Would you?" kind of saying that "Now that you have worked in Asia, now that you have worked in this and that, it makes sort of sense for both longer term career as well as institutional need that you should do in assignment

in Africa and this and that.” And if that’s part of a discussion that has taken place, then it will appear less arbitrary to you when someone says, “Here is kind of one possibility and we would like you to do it.” But I don’t think we are there. I mean that’s, that’s one of the things that I haven’t sort of succeeded in changing as much as I wanted to change. So, yes, the institution can do it but the expectations on what the institution should do and should not do, both on the part of managers and staff, are quite different.

LEWIS: Is there resistance on average towards postings in resident missions?

ALISBAH: Some resident missions are considered, you know, desirable and nice places to go to and there is quite bit of competition. On the other hand, others, yeah, I mean, you—and some of the ones in Africa would probably fall into that category, not all, I mean, again, you know, you probably find a lot of people happy to go to Kenya and all that, but, yeah, and then some there is quite a—I mean, when you sort of say, “Who wants to go?” you have to advertise it a few times and eventually sort of go and lean on someone to go and do it.

WEBB: When--when you mentioned a little earlier people, when we were talking about rotations, maybe a little about YP versus [*inaudible*] that you hadn’t looked much at other institutions do. And I wonder were there some general thoughts about the way the Bank manages itself? Does the Bank find it difficult to do that or not very [*inaudible*] come to an agreement, as it were? I think the American corporations now are really, they’re really so heavy into these managerial consultants coming into, sharing experiences . . . It’s almost faddish the way they deal with it.

ALISBAH: Well, I think, again I would agree with you that in terms of the spectrum from being at the extreme of spending all your time trying to figure out what others are doing versus contemplating only our own navels, I mean the Bank is a bit to the right end of that equation more than it should be. And certainly I mean in all the jobs that I have had, I always kind of felt I had to kind of push people to go and sort of talk to others about how they deal with the same problem. I mean, it’s part of this, maybe, the arrogance business as well. I mean, you know, “Why would we ask the FAO how they deal with this problem or the UNDP how they deal with this problem?” kind of a thing. But, I mean, when people do it then they are quite happy and actually learn a lot. And we set up in Personnel this three or four outside gurus, who are both from the academic side and also successful--from some of these outfits that win these prizes on how they manage themselves and all—what is that thing called? Anyway, and, you know, we have sort of these six or seven people that we meet with every sort of three months or four months for one day or two days. And it proved very valuable and really, I mean, very educational because you discover that . . .

WEBB: You set that up?

ALISBAH: Yeah. And then you discover that there were, you know, in some cases where we are trying to reinvent the wheel that actually somebody has done it and so it

gives you sort of good ideas. Sometimes it also makes you feel comfortable about what you are doing when you are not . . .

WEBB: You think should it be useful for us to talk to those people and speak *[inaudible]* looking at the Bank *[inaudible]* ?

ALISBAH: It's a . . .

WEBB: Or only one person?

ALISBAH: Let me think about that and give you a call. I mean, it's a—something that has been in existence only a year, a year and half, and I am a little bit worried now it may sort of be considered an Alisbah initiative. *[Laughter]* And I, in the transition, but—yeah, it may be quite useful to talk to one or two of those people. You may want to—I mean, if you want to pursue that and even ask the question of “Do you think it would be useful?” give a call to John Waterston. He was one of the ones that pulled the group together; or Peter Karp, either Peter Karp or John Waterston.

KAPUR: The thing--I guess one appreciates it much *[inaudible]* is—is how, you know, well the Bank had handled, I think, sort of it's multicultural, you know—all sort of nationalities. I mean, you always hear things, but on the whole I think people grossly underestimate how difficult it is. But more recently the—I had a long talk with Hendrik Groen . . .

ALISBAH: Hank Groen, yeah, yeah.

KAPUR: And, *[inaudible]* was that—that, sort of, the initiatives of nationality or gender more recently which—which sort of you started have become sort of more rigid, sort of the ceilings are targets, whichever, and I wonder how you sort of see the pros and cons of that?

ALISBAH: Ah—well, I mean, it goes back to the question that John was probing as well of—I mean, the culture of the institution and what you can do and what you can't do. Unfortunately, if you simply kind of write reports on this place, say that, I mean, we are, the gender business really is imbalanced in a way that one can not really defend in today's world, or that we have some parts of the world that are very much underrepresented and we should do something about that. Now, unless you sort of do something else, you get such a slow pace of change that if the objective is change, you need to do something more. Now, I happen to believe that the objective of changing these things is institutionally desirable for two reasons, I mean, one, it does make sense. I mean I think I—I have sort of found that the women we have in the institution bring sort of a different perspective, more compassion, more balance, you really--the end product is better at the end of the day when you do it; and secondly, you know, it's a, it's a necessity in today's world. I mean, you can't really have Japan be the second largest shareholder and have sort of 1% of the staff. And, again, I mean, you know, the Japanese, if we can find the right Japanese, have something to offer in the development business. Whether

you like it or not, they are one of the successes of--then how they got there and what they are doing and all. So I mean I, I sympathize with your *[inaudible]* just provided it doesn't get sort of diluted into kind of "But, you know, how many Zairians have we got, and how many Nepalese and you know, why isn't there two as opposed to three."

Now, but then you say, "Okay, I mean, we need to do something about it," and there, there are two parts of the equation. I mean, one is that you have to--and that's where Personnel and Hank Groen and all have to do their bit in identifying and interesting the right people and—but, then once you have done that, something else needs to be done, too. I mean, unfortunately, that's again one of the criticisms I would have of the sort of Bank managers that do the hiring that they feel much more comfortable, on balance, with someone either they have used or someone like themselves.

KAPUR: That's very human.

ALISBAH: Huh?

KAPUR: That's very human.

ALISBAH: Yeah, I mean, it's again—not, not a crime so I think one does need to be able to step in and say, "Look, fine, but here is one that's equally qualified and we are doing it." Now, whether you do that by leaning on that guy, whether you do it by, you know, criticizing him in his PPR [Project Performance Report] when he hasn't done it or rewarding him when he's done it or whether you do it by kind of having central recruitment of certain kinds of people by putting together a panel and saying you know, "Here are sort of ten environmentalists that the institution is hiring." And I had reached the conclusion that we need to move in the direction of getting the what you might call the leaders of the functions together and doing a bit more centralized recruitment after making it clear to these folks that one of their objectives is also to improve some of these balances because there is also the tendency that sometimes when you get a group like this together, I mean just like individuals try to replicate themselves, the group as a whole suddenly says, "Ah, the institution is trying to reduce our standards by pushing us to doing this and that so we better as a group stick together and . . ."

WEBB: What about economic incentives?

ALISBAH: Economic incentives . . .

WEBB: For a director if he hires a woman he gets to hire two instead of one.

KAPUR: Trust funds, too. I mean trust funds have been—hasn't there been one, quote, economic incentives in *[inaudible]* the budget?

ALISBAH: There has been some things that have been tried and I think there are promising areas there. I think one of the things that some vice presidencies were doing with my strong encouragement was to, for example, establish a small consultant fund in

the vice president's office where the first time use of a woman or underrepresented nationality that had not been used before, you know, you would get 50% of the cost for that so as a way of introducing. And in a way trust funds are serving . . .

WEBB: Subsidies, huh?

ALISBAH: . . . the same kind of purpose. In the hiring decision, when we've done it I think it's has not worked well, I—you know to kind of say, you know, "Here is somebody. If you hire him for the next three years, you know, half the price comes out of some central pool." Because immediately you brand these poor people as something kind of undesirable. As a way, of—I mean the consultancy route into the Bank, again a lot of the EDs [*Executive Directors*] criticize it, I think, is a legitimate way. I don't have anything against it provided people have an equal crack at that consultancy and the consultancy isn't kind of limited to three countries or who happens to be around Washington and what not. And the economic incentives need to come in sort of equalizing that, I mean—if—if, for example, the thing that's keeping you from hiring somebody from Latin America or from Asia to come as a consultant is the fact that that's going cost more for transportation to bring the person here and this and that, we should sort of look at how to equalize that. Or if, if you are trying to increase the proportion of women who are being used as consultants to provide some incentive to try people out. Once they have been tried out then I think it's--you should sort of lay back from the economic incentives because you otherwise do create this—you know, "this person must need some support in order to be viable" which—which is the wrong signals. But there are interesting things being done by some of the vice presidencies, as I said, by establishing little funds and . . .

LEWIS: This is all pretty recent?

ALISBAH: Yeah, yeah.

LEWIS: Also, I have a question which has been bugging me for months if not years, I'm hesitating to ask you because you may think I am being personal. In no sense is it personal but [*inaudible*] because you are leaving. I've been puzzled by the doctrine and the practice of recycling buildings here.

ALISBAH: Yeah. [*Laughter*]

LEWIS: I, I don't know of any other institution that does it that way. The United Nations has its thing up in New York and I—I came here first to work in this neighborhood in 1950. It was very very different, but the U.S. Government buildings were the same. And where—this got started long before you were in your chair. It started long before these recent presidencies, I guess, this business of just sort of—fairly rapid cycle of knocking them down and putting up new ones. It isn't engineering considerations, is it? What—what's the driving—what's the history of this?

ALISBAH: Well, I—I mean, taking a longer perspective, I don't think the phenomenon has been so much knocking down and putting new ones up as kind of constantly acquiring the last building that the IMF had in the last part of the expansion. *[Laughter]*

LEWIS: I know this building.

ALISBAH: Yeah, I mean, basically, sort of most of the buildings that are sort of, that I am aware of, we have kind of acquired from the Fund. And I mean, this business of knocking down and building is really the phenomenon of this kind of most recent, I mean, awarded a contract to this architect and all the problems or non-problems that ensued. There, I wasn't around at the beginning of the thing, although I have read the reports, with 20-20 hindsight I guess I would feel that one had sort of greatly underestimated the problems of doing such a basic restructuring job while continuing to live in the buildings. I mean, every time I go into the garage and nearly kind of fall into a hole or crash into a column that wasn't there the day before I kind of realize that that was—I mean, there was nothing I read in the earlier stuff which highlighted that this was going to be so messy as a proposition. Now in terms of the, you know . . .

LEWIS: Do you depreciate them rapidly?

ALISBAH: I mean, there is an economic analysis which was done which seemed to be pretty convincing. I mean if you go back and do that now with these higher costs and all whether it still stands up, I don't know, but by the time you got much more space underground that you were able to use as part of the redoing the buildings which before was kind of dead space or just only parking. And by the time you kind of organize things for the modern technology and by the time you also construct the buildings in such a way that since the Bank no doubt will continue getting reorganized as presidents change and this and that, that lends itself a bit more easily to kind of saying, "Let's move the walls and let's kind of make this new department here," that there are genuine savings. And if anything what has been kind of silly, if you will take a longer history of the thing, has been the reluctance of different presidents to—and the Board to some extent because of these worries about growth and size of budget and all—to continue spending huge amounts of money on rental space when we have both tax and all kinds of advantages to owning our own space. I mean, but basically I am sure we have wasted more money than, you know, the now increased cost in this thing, by always going to the market when the market knew that, you know, we were desperate for space and space in this area hasn't been always as easily available as in the last few years of the recession, and then paying huge amounts for rent . . .

[End Tape 1, Side B]

[Begin Tape 2, Side A]

ALISBAH: I don't know, I mean, maybe if you go back, it might have made more sense if the Bank is going to stay in Washington . . .

LEWIS: Not go to Tokyo.

ALISBAH: . . . to visit the idea of being somewhere in the suburbs.

KAPUR: It was mooted at least a few times in the '70.

ALISBAH: It has been mooted. And, you know, as I said at the end when they did all this calculation and that calculation they convinced themselves that staying here made more sense. Whether that was, you know, influenced by the desire to be closer to the . . .

LEWIS: McNamara must have engaged these questions a lot because that was a growth period in the '70s.

ALISBAH: No, McNamara, I mean, from what I recall of his views was very anti—I mean certainly of the things that interested him, housing was not one, and certainly he felt very strongly that the Bank should not be in the real estate business. You know, as a result, I mean I remember a few times putting things that went up to him to buy three houses in New Delhi or something like that, and, I mean, we were thrown out of that room in very short order, whereas, you know, I mean the thing would have paid for itself.

LEWIS: That was the same thing in the U.S. State Department.

ALISBAH: But you at least went on to own some eventually, I mean somehow . . .

LEWIS: No, no, they refused to buy the house we lived in, which was \$400,000, and it would have, you know—it's worth several million now.

KAPUR: The Fund tried to buy it's, the office it was renting in Dehli. It is renting in Jorba . . .

ALISBAH: Yeah.

KAPUR: They were told \$1.5 million in Delhi so they could not afford the prices.

ALISBAH: Yeah. No, no, no, I mean, what has happened to rents and prices that would have been very worth it. And he was very against it. And similarly, I mean, the--not that that's a very good example, but I'm sure one of the better real estate investments the Fund ever made was the Bretton Woods recreation center out there. And you know at the time McNamara said, "Nothing doing. It's very bad for our image to be partners in this exercise." Now every time you see a news story about the place it says the "World Bank Country Club." So . . . *[Laughter]*

KAPUR: So you've got the worst of both worlds. Maybe we should go there and check it out for the history.

WEBB: Yeah. You might. You know it doesn't belong to the Bank.

LEWIS: When do you take off?

ALISBAH: I'm going to be taking off on January the third. Mostly spending the days making lists of things which seem to get longer by the end of the day instead of shorter. Four kids and a bunch of animals and the cars and the house—it's kind of an unending saga.

KAPUR: Would you have any suggestions on what sort of pitfalls we should avoid?

ALISBAH: If you don't know those by now, I am not sure I can help you. *[Laughter]*

LEWIS: No, I don't think we do, actually.

KAPUR: We were quite surprised at the first meeting of the Review Committee.

ALISBAH: How did that go?

LEWIS: Not very well. Actually, I guess I was disappointed because the--it's a good committee, a damn good committee. And I thought we are going to have a good sort of congenial conversation. And it got off on the wrong foot, maybe because we had listed the due dates for handing in chapters for volume II, the contributed volume chapters, and that of course included the list of the chapters. And Shahid *[Husain]*, with Javed joining in, challenged the whole list of subjects and authors to some extent, which was kind of late in the game because . . . *[Laughter]* And most of the meeting went on on that--we got pretty well bashed for bad judgment.

KAPUR: But, I mean one thing was, you know, it's obvious the Bank *[inaudible]* a lot of water under the bridge, but otherwise that we thought we really get help on volume I which is a real history of the Bank . .

ALISBAH: Yeah, yeah.

KAPUR: . . and we spent two minutes on that.

LEWIS: We are going to meet again and presumably--they haven't yet seen any chapters for volume I.

WEBB: They weren't really prepared.

LEWIS: No, they weren't.

ALISBAH: One other thing you suffer from a bit, I think, is that—which is again one of the shortcomings of the Bank with some of these changes in people and presidents and whatnot. I mean I have a feeling somehow, you know, I don't know what discussions you have had with Preston and whether he has this in his mind, but I'm sure he kind of sees this as some initiative started by someone else that he is kind of got to live with

rather than kind of seeing it as something that is kind of important and can help the institution and also valuable in a longer term sense. I mean I got a little bit that impression from some of you, sort of discussions. It's certainly not something that he has taken any personal interest in it, I know that, and of course this cast of characters around him are very sensitive to that kind of signal.

KAPUR: Or like Richard heard, what one week he said, the one in which he said *[inaudible]* in a phone call, you know, "This is going to be like another damn Wapenhans report." *[Laughter]* And that sort of sense came across, I think, in the meeting, the review meeting, that they sort of saw us as that—which *[inaudible]* fun, but . . .

LEWIS: We should have—we need to talk to Preston tomorrow, and that was only one session. Recently . . .

ALISBAH: I mean, in retrospect, I guess it may be—I may be somewhat at fault, too. We should have probably sort of programmed you into him sort of earlier and a few times and whatnot, to make him a bit more of a party to this thing and make him feel more sort of comfortable and knowledgeable.

LEWIS: Recently Rich *[inaudible]* and John Stein went to see him, and they are still to get at the fourth quarter of the budget and . . .

[End of Tape 2, Side A]

[End of Interview]