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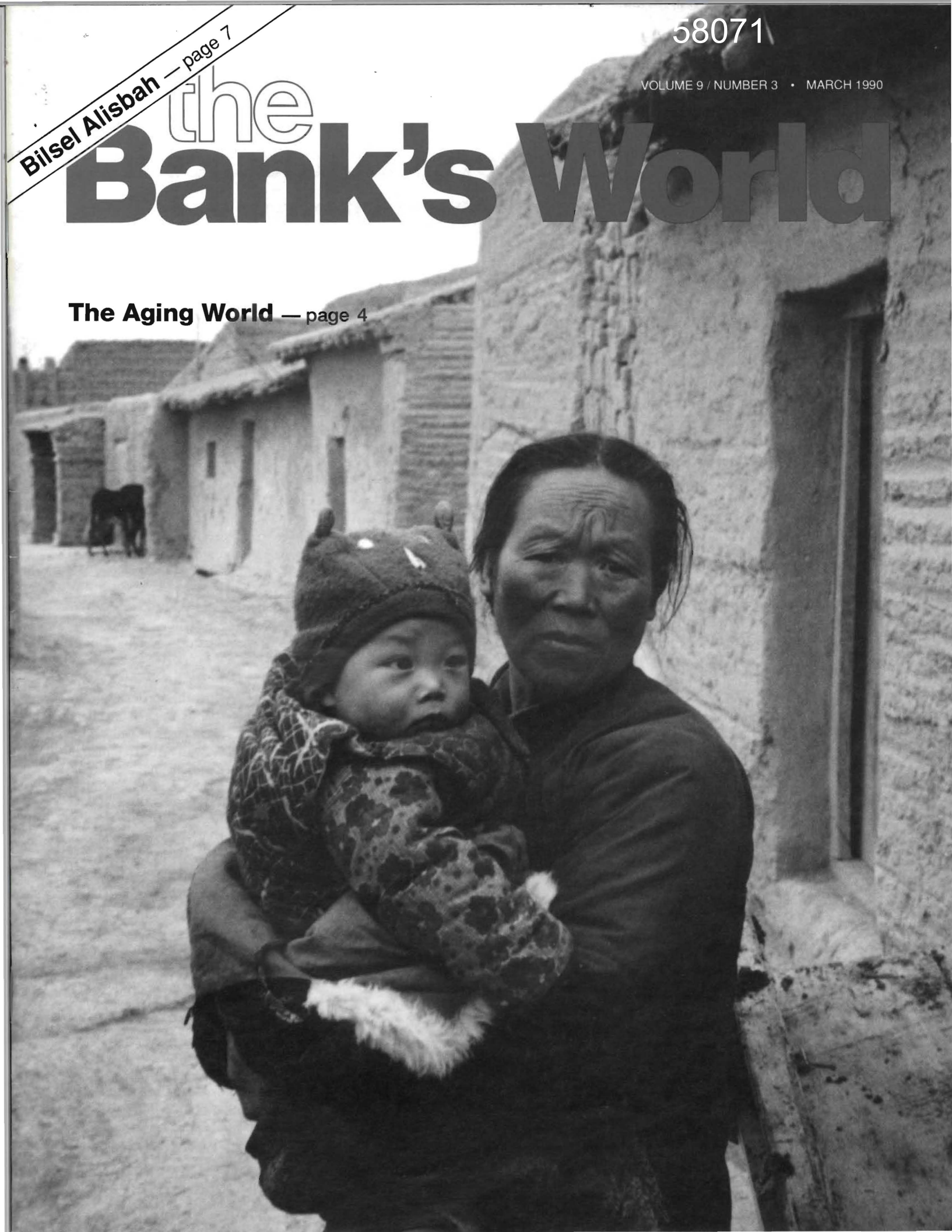

the Bank's World

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A Chinese grandmother providing child care is a typical example of the graying of the world.

Photo by Charlotte Conable

The Bank's World is published monthly in Washington, D.C., by the Media and Communications Division of the World Bank for all employees and retirees of the World Bank Group, 1818 H St., N.W., Room E-8045, Washington, D.C. 20433.
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Financing Package Restores Confidence in Mexican Economy

by Richard Kollodge

The $2.01 billion financing package from the Bank that supports Mexico's debt-reduction plan includes a $1.26 billion loan earmarked for interest support and $750 million from undisbursed portions of existing loans to be used in support of reducing the principal of outstanding debt. In an interview with "World Bank News," *the Bank's media newsletter, Moeen Qureshi, Senior Vice President for Operations, explains how the financing package will work and how it will benefit Mexico's economy.*

Question: What is special about this operation?

Mr. Qureshi: The $1.26 billion interest-support loan can't be compared to traditional Bank loans because it is a unique operation based on the Bank's recent initiative to support debt and debt-service reduction for countries undertaking strong adjustment programs. The loan assists Mexico's debt-reduction plan, which was devised last year, and provides "credit-enhancement" for the interest payments on Mexico's external debt. Credit enhancement refers to increasing the likelihood that a debt, or interest on a debt, will be repaid.

The $1.26 billion interest-support loan is in addition to another $750 million being provided for debt-reduction purposes that have been "set aside" out of six other loans that the Bank previously approved for the country.

This is the first Bank loan aimed entirely at interest support leading to debt-service reduction.

Question: How will the Bank's financing package help Mexico reduce its debt burden?

Mr. Qureshi: The financing package will provide Mexico with resources which, together with resources provided by the International Monetary Fund, the Export-Import Bank of Japan and the Government of Mexico, can be applied toward the collateralization of new debt that Mexico will issue in exchange for its old debt.

World Bank financing is part of a $7 billion package that the Mexicans are trying to put together in order to provide credit enhancement for their debt and debt-service reduction plan. That plan includes two main options that are being provided to Mexico's creditors.

Under the first option, creditors will exchange their old Mexican debt at a discount for new debt. The principal of the new debt will be almost 35 percent lower than the original debt, but it will still carry a market interest rate of LIBOR (London Interbank Offered Rate) plus 13/16.

Under the second option, creditors will exchange their old debt for new fixed-rate par bonds. The principal on the new debt will be the same as the old debt, but the annual interest rate will be fixed at 6.25 percent, significantly lower than the nominal interest rate on the old debt.

Banks that do not want to participate in these exchanges are offered a set of options to provide new money to Mexico.

World Bank financing is part of a $7 billion package that the Mexicans are trying to put together in order to provide credit enhancement for their debt and debt-service reduction plan.

— Qureshi

Question: So the financing package enables Mexico to alleviate its debt burden in a variety of ways?

Mr. Qureshi: The objective is to take into account the diversity of interests among creditors and to try to present them with options that are attractive in relation to their portfolios and their financial objectives and policies.

Some creditors, for example, may find it more desirable to take a discount on the principal of the old debt and therefore reduce the face value of their securities in exchange for new debt, which will be collateralized. Others may prefer to maintain the face value of their debt, but accept a lower interest rate. In either case, the new debt would be enhanced by the $7 billion package that I just mentioned. The package would provide security for the repayment of the principal through zero-coupon bonds issued by the U.S. and some other governments. Or, it would be used to provide a security of up to 18 months' worth of interest payments through funds in escrow accounts.

Question: How much debt reduction will take place?

Mr. Qureshi: Mexico's overall debt-reduction plan is likely to reduce Mexico's debt service by about $3 billion a year. Mexico's outstanding debt exceeds $100 billion. The overall debt-reduction plan covers more than $48 billion, or nearly one-half of the total debt, and most of the long- and medium-term debt due to commercial banks.

Question: Once the debt-reduction plan is carried out, will Mexico become less dependent on external financing?

Mr. Qureshi: The total gap in Mexico's financial requirements is very large. We have estimated that Mexico's total gross financing needs will be about $50 billion for the next six years. This level of financing is required to accommodate an annual average growth rate of about 4 percent, assuming that Mexico continues to implement effective adjustment policies. Mexico's population growth rate is about 2.2 percent a year, so a 4 percent economic growth rate is needed to bring about a steady improvement in the standard of living.

The World Bank's financing package and the agreement with Mexico's creditors will make it likely that the $50 billion goal will be reached. In addition to the $2 billion a year that the World Bank plans to provide Mexico during the next few years, funds from other international and bilateral sources are likely to be available to the country. Direct, private foreign investment will also play an important role in Mexico's economic recovery.

So, the debt-reduction program, which the World Bank has helped complete with its financing package, is an essential element in closing Mexico's overall financial gap.

Editor's note: Richard Kollodge is Associate Editor of World Bank News.

First Loans to Poland

Two Bank loans totaling $360 million mark the first time Poland has borrowed from the Bank. The projects play an important role in Poland's economic reform program, which will make the economy more market-oriented, efficient and productive, leading to growth and better living conditions.

The first loan, $260 million, supports a project to help improve Poland's convertible-currency trade balance by raising the volume, quality and value-added of industrial exports.

The second loan, $100 million, is supporting a project to assist the country's efforts to rehabilitate, modernize and expand agricultural processing industries.

In a statement announcing the loans on February 6, Bank President Barber Conable said: "The Bank is working with Poland on a lending program which could reach $2.5 billion in new commitments over a three-year period."

The Graying of the World

by Charlotte Conable

In 1980, when a colleague and I organized international workshops on the elderly at a United Nations conference in Copenhagen, few people from developing countries were willing to participate. "We have no problems with older people," they said. They reported that the number of elderly in their countries was small, and that those people were adequately cared for by their families.

Five years later, at a similar conference in Nairobi, participants—the majority from developing nations—overwhelmed the capacity of our meeting rooms. They crowded in, concerned and eager to talk about aging.

This rapidly escalating interest in older people reflects one of the most remarkable and little noticed demographic changes now occurring worldwide: the accelerating increase in the numbers of elderly as a significant portion of the global population.

This older Moroccan woman operates a farm to support her family.

Photos by Charlotte Conable

No boundaries

The graying of the population knows no geographical boundaries. According to the American Association for International Aging, the world's population is expected to increase 2-1/2 times between 1960 and 2020 (from 3 billion to 7.8 billion). But the number of persons 60 or older is expected to increase more than four times in this same period (from 234 million to almost 1 billion), with those 80 and older comprising the fastest growing segment of the elderly population.

Most relevant to those concerned with development is the expected increase in the total population, as well as the 60-plus population, from developed to developing countries. Forecasters predict that the percentage of the world's population in developing countries will soar from 69 percent in 1960 to 82 percent in 2020, with the percentage of the 60-plus population jumping dramatically from 49 percent to 69 percent. While the proportion of older people in the developing world is expected to increase from 6 to 10 percent of the total population, it is the rise in absolute numbers of elderly that gives them considerable importance as a population meriting attention.

But how old is old? In Japan, life expectancy is 77 years, the highest in the world. In Bangladesh and some Sub-Saharan African countries, life expectancy is less than 50 years. The U.N. has selected 60 years as the chronological demarcation of age, yet this relates primarily to men's customary retirement from work. In contrast, women in many societies are considered old at 50, the standard cut-off age for female fecundity, a physiological change that can occur at even younger ages. However one chooses to demarcate the elderly, it can be assumed that their numbers in many developing countries may be much greater than currently recognized by Western standards.

Success story

The rapid increase in numbers of older people in the developing world has been described as "a public health suc-

In India, a traditional birth attendant well into her 80s.

cess story." Aging on a massive scale has been brought about in this century, according to the U.N., by several factors, including the reduction in many parts of the world of numerous infectious diseases and perinatal and infant mortality, and improvements in nutrition and health care.

Between 1960 and 2025, life expectancy in developed nations is expected to increase by only eight years. Developing countries in East and South Asia, Africa and Latin America, on the other hand, will experience increases of 29, 24, 23 and 16 years, respectively, between 1960 and 2020.

Furthermore, the aging of populations is occurring much faster in developing nations than anywhere else. It has been said that developed countries have made the transition to an aging society in a century, while the developing countries are making this transition in three decades.

The graying of the world's population has economic and social implications, particularly for development policy-makers and planners who must understand its composition if they are to design and implement the most effective programs.

Older women are more likely than older men to be in precarious situations since they are alone, deprived of economic resources ...

Older people are frequently viewed negatively as dependent, in declining health, a drain on scarce resources. Some, particularly at advanced ages, are in need of economic, social and physical assistance. But it belies reality to stereotype all elderly in this manner. Many are physically and mentally able to contribute to the economic, social and cultural life of the community. Some now perform necessary tasks, such as the grandmothers who provide child care, enabling mothers to work outside the home, and others supplying health care services in rural areas. While the needs of the frail elderly must be met, opportunities must also be created to integrate the healthy elderly as a productive force in the community.

Gender is an important differential among older people. Women tend to live longer than men and, in many countries, older females outnumber older males. Further, men tend to marry women younger than themselves and so remain married most of their lives. They are also more likely than women to remarry upon the death of a spouse, so that a large portion of the elderly population consists of widows who may find themselves deprived of the family income and access to the land that previously provided economic support. Older women are more likely than older men to be in precarious situations since they are alone, deprived of economic resources and social supports.

A street vendor in Guatemala.

Family supports dwindle

Traditionally, families provided care for their elderly, but industrialization and urbanization are eroding this source of support. Attitudinal surveys in a number of countries show that provision of care for the elderly is no longer assumed by many offspring to be an automatic responsibility, especially if they have moved away from the parental home. Consequently, the elderly population is not only growing in numbers, but more of this group is at risk as societies modernize, historic roles disappear, and traditional family supports dwindle.

As early as 1973, the United Nations recognized the growth of the world's elderly population and declared aging "one of the crucial social policy questions of the latter third of the 20th century."

An old Brazilian woman lives alone and tends her manioc crop.

In 1982, 124 nations sent delegations to Vienna, Austria, to participate in the World Assembly on Aging. The end product of this international deliberation involving both governments and non-governmental organizations (NGOs) was the International Plan of Action on Aging (IPAA), which became a guide to assist nations in preparing for the "Age of Aging."

Proposals

Among the proposals made in the IPAA:

- To find innovative ways to integrate both the young and old in a nation's labor force, rather than forcing retirement upon older workers to make way for younger ones.
- To develop health care systems that focus on preventive care rather than disease orientation, provide training for caregivers, including family members, and establish a proper balance between institutions and families as a source of care.
- To help the elderly live in their own homes as long as possible and to coordinate housing programs with community services.
- To encourage governments and NGOs to create social services to support the whole family, including those with elderly in the home (especially low-income families) and to help the able and active elderly establish mutual self-help systems.
- To encourage improved data collection and increased research and training relevant to the aging population.

In retrospect, the World Assembly's most important achievement may well have been to raise world consciousness regarding aging. Nations began to acknowledge the demographic realities of their graying populations and the social and economic implications of this revolution.

Yet, it has proven difficult in the intervening years to get aging issues incorporated into the international development agenda. According to the U.N., the aging of populations is seen as only one of the more than 10,000 problems confronting developing countries, in competition with debt, population growth, economic development, and all the other pressing concerns well known to us. Governments' choices are based on extremely limited national resources. Priority is often given to children and youths who are seen as the nation's future, not to the elderly who are thought to represent its past. By all accounts, aging is considered an issue that will emerge only in the far distant future, negating the necessity for immediate action.

An important and urgent issue

To date, the NGOs focused on aging have played significant leadership roles in raising public awareness and organizing specific programs. Until governmental action is possible, these groups aim to encourage the development of public policies that identify aging as an important and urgent issue. Such a step legitimizes the efforts of NGOs and enables them to proceed with greater effectiveness and impact to move the aging agenda forward.

At the same time, it is clearly possible for some needs to be met if those who conceptualize economic and social programs in developing countries can broaden the age-specific view to adopt a life span perspective or a family orientation. Programs and services can be designed in ways that serve people of all ages.

A number of NGOs provide information and guidance to those interested in incorporating aging into development programs. HelpAge International, a network of independent organizations in 18 countries, addresses and propagates awareness of older people's needs. The International Federation on Aging, composed of 100 organizations in 50 nations, promotes the exchange of research on aging issues. The American Association for International Aging, a private voluntary organization involved in work on a range of domestic and international issues, strives to advance exchange of information and resources between the United States and developing countries. The Association recently published *An International Directory of Organizations in Aging*.

Already born

Those comprising the global aging population have already been born. This group's magnitude has already been determined, its opportunities and needs identified, and these are enormous, challenging and urgent.

Yet, the voices I heard years ago in Nairobi were positive, determined and compelling.

A 70-year-old Korean spoke forcefully: "For us, there is no tomorrow. There is only today."

A young woman from the Netherlands said, "I'm interested because this is my future."

And a proud poet proclaimed: "You never heard of a sunflower that's aging. They ripen. I'm 85 years old. I'm not aging. I'm ripening."

Editor's note: Charlotte Conable is co-chair of the American Association for International Aging.

Photos by Alan Drattell

New VP Discusses Personnel Issues—and How They Affect You

Q&A with Bilsel Alisbah

We interviewed Bilsel Alisbah, the recently named Vice President of Personnel and Administration, only a few weeks after he moved into his new office on the 12th floor of the D building. From the start of his P&A assignment, he has been enmeshed in the full range of complex personnel issues being discussed in the Bank. It is appropriate, then, to learn how he sees things from his VP vantage point, and for him to relate to staff his views and visions.

Question: What do you see as your biggest challenges in your new job?

Mr. Alisbah: I guess the reason I accepted this job is that I liked the challenges I saw. The biggest challenge is regaining the trust of the staff of the Bank. Clearly, the reorganization put a dent into the way staff feel about the Bank, and I think there is already a process at work whereby this feeling is being reversed.

We have some strong positives working for us. One is that we have a President who is very committed to bringing about this change himself. In all the discussions I have had with him before taking on this job, I came to appreciate the fact that he recognizes the staff is the most important resource this institution has. He is very much aware that there are morale issues, and he is determined to make progress in this area himself during the rest of his tenure.

Second, the Bank is really an exciting place to work, and our work is very rewarding. That hasn't changed.

Third, we have a strong, responsible and capable Staff Association that has very much the same interests at heart as management. I would like to make sure that the collaboration we have between Personnel and the Staff Association is even more productive in the future.

Question: Traditionally, staff have been dissatisfied with Personnel policies. That dissatisfaction isn't limited to the Bank Group, but seems to be a general attitude toward Personnel functions in many organizations—large and small. Do you have any ideas or concepts you feel will help overcome this dissatisfaction here?

Mr. Alisbah: You said it well. Personnel bears the brunt of criticism, and that is something that goes with the job. My own perception is that the problem is not necessarily so much with Personnel policies. There are a number of sound policies in existence. But, it is how people perceive the implementation of these policies that is the real problem.

Sometimes people feel that implementation does not necessarily follow a policy very well. It's not a transparent process.

I guess it's also true that, since the reorganization, there's a perception that the whole business of people moving around the Bank has become more difficult, even though we have all kinds of statistics that show many people do, in fact, move around reasonably well.

Clearly, there is a need to develop procedures that more systematically enable people who have put in four or five years in one job to make moves consistent with their interests and career development goals.

I'm just in the process of learning our Human Resources Strategy where I think some of these issues are being addressed, where we're looking at the possibility of developing more institution-wide mechanisms for facilitating both movements and promotions in a way that is Bank-wide, not just complex-wide.

One thing I've ascertained—and everyone has their own opinion of what staff perceptions are—is that we should delay the Attitude Survey a little so that we can use it as a better tool to get a handle on some of these staff perceptions and concerns. The original plan was to follow through with just a core survey, but I feel strongly that this is a good time—with me coming in as vice president—to use this survey a bit more diagnostically, to explore in greater depth such topics as career development, rotation, the workings of the decentralized approach to Personnel. Thus, with the concurrence of the President, I've delayed the start of the Attitude Survey to around May. We'll be working closely with the Staff Association in developing the expanded survey.

Question: One of the problems with management's Attitude Surveys in the past has been the lack of follow-up. The first survey did have considerable follow-up, but the others did not, prompting staff to ask why they should bother filling out the forms in the first place. Your comments, please.

Mr. Alisbah: People should see something happening. At the same time, you can't try 18 initiatives; we have a staff that is "new initiative" weary. It's important to share with staff the results of the survey, and then to be seen to be following through on the important issues raised.

Question: Where do you see Personnel policies heading, in general, in this new decade?

Mr. Alisbah: It's clear that the Bank will move in the direction of family-related issues—part-time employment, working at home, paternal leave. We've recently come out with a more positive restatement of policy on part-time employment, including some improvements; this is a first step and an important one.

While I don't see the whole Bank staff working at home in the 1990s, you'll find a number of people doing just that. Some people already do on a limited basis, such as spending three days at home, away from interruptions and telephones, to write a report. I remember some oldtimers telling me when I joined the Bank in 1963 that they would return from a mission by boat and write their reports en route. I suspect we got those reports produced a lot faster than we produce similar reports now. Please don't interpret this comment as a suggestion that we should once again review our travel policy.

Technology will enable work at home to be the most efficient form of working in certain cases, but there's still a necessity to interact with colleagues at times.

If one looks over the last 20 to 30 years, the Bank has been a place where the majority of staff come to work and stay a very long time. Twenty years from now we might look back and see a phenomenon of people coming in and out more frequently because of the changing world in which we live. Today, we have Eastern Europe and everything that's happening there, and what that means for the Bank and what types of responses we will have we can only guess at for now. How we'll handle the changes that will develop there is hard to tell, but we'll probably need to keep bringing in some specialized people to deal with a world that is going to be undergoing continuing change. Hence, I see more staff who come in at mid career and leave in four or five years.

Question: Do you have any plans to recentralize the Personnel teams?

Mr. Alisbah: This seems to be a very hot topic, as I am discovering—the whole issue of central vs. decentralized control.

I have three very strong objectives. One, as already mentioned, is working with the Staff Association. Two is teamwork. Three is a service orientation for the P&A complex. In central Personnel we need to make sure we're providing a good service in areas like recruitment. Through teamwork, we have to make everybody share important institutional objectives. If we can't attain our institutional objectives through teamwork and the provision of quality services, it's pretty clear the Board and Mr. Conable will push us toward increased central control. If necessary, I will achieve change through centralized direction but I would rather achieve it through teamwork.

I don't have any intention to recentralize. I think the present system is very workable so long as we make everybody appreciate that we are in this together, providing the services needed, as a team.

Question: The Staff Retirement Plan has been the subject of review for a number of years, and there was some expectation that a revised SRP would be in place by now. What has occurred to deter this from happening, and do you have a best guesstimate as to when a revised SRP will, in fact, be put in place?

Mr. Alisbah: There has been a management proposal given to the Board, which is also consistent with the (International Monetary) Fund's proposal. The Board's Personnel Committee is currently reviewing the proposal.

Some staff may be concerned by the length of time it's taken to come up with agreed revisions to the SRP. But some of the Executive Directors asked us early in the process that we not give them deadlines because the issues involved are technically very complex and sensitive. They want to understand the material

Clearly, there is a need to develop procedures that more systematically enable people who have put in four or five years in one job to make moves consistent with their interests and career development goals.

very thoroughly before they act, for the revisions are something we'll all have to live with a very long time. I hope that, one way or another, we'll have the new SRP approved by the end of March. In any event, a revised SRP will not go into effect for at least six months following Board approval.

Question: Staff have also heard about a new Human Resources Strategy. First of all, what does a new HRS mean in terms of programs and, second, how will these programs affect staff?

Mr. Alisbah: Certain aspects of HRS are new and others are continuing.

There are three elements in the strategy: (1) issues relating to staff morale, commitment and trust; (2) the approach to managing the Bank, particularly in improving people management; and (3) institutional systems geared to the reorganized Bank.

In brief, the HRS considered by the Board is really a snapshot. The paper (submitted to the Board) tells what we're doing and what we plan to do. Staff should take time to read the HRS and to give us some feedback. We will also continue to discuss it with the Board Committee and with the Staff Association.

Question: Career development is a thorny issue in the Bank. Many staff say there is no career development here; yet, you're saying that we'll have a program that will have a real impact. What can you say to reassure people that something will really be done in this area?

Mr. Alisbah: We're working with a team of consultants to put on the table an action program in this area. But what will count most is *not* getting that program and then telling people we have something new and we're going to implement it. What people will judge us on is what we *actually* do and how it relates to them. Has the rotations system improved? Are their training needs being served? Are the promotions and rotations consistent with avowed policies? Are staff getting proper and continuous feedback about their performance? In all these areas, some attitudinal changes are required. We'll have to demonstrate by doing, not by saying.

We have identified career development as an area that needs serious attention—and we intend to give it just that.

Question: The 1989 compensation system was widely acclaimed by staff. But what can staff look forward to in the 1990 compensation round?

Mr. Alisbah: Something a lot less than the 11.1 percent increase of last year. That's quite clear.

We look forward to applying the system for the second year in the responsive way we hope it is designed to deliver. At this point, we have no complete report of the results of our market comparators, but the movement in the overall U.S. market appears to be within a range of 4 to 6 percent.

Question: Bank benefits are in the process of being reviewed. What benefits are included in this review and what can staff expect to come out of the review? Also, when do you see any revisions being put into place?

Mr. Alisbah: All benefits are included. Basically, at the end of the day, we want to have a benefit package that's competitive with the world out there and responsive to the composition of the staff we have on board. In the real world, you're working with some constraints. While there is no hidden agenda to reduce benefits, it would, for example, be nice to design the benefit system as if we were starting from scratch, but one constraint is that we already have an elaborate system which balances the interests of many groups. It would also be dangerous for us to take every benefit and see how much more we could pile on top of it. By doing so, we would put at risk the whole benefit approach. We have to take an objective look, and one important objective of the review is to see to what extent one can simplify and streamline the system.

Question: Generally, people see a benefits review as a possible take-away. Are you saying that is not necessarily going to be so?

Mr. Alisbah: The prime objective is to try to figure out how to have an up-to-date competitive and rational benefit package. Yes, there are some constraints out there. The Board and management, for example, would like to see budget neutrality, but that doesn't mean that the results are predetermined. If there is a strong case for increasing the level of benefits, we will make that case.

Question: How much longer will the "fine tuning" take and what's next along these lines?

Mr. Alisbah: The President himself has gone on record as indicating he wants it all done by the beginning of the next fiscal year (July 1, 1990). Actually my anticipation is that changes affecting people—i.e., moves—will be determined well before then. The reason the President has given us until the end of the fiscal year is because he wants us to make sure we deal with the people issues with care and because he doesn't want to disrupt the work.

We have developed an approach to deal with the people issues which also involves the Staff Association, to sit down with each complex and to look at the procedures and processes to be used in connection with staff moves. I think that, despite some of the uncertainty, the whole process is moving along well and is increasingly transparent. We also need to remember that, at the end of the day, the number of staff to move will be relatively small and, as the President has emphasized in his announcement, fine tuning will not lead to major disruptions for staff nor abrupt changes in procedures.

Development Economist Has Two Careers—and More

Bela Balassa's Life Philosophy

by Morallina Fanwar-George

Twenty-two years as a consultant to the Bank—the distinction belongs exclusively to Bela Balassa, a Professor of Political Economy at Johns Hopkins University.

Deportee, refugee, linguist, author, theorist, ever producing despite a ravaging illness that has left him with a severe speech handicap. In the words of his friend and colleague, Alan Gelb, Chief, Socialist Economy Reform Unit, Country Economics Department, "Balassa is a phenomenon! He writes and reads at lightning speed. There are stories of his being asked to read a document on a plane, and his responding, 'all my flights are booked for readings for the next two months.' Like a 386 PC, he can perform multitasks ... In the past, many of us would have liked to have seen him become Vice President for Research."

Every once in a while, if we're so blessed, our lives are touched by a person as remarkable as Mr. Balassa. An international figure in the world of economics, he has also become an "essential fix-point in the quickly changing world of Bank operational and intellectual pursuits," says Johannes Linn, Director, International Economics Department.

Doctoral dissertation

It was early in 1946 at the University of Budapest, in Hungary, that Mr. Balassa's interest first turned to economics, but, when time came for him to write a doctoral dissertation, discretion prevailed and he chose sampling theory rather than economics as a topic. It was, after all, during the height of the Stalinist regime. After graduation, he quickly settled into an interesting job in the city of Miskolc.

In 1951, he was summarily deported from Budapest (deportation for people of a particular social or political background was common) to the Eastern part of Hungary where, for a few months, he worked in cotton fields. Remembering those days, he notes that "it was a period that greatly strengthened my physique through work in the fields, in the forest, and in construction. It also brought a deepening of my intellectual interests ... I tried my hand at writing papers on economics, including comparisons of Karl Marx and John Stuart Mill as well as Marx and Keynes ..."

When the deportation abruptly ended in 1953, he again secured a good position, this time in Sztalinvaros. During his three years there, he wrote books on the construction industry, and when the Revolution broke out in 1956, he became a member of a committee that took over the Ministry of Construction. He was slated to begin teaching economics at the University, but history intervened.

Forced to flee

The independence movement was short-lived, and when the Soviet troops regained Budapest a few months later, he was forced to flee to Austria. There he found sanctuary at the Institute of Economic Research from where he applied to the Rockefeller Foundation. With the Foundation's postgraduate grants for Hungarian refugees, the road was paved for his subsequent career.

Choosing Yale for graduate studies, he arrived in the United States in April 1957. "I was exhilarated to find, on arriving in the United States, that as a foreigner I had no handicap in competing at the University and later for jobs," he writes in his "My Life Philosophy" published in *The American Economist* and scheduled to appear in a forthcoming volume entitled *The Life Philosophy of Eminent Economists*.

Mr. Balassa remained at Yale as assistant professor, teaching international trade and microeconomics and writing his first book in English—*The Hungarian Experience in Economic Planning* (1959). It was at this time that he met and married Carol Levy, who was a graduate student at Yale. There followed a succession of 23 books and 273 articles

and communications in professional journals and collective volumes. Added to this feat are several volumes of country advisory reports and comparative reports for and under the auspices of the Bank. He joined the Bank in 1966 as a consultant when he became Professor of Political Economy at Johns Hopkins University.

But his writings were not the only contributions to the institution. "At the World Bank, I divided my time between my own research, research and policy advising, and advising developing countries," he points out. In fact, between 1972 and 1987, he also led a Bank mission every two years and directed several research projects. Mr. Balassa states, "I consider as my principal contribution to have been the first to advocate outward-oriented economic policies (export promotion and reduction in import protection) for developing countries at the Bank. At the time when I joined the Bank, inward (import-substitution) orientation predominated; things have changed since and today outward orientation holds sway."

Michael Michaely, Principal Economist, LAC Country Department I, comments that "economic studies have formed a part of the World Bank's activity almost since its establishment. But in the true sense of the term, Bela Balassa should get prime credit for introducing and integrating economic principles into the Bank's work ... Bela Balassa—much of the time almost single-handedly—

> ***'I was elated to find, on arriving in the United States, that as a foreigner I had no handicap in competing at the University and later for jobs.'***
>
> — Bela Balassa

turned around the basic approach of the World Bank to the way it is addressing efficiency and growth." Mr. Michaely went further to add, "Bela is far from being a Don Quixote. He understands better than most how governments actually operate, and integrates this understanding into his policy advice. At the same time, he does not compromise his advice beforehand by telling governments to do only what is considered at the moment 'politically feasible.' This combination has made his policy advice both much sought after and most powerful."

Guardian

Another colleague and friend, Mr. Linn, who, then a Young Professional, first met Mr. Balassa in 1963, says: "In international comparative analysis, Bela's approach has been emulated by many of his colleagues in the Bank, for example under the umbrella of the *World Development Reports* and other policy work assessing the impact of country policies on the development process ... In recent months, Bela has been the guardian of the PPR Working Paper series, faithfully reading and meticulously commenting on many a paper coming across his desk or hospital bed—always keeping up with the latest thinking and contributing from his broad perspective insights that help improve the content as well as the presentation."

Since 1987, Mr. Balassa has undergone cancer surgery several times, but this has neither slowed nor deterred his prolific work. "His productivity is still three times that of anyone else," says Jaime de Melo, Sr. Economist, Trade Policy Division, Country Economics Department. "He is someone with extraordinary courage." Mr. Balassa continues his work at the Bank. Also, helped by the advance preparation and distribution of his lectures, he continues to teach at Johns Hopkins University. As recently as last November, he attended the Hungarian-U.S. Roundtable in Budapest. A little later this year, he will attend a ceremony at the Sorbonne in Paris where he will be awarded the *Doctor honoris causa* degree.

Return to Hungary

His first opportunity to return to his homeland came in 1968 when he was officially invited to Budapest to give a lecture at the Karl Marx University of Economics. "In subsequent years," he writes, "I returned to Hungary at least once a year to lecture and to participate in conferences. On these occasions I usually met with the Ministers of Planning and of Finance and had discussions with leading academic and governmental economists."

Besides Hungary, he has also lectured at other universities in Europe including the Université de Paris IX (Dauphine), taught mini courses on international trade and development finance at the Institut d'Etudes Politiques, the Université de Paris I (Sorbonne-Pantheon), and the Université de Clermont-Ferrand.

In fact, he allows that Paris is "my favored city." Not only did he spend his honeymoon in France, but his family—wife and children Mara and Gabor—vacationed every summer in Paris and in the countryside at Irigny. "Paris was not only a place of intellectual pursuits for me, it was also a culinary delight." The City of Lights is where his versatility in thought and writing is perhaps best manifest. After exploring many bistros during such visits, he wrote a culinary guide called "A Primer in Culinary Economics or How to Maximize the Culinary Utility of the Dollar in Paris," first published in 1969. The guide covers 20 restaurants and has since been republished in seven editions. (Since surgery left him with an eating handicap, there will be no more guides, however.)

In "My Life Philosophy...," he writes, "... I try to make the best of any situation, whatever the circumstances. This goes from writing my first paper on economics in English while I was deported in Hungary ... to rebuilding my professional life after a serious cancer operation ... At another level, my philosophy refers to the importance I attach to personal freedoms, including the freedom of economic opportunity ... Finally, my attachment to economic freedoms has led me to espouse a liberal economic philosophy ... This philosophy has influenced my views on economic policies in developed, socialist and developing countries alike."

On reading Mr. Balassa's latest book, *New Directions in the World Economy*, Paul Meo, Chief of the International Trade Division in the International Economics Department, comments, "I am struck by the fact that the older Bela gets, the more futuristic he becomes. A distinguishing mark of Bela's is that he is always thinking ahead. He is clearly one of the world's eminent experts on international trade."

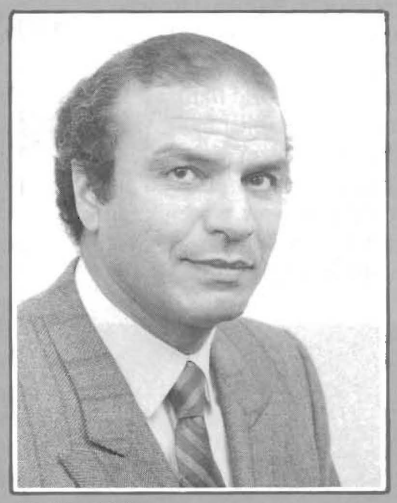
A tireless worker

To quote Benjamin B. King, former Director, Development Economics Department, "Bela is a tireless worker, a thorough and constructive critic and always a helpful adviser ... He enjoys an excellent reputation in the regions ... [He is] one of the most (if not the most) reliable and hardworking members of the Research Committee." Mr. King, who also served during the reorganization as Acting Vice President, ERS, has known Mr. Balassa throughout his years at the Bank.

As a tribute to his remarkable life, accomplishments and contributions to the field of economics, a book will be published in his honor. The book, under the title, *Trade Theory and Economic Reform. North, South, and East*, will contain 25 essays written by Bank colleagues, former students, and colleagues from around the world. The book will be presented to him at a seminar at the Bank on March 23.

On the Record

Law and the Development Process



Ibrahim Shihata

Here is a summary of a discussion paper prepared by Ibrahim Shihata, Vice President and General Counsel. The paper is available in its entirety from Ian Newport.

Greater reliance is being placed on the private sector as a vehicle for growth in countries across a broad spectrum of economic, social and political development. Ambitious programs of structural adjustment are also being vigorously pursued in many developing countries. A successful implementation of such fundamental policy changes may have to be accompanied by equally fundamental changes in the overall legal and institutional framework and of the cultural and information systems underlying them.

The increasing focus on the legal and institutional framework in the Bank's structural adjustment and private sector lending operations is leading to a greater appreciation of the pervasive and critical role that law plays in the development process. Law is intertwined with the many political, social, cultural, economic and financial forces which have an impact upon development. It is linked to a multitude of commercial and financial transactions conducted by business enterprises in all sectors of the economy. And it is a principal instrument which governments use to interact with the economy, to translate policies into rules which are intended to be followed in practice.

If the law is to be an effective vehicle for implementing policies and promoting orderly developmental changes in a society, the overall legal and institutional framework must be sound. That framework is of vital importance to all economic agents in the development process—from the large industrial conglomerates to the small entrepreneur and farmer.

Legal Framework in Developing Countries

When we speak of a sound legal and institutional framework in the abstract, we tend to think of a comprehensive, well-defined body of laws and regulations, a cadre of able and honest public administrators, a court system to enforce property rights and to resolve competing claims, legal and accounting professions to provide a basis for checks and balances, and a general willingness on the part of society to be bound by those laws and to respect the institutions which implement and enforce them.

A number of these elements may be missing in practice, especially in a developing country. The legal system may be generally unresponsive to the needs of important parts of the community, including the business community. Laws and regulations may be complex, deficient, unwritten or non-existent. Rule-making, whether in the form of legislation, regulations or minor decrees, and directives may not be generally based on comprehensive data and analysis and are often influenced by vested interests and interpersonal considerations. The civil service in charge of administering the laws and regulations may be poorly trained and motivated. Delays, red tape, uncertainty and corruption can result. The court system and judiciary may follow protracted procedures resulting in unreasonable delays and may be unable to enforce judgments. No system of commercial arbitration may exist. Even minor commercial disputes may remain unresolved for years. The local legal and accounting professions may be underdeveloped or, given the excesses of the regulatory framework, may perceive their role as agents of avoidance or evasion of binding rules. This situation makes investment decisions more difficult and costly for domestic and foreign investors alike.

The standing, structure and workings of legal frameworks vary enormously among countries. The massive legal infrastructure built up over the last century in most industrialized countries as commercial activities flourished reflected the acceptance of certain social values, the pre-eminence of property rights and the need to create suitable institutions to support that structure. In contrast, most developing countries had their legal systems largely imposed by colonial powers. Whatever the history of a particular developing country, aspects of the "imported law" and its institutions may remain unfamiliar or simply ignored by certain segments of society, particularly in rural areas. The laws governing "modern" sectors of the economy may be radically different from those governing traditional sectors where custom and religious or communal law may be more familiar.

The influence of rules which are inspired by religious scripts or embedded in established customs and practices is profound. The laws on the books may bear little relation to the more honored "laws" followed and obeyed in a community. Ironically, those responsible for administering or implementing the laws and regulations may have no greater belief in their value than those to whom they apply. Officials responsible for customs, taxation, licensing and other regulatory requirements often belong to a "system within a system" which is more attuned to their welfare than the government system they are supposed to serve.

Defects in the Legal and Institutional Framework

Whatever the legal system, defects in the legal and institutional framework will have a direct bearing on a wide range of developmental activities, particularly on the efficiency of transactions in the private sector. The legal system, wittingly or unwittingly, may also influence the pace and structure of such broader phenomena as population growth or the pattern of distribution of wealth.

"Law," in its widest sense as encompassing the whole legislative, regulatory and institutional framework, can act as a supportive structure and mechanism for developmental activities. Conversely, it can impede and severely limit their growth and efficient operation. Ill-considered laws, over-regulation, poor administration or a deficient court system reduce the flexibility of the private sector, increase the cost of doing business and introduce a strong element of uncertainty. Even proficient laws and regulations will be of little use if their administration is poor or they cannot be enforced by the existing administrative and judicial structures. *Good laws in themselves are not enough.*

Quite often, the small enterprise or entrepreneur can be driven underground by the excessive requirements of law or regulation or by their inefficient administration. They become part of the so-called "informal" sector. Their productive energies and output are hardly accounted for in the economy. Back-street enterprises, smuggling, illegal or usurious credit systems and exploited labor, are the familiar results of failures not just in government policies but in the laws, regulations and institutions which administer and enforce them. In short, the legal framework has a direct and telling effect. A few examples will serve to illustrate this.

'Law,' in its widest sense as encompassing the whole legislative, regulatory and institutional framework, can act as a supportive structure and mechanism for developmental activities.

Land tenure security is a major problem in many developing countries. The laws governing land holding, land transfer and inheritance often do not serve the needs of modernizing societies. Without proper land security, farmers have little or no incentive to improve land. More importantly, the most basic unit for obtaining access to credit is denied.

The failure of the legal framework is most starkly shown in the *financial sectors* of many countries. Inadequate laws governing property rights and commercial transactions, unenforceability of contracts and the resultant inability to collect debts, inadequate corporate laws and the difficulties of liquidating or restructuring companies are familiar features of developing countries' financial systems around the world. Bankruptcy laws are often limited to the liquidation of insolvent enterprises and fail to address their financial restructuring through specialized courts. The inadequacy of banking regulation and supervision compounds the problem.

Labor laws are a common problematic feature for business ventures, and often result in an inflexible work force.

Family, inheritance and administrative laws have a direct impact on the status of women and their developmental potential.

Tax laws have a profound effect upon the level of activity in the private sector. Excessive taxation impedes business expansion and invites evasion. Arbitrary or discriminatory tax enforcement also deters proper payment of taxes. The administrative machinery required to collect and enforce tax payments is often deficient and tax collectors poorly trained and paid.

Investment codes and the administrative structures which lie behind them can have a decisive effect on domestic and foreign investment. These codes attempt to set the overall rules of the game but often are discriminatory and give excessive or conflicting incentives. Sometimes they do not interrelate with banking, financial, labor, taxation and other legislation as effectively as they should; and, on occasion, they are administered in an unsystematic, confused or discriminatory fashion. The results are well-known and inevitable.

A Challenge for the Bank

It is important that the Bank should focus more critically on legal and institutional framework issues. The Bank's approach must be tailored to the different social and economic circumstances in its borrowing countries.

The Bank has to be sensitive to the historical, social and, in some cases, religious background to the legal system and the institutions involved in legal administration and enforcement. Societal attitudes to law, the gap between modern and traditional sectors, the tension between the laws governing such sectors, the degree to which corruption is tolerated or the manner in which law is actually used and enforced (supportive, repressive, neutral) are all factors which should influence our understanding of the situation in each country.

Admittedly, a number of factors will limit the role the Bank can realistically play in assisting interested countries to develop their legal and institutional framework. However committed to structural adjustment or private sector development, governments ultimately decide what is politically feasible in their societies. Amending laws and regulations in the broad areas mentioned or changing administrative and judicial processes and associated institutions is inherent in the sovereign powers of states.

The Bank's analysis of legal and institutional issues needs not only to be more clearly focused but also extended to find out how the practical implementation of policy is carried out. In other words, are the elements of the legislative and regulatory framework functioning? If not, where are the problems and what are the causes, can they be remedied by reasonably simple

government action or is some more fundamental institutional or human resource deficiency apparent? Policy proposals and legislative and regulatory reforms are formulated by government officials but the Bank has to ask a more difficult question: can these proposals or reforms be implemented given existing structures, laws, regulations and societal attitudes? Can a new tax code, for instance, serve its objective in the context of a pervasive and time hallowed practice of tax evasion, and a weak or corrupt tax administration?

Many critically needed changes in legislation concerning land, labor, taxation, banking or monopolies, to name but a few areas, cannot be successfully implemented if they are not based on adequate information and analysis, are not supported by real forces in the country's power structure, or are not accompanied, when required, by changes in existing bureaucratic processes. The Bank will, therefore, have to be sensitive to, and realistic about, what can and cannot be achieved in the area of legal and institutional development. It should pay full respect to the exclusive jurisdiction and responsibility of each country over its own legal and institutional framework and limit the Bank's role to assisting interested governments in the analysis of the issues involved and making the benefits of comparative experience available to them.

The legal and institutional reform process in any country should be part of a long-term plan embedded in the country strategy. Its phasing and implementation could be determined by the proposed macroeconomic incentives and other policy reforms which will depend for their efficacy upon corresponding legal and institutional reforms. The normal slow pace of legal reform (notorious in industrialized and developing countries alike) should not deter the Bank from assisting interested governments in addressing the problems, gaps, bottlenecks or other deficiencies in their legal framework insofar as they influence the country's development.

It has been recognized that Bank adjustment operations have to pay attention to sustainability and must set implementation at a realistic pace. This is all the more relevant to legal reform. Bank lawyers should further enhance their knowledge of the details of the legal systems of borrowing countries and stand ready to provide a relevant input to the policy dialogue with interested governments. Legal reform must also be based on the full conviction of the governments concerned, and be accompanied by serious efforts by them to gain broad understanding and acceptance for it. In this comprehensive but gradual way, law will be able to make its true contribution to the development process.

D Buffet Caters to Its International Clientele

Food from Around the World

by Jill Roessner

What will you have? *Pastilla*, the traditional Moroccan pigeon pie (chicken is substituted for pigeon in the United States). How about *Couscous with Seven Vegetables*, or maybe *Lamb Tangine with Prunes and Sesame*? You may want to start with some *Tabbouleh*, or *Dolmas* or *Baba Ghanouj*. Perhaps, you can't choose among these enticing delicacies, but that's all right. You don't have to. You're at the D Dining Room buffet, and you can help yourself to whatever you want, even if you want to taste every single thing.

The "fragrant cuisine" on this particular menu was served February 1 when the D Buffet featured "A Marriage of the Taste of North Africa and the Middle East." A Moroccan chef was brought in especially for the occasion, and for $14.95 a person, staff and their guests could indulge in an extraordinary selection of foods of the region.

Last year, the D Buffet celebrated Oktoberfest with a hearty menu of German fare, accompanied by the appropriate wines and beers; there was an Oriental buffet with Chinese, Japanese, Thai and Filipino specialties; an Italian Day and several other gastronomic events offering cuisine from various regions.

The D Buffet opened in July 1988. "We had four dining rooms at the time and we wanted to offer something a little less formal, a place where you could have a nice lunch but still eat quickly," explained Wolfgang Deschner, General Manager in charge of all Marriott endeavors at the Bank, including the cafeterias, dining rooms, parties and so forth.

"The U.N. has a buffet and we thought it might be popular here too," added Margaret Clark, Chief, GSD's Food Services, who acts as liaison between the Bank and Marriott. And indeed, the Buffet has been very well received by staff. About 130 people eat there each day. The regular menu offers a generous assortment of appetizers, main dishes, salads and sumptuous desserts, along with a glass of sherry, all for $12.50.

But, variety is the spice of life, and Mr. Deschner says that if the buffet is to continue attracting a steady crowd, the choice of foods has to be changed regularly. On the special days, patronage increases by about 70 percent, as staff take advantage of, for example, *Calamari Alla Livornese* followed by *Strawberries with Sabayon* from the Italian menu, or on another occasion, maybe a Thai favorite, *Crispy Fish with Tamarind Sauce*.

In addition to ethnic foods, the buffet has had special menus for St. Valentine's Day, Secretaries' Week and Hallowe'en. "We're going to try and feature one special day each month in the future," said Abdellatif Amri, a debonair Moroccan employed by Marriott who serves as Di-

rector of the Bank's Dining Rooms. "We hope to have a Turkish meal soon." Mr. Amri trained in Morocco and Europe and worked in Germany for four years before coming to the United States where he worked in the IMF's Food Services before coming to the Bank.

He obviously relishes his work and is perfectly happy to take off his jacket, roll up his sleeves and pitch in with the cooking if his help is needed. And he'll do some of the shopping too. "When I first came to the area, it was difficult to buy certain spices. My mother had to send them to me. But now there are so many little ethnic groceries, I can find just about anything we need."

Quality cannot be compromised

Marriott staff at the Bank have the freedom to make whatever arrangements are necessary, within reason, to acquire ingredients for a particular recipe. However, quality cannot be compromised. When foodstuffs are purchased from different vendors, Marriott Quality Assurance personnel inspect and approve first. For example, a particular type of buttermilk that is used in Moroccan dishes can be bought from the Pennsylvania Amish farmers who sell their wares at various market stands in Maryland. "It's not like the regular buttermilk you'd buy at the supermarket," Mr. Amri tells us, "It has a very distinct flavor."

Mr. Amri has fun creating the ambience that contributes to the special lunches too. "I saw an old mannequin's head at the Georgetown Flea Market," he told us, "so I bought that for $6 and we put a mask on it and it looked wonderful for Hallowe'en. Then I went to Toys 'R Us for some other stuff ... we used colored lights and dry ice to give the effect of smoke ..."

The chef was also an artist

At an earlier Moroccan buffet, he told us, "The chef was also an artist—not just with food, but a painter, so we displayed some of his artwork in the Dining Room. The pictures were just for display, to enhance the Moroccan effect, but the diners were so impressed, by the time lunch was over, three of the paintings were sold!"

And at the February 1 buffet, diners were greeted by the pungent aroma of incense even before they reached the doors of the D Dining Room. The tables were covered with rich, jewel-colored tapestry cloths—"I brought them from home," said Mr. Amri who, at 11:30 a.m., just before the crowd arrived, was rushing around carrying platters, tasting dishes and making sure that everything was perfect. All the frenzied activity was accompanied by the sound of the telephone ringing incessantly and maitre d' Arno Gahl's regretful response, "So sorry, we're completely booked."

Like their clientele, Mr. Amri's staff are multinational, and they are able to create an authentic Italian meal, a sumptuous French repast, or a Thai, Filipino, Japanese, Chinese or American feast. But if they are planning something outside their own areas of expertise, an outside chef may be hired for the occasion.

Every day Executive Chef Tom Gubricky and his staff serve platters of exquisitely arranged cold cuts and antipasto, crisp, colorful salads, a mouth-watering selection of hot and cold entrees, and those luscious desserts—trifles, chococlate gateaux, fruit salad and other temptations along with lashings of whipped cream to top them off.

Aren't people inclined to be just a little bit generous with the portions when they're serving themselves? "Some are, some aren't—it evens out," claims Mr. Deschner, pointing out that fewer waiters are needed at a buffet, so that helps defray costs.

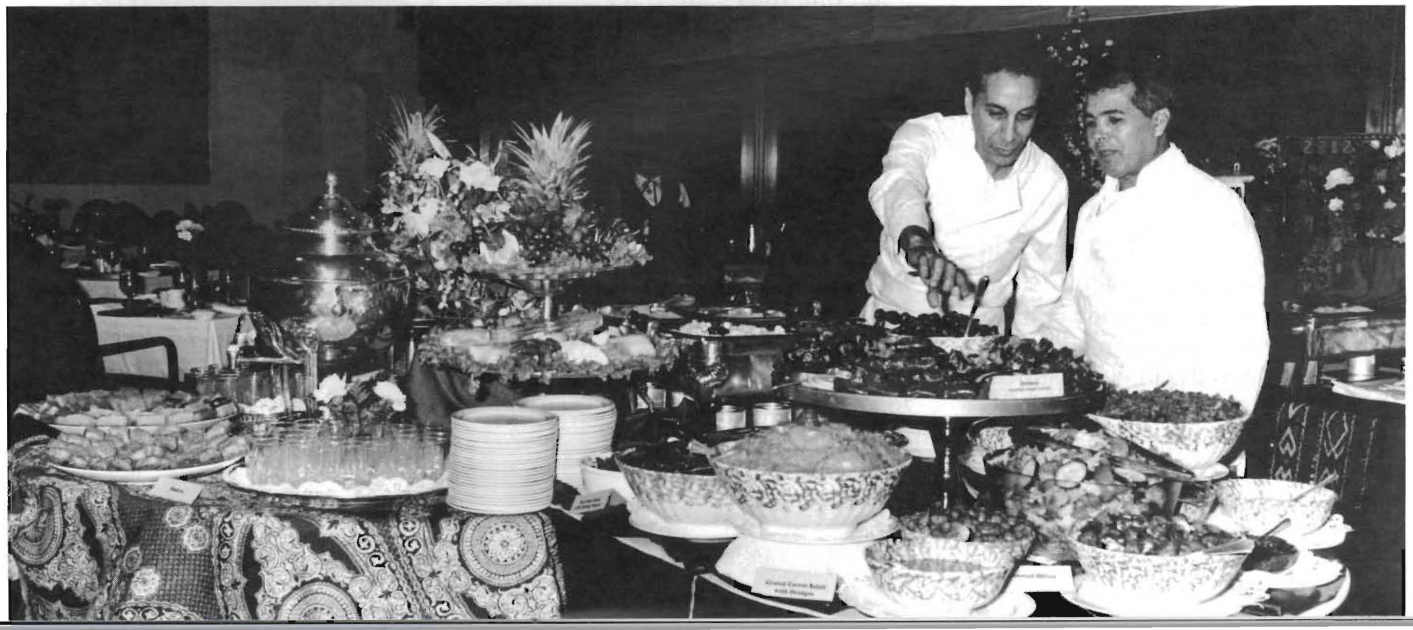
Recipes and dishes

The majority of Bank Group staff, however, do not eat in one of the dining rooms every single day. Most of us lunch more modestly. Sometimes special menus are served in one of the cafeterias too and are priced accordingly. From time to time, various national clubs in the Bank have cooperated with Marriott, providing recipes and suggesting dishes from their countries. An Indian Festival was held in the D Cafeteria, a delicious opportunity for staff to sample some spicy curries and special dishes prepared by the chef from an Indian restaurant in Rockville. And on another day, Jamaican beef patties and Filipino dessert sampler plates were sold from a stand in the E mezzanine.

The catering staff know they cannot please all of the people all of the time. A recipe for a particular dish from one region may be quite different from the way it is cooked elsewhere, and a staff member may be disappointed. But, at the buffet, if you find something is not the way mother used to make it, try something else. There's ample choice. Enjoy.

Abdellatif Amri, Director of the Bank's Dining Rooms, left, and his fellow Moroccan guest chef, put the finishing touches to the buffet featuring specialties from North Africa and the Middle East.

Photo by Michele Iannacci



The Other In-house Magazine for Staff

New Delhi Bank Notes

by Gita Chopra

The Indian press has long been known for its free-wheeling, no-holds barred style. Indian journalists don't mince words and they can be relied on to express their own opinions most emphatically. In this tradition, *New Delhi Bank Notes*, issued more or less quarterly by the Bank's New Delhi office (NDO), is a bold, entertaining, sometimes risque, often irreverent, eminently readable publication. Nothing—and no one—is sacred. Although it has a serious side and includes articles about fiscal policy, annual meetings, projects, progress and matters of that ilk, unlike its more sedate counterpart here at Headquarters, *New Delhi Bank Notes* tells jokes, reveals secrets, spreads a bit of gossip and a few rumors, shares recipes, offers advice such as travel tips or restaurant recommendations, runs classified ads, includes births, marriages and deaths of staff and their families, and so on ...

We asked Gita Chopra, who, with Bim Bissell, is one of the magazine's editors, how it it all began.

***

It all started when Dolores Haslem said, "I didn't even know _____ had joined the Bank and that they had two children the same age as mine. How can we find out about these things?"

With the gradual expansion of the New Delhi Office, and our move into several locations, Bevan Waide—then Chief, NDO, decided we ought to have "a short quarterly newsletter for staff. It could include notes on new arrivals and their families, articles on successful travel ideas, or shopping ideas, humorous incidents on missions and, perhaps, a classified section. I think it would be enjoyed."

Excerpted from *New Delhi Bank Notes*, January to March 1989:

...Rama Dayal took possession of her new house on February 22. Address is ——-
... Renu Kapoor was last seen sporting a knee plaster, the result of a nasty accident when the three-wheeler she was travelling in overturned. Zenobia Pathanki got the 'Secretary of the Year' award and Jagdish Rai got the award for the best driver/messenger. Kanta Jolly was the Secretary for the Goa workshop. Ushi Khanna went along for moral support—a nice change for Kinny and the children as well.

Illustration by Micky Patel

The first issue of *New Delhi Bank Notes* appeared in July/August 1985 with a home-designed cover depicting what looked like a skewed version of the magnificent Lodi Tombs neighboring the Bank's office. Consisting of nine pages and no cartoons, the first edition generated various comments, including this rather unkind observation from Chris Perry: "Many thanks for sending me *Bank Notes*. I was interested to see that Veena Churamani now works half time. What did she do before—quarter time?"

By July 1987, with eight issues already done, it was decided to "go professional" and Mickey Patel, one of India's leading cartoonists, was commissioned to design a new cover for the magazine as well as to prepare sketches to lighten some of the serious articles. The inauguration of the new cover coincided with Bevan and Pu-Chin Waide's departure from the Bank and a special cartoon supplement consisting of eight pages of Waide-isms (a takeoff on Hobson-Jobson's Indianisms) made its appearance.

Gita Chopra

Around this time, an editorial reorganization took place. A correspondent was selected from the Agriculture Unit and a special assistant for photocopying and distributing the in-house journal to NDO and HQ staff joined the team. The task of producing each issue grew easier with the rapid computerization of the NDO.

Hoping to obtain more information from Washington staff regarding "doings, happenings, promotions and departures," we asked Sangam Iyer in the Office of the Director, Asia Country Department V, to become our Washington correspondent. In response, he

Excerpted from *New Delhi Bank Notes*, January to March 1989:

Agricultural Workshop in Goa

... despite the severity of this environment, a large number of staff, guests, spouses and children assembled to solve India's problems again. And it was tough ... saltwater in the ears, sun in the eyes, and sand in everything else. One night, it is even said to have rained (our correspondent's note-taking intensity and accuracy tended to deteriorate as the evening drew on).

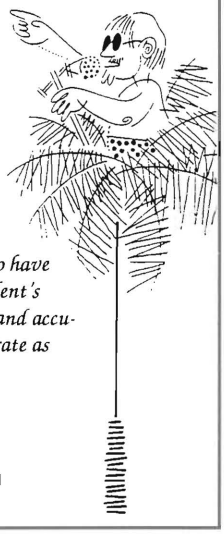


Illustration by Mickey Patel

wrote: "I am honored that you should ask me to be your correspondent, but am I qualified? *New Delhi Bank Notes* is the best Bank staff magazine that I know of and is read with a lot of interest by everyone who is lucky enough to receive it; I wouldn't want to do anything to spoil that reputation."

With contributions and articles coming in, each issue grew bulkier (the most recent consisting of 37 pages) and articles were written on issues of interest. For example, Bevan Waide's trek to Lansdowne elicited much interest from several adventurers who wanted to try their hand at trekking. A short write-up on the Conables' first visit to India had Marianne Haug writing from the Office of the President that "this is a delightful production and makes everyone here regretful that they are on the Washington staff and not in New Delhi!"

We get our fair share of criticism as well: "It's too lengthy." "Why must you write about_____'s illness; it's not nice." "What a waste of time and effort ..." and so on. Criticisms, however, are welcome. In fact, what better way to improve our skills? And, yes, a lot of time goes into each issue, much of it after office hours. The end result, we feel, is worth it. We hope our readers agree.

Excerpted from *New Delhi Bank Notes*, January to March 1989:

Sex for Bank Wives and Female Employees

At a January meeting at Alexandra Bentjerodt's house, World Bank spouses and female employees tried out the first of what is hoped might be susbstantive discussions on matters of interest. That Saturday, the topic was universal— SEX—and the interest was high. Our guest was Dr. Sudhir Kakar, a psychoanalyst who has written several books on the psychology of cultures, emphasising the myths, legends and childrearing practices of his native India ...

TV and the Triplets

by Thierry Sagnier

From left to right, Andrew, Sonia, Mrs. Phung, Stephen, and Mr. Phung. At far left, the ABC camera crew.

Photo by Thierry Sagnier

The late American artist, Andy Warhol, once speculated that in the near future each and everyone would be famous for 15 minutes. The Phung family, Dominic, Aline and their triplets Stephen, Andrew and Sonia, may not quite agree. Their brush with fame lasted exactly 51 seconds.

We first wrote about the Phung family in February 1989. The triplets, born in October 1987, were preemies—as many triplets are—and when they were strong enough to leave the hospital, they still needed around-the-clock monitoring. This is where the Bank's Insurance Office Manager, Richard Eddy, stepped in, offering options. He explained to the Phungs that the children could have stayed at the hospital, or they could be cared for at home through a private company recommended by Cost Care Incorporated at much less expense to the Bank's Medical Insurance Plan. The Phungs opted for the latter.

Now back to our story. Late last year, the American Broadcasting Cos. (ABC) decided to make managed health care the subject of one of its nationally broadcast series, "The Health Show." Cost Care Inc. was to be featured on the program. ABC, Cost Care, Mr. Eddy and the Phungs exchanged phone calls, and, one rainy January morning, the triplets, in their Sunday best, got their shot at fame.

The children cavorted inside and outside the house before the watchful eyes and ears of a cameraman, a sound man and a director. Andrew demonstrated his verve on a toy trumpet. Not to be outdone, Stephen clattered across the deck on his tricycle, wearing a red fireman helmet. Sonia, as befitting the eldest of the three, woolly hat slightly askew, stayed somewhat aloof and crawled through the window of their playhouse.

"They taped us for over an hour," Mr. Phung says. "They took shots of the kids, spoke with me and then with Aline, asked to see photos of the children when they were smaller. There were wires and cables all over the house, and the hardest thing was trying to keep the kids off-camera while the crew interviewed us.

"Ever since their births," Mr. Phung continues, "I've been incredibly grateful to the Bank for taking such excellent care of us, and I wanted to make

that point. Life isn't easy with three little ones running around, but if the Bank and Mr. Eddy hadn't been there, life would have been impossible."

The show aired at 5 a.m. January 30. None of the Phungs was awake, so they videotaped the program. Mr. Phung got his say. Aline Phung was edited down to two words: "They're healthy." And Sonia, Andrew and Stephen romped through the scant seconds left.

"I thought we'd get at least four minutes," adds Mr. Phung. "But I can't complain. This will be great for the kids when they're older. How many people can say they were on national television when they were two years old?"

The Phungs still have 14 minutes.

Editor's note: A videotape of "The Health Show" and information about Large Case Management are available from the Insurance Unit, Rm. O-4011.

How Do You Manage a Paradox?

by Chris Parel

When astronaut Alan Shepard was asked what he thought awaiting take-off in the Mercury capsule, he replied: "About how all that machinery had been produced by the lowest bidder ..."

How much should the Bank pay to prepare a $500 million infrastructure project operation, or a technical assistance report? How much is too much for a structural adjustment loan? Not long ago, a blue ribbon task force under David Hopper was mandated to look at these and related budget problems. As a result, managers may soon be held strictly *accountable* for the cost of every study and loan they make.

The real target, of course, is the Bank's budget. Are we, three years after a wrenching reorganization, a leaner, more efficient organization?

Decentralization

The reorganization enthroned decentralization as the Bank's organizing principle. Managerial decision-making was decentralized. Personnel teams were decentralized. Good results would be guaranteed by allowing line managers to manage their own budgets and work programs.

At the same time, the seeds for a super budget agency, PBD, were planted. Since then, PBD's chief, Robert Picciotto, and his budgeteers have established ground rules by imposing "task budgeting," tracking "unit costs" and "indicators," developed "contracts" with "benchmark" targets, and inaugurated work on cost-accounting systems. Decentralization, it seems paradoxically, means more central control.

The ongoing debates between *decentralization* and *central control* and the emphasis on *efficiency* are serious, but they mask the real problem, namely that the Bank *is different* from the private sector. And until this is thoroughly understood, we need to proceed very cautiously with the Hopper Task Force recommendations.

Two examples

Two examples suggest the problem the Bank is trying to resolve:

A Bank manager puts together a highly skilled team, heavily weighted towards Levels 24 and 25. He successfully defends high unit cost estimates based on last year's experience and gets a large budget. Because delivering loans is risky business, he is conservative in his targets. At year's end, he successfully delivers his program and even has some money left over, which he uses to upgrade his technology capability. He is greatly esteemed because of his success and assured a healthy pay increase and funding next year.

Now consider the second example:

A manager in the private sector basically does the same thing, putting together a highly skilled and well-paid team, spending liberally to deliver conservatively estimated targets because competition is keen. At the end of the year he delivers his targets. But profits are down because of the high costs and moderate sales. The manager is in trouble.

How can a private sector manager be pilloried for the same sort of behavior that makes a successful Bank manager? And has the Bank manager *really* been successful?

Peter Drucker, the American guru of management, has some things to say about what "success" means in service institutions (read the Bank) and the private sector. He calls service institution management "the central managerial challenge of a developed society, and its greatest managerial need." According to him, there is no coherent theory of management that encompasses service institutions.

Targets

Most such institutions manage by exercising strict control over the number and level of employees: if you define your targets and strictly manage your staffing, everything else will fall into place because staffing drives work programs which in turn drive costs.

Curiously, the Bank has chosen to ignore the practice of its comparator organizations. It is trying to work out a unique solution—hoping to capitalize on the private sector-like efficiencies of decentralization while holding managers' feet firmly to the fire of budget control. A sort of Jekyll and Hyde management approach.

What exactly are the root problems that make managing institutions like the Bank so difficult? Drucker is clear on what they are *not*. It is *not* that managers aren't business-like; *not* that we need better managers; *not* that much of what we produce is intangible—like studies and technical assistance.

In fact, he believes that if "... we cannot organize the task so that it will be done adequately by men (we would add *and women*) who only try hard, it cannot be done at all." This bit of wisdom bears remembering when the Bank starts thinking about "fine tuning" to solve its performance problems.

Drucker says the basic problem is that (the Bank and Bank) managers are paid from a *budget* while *profits* drive the private sector. Without profits, it's very difficult to know if something has been done well, efficiently, cost effectively. It is difficult to know if the activity responds to a real need. And there is no way of comparing task, program or unit results. Moreover, managers who are paid from budgets generally respond logically to a set of institutional signals not always in the institution's interest.

For instance, it is good to have a large budget, highly skilled staff (regardless of the work program), to understate targets and overstate costs, spend all left over funds so as never to come in under budget, and keep programs intact, even if they are obsolete. In this way, the budget allocation (and managerial prestige) is safeguarded. Reallocation, efficiency, cost reduction—all pose genuine threats.

Malaise

We would add to this list of dysfunctional management practices the absence of risk-taking, iconoclasm and honest discussion—all casualties of the service institution malaise. There is not much of a pay-off in trying to do something in a different way, but there is a definite risk. And whatever you do, don't tell the Board. After all—Drucker again—a company may be very successful with a 22 percent market share, but having 78 percent of your shareholders "against" you would be fatal.

In the end, Drucker says, "The service institution is misdirected by the way it is being paid into defining performance and results as what will produce the budget rather than as what will produce contribution."

Is there a solution?

Enter PBD with its arsenal of benchmarks, unit costs and indicators. "Efficiency" is at least something that can be measured.

Is there a solution to the Bank's conundrum? Drucker prescribes clear priorities as one critical need, and warns that managing for "efficiency" (read cost containment) and effectiveness are two entirely different and not necessarily compatible objectives. When efficiency gets the upper hand, important programs and activities may be wrongly dropped or cut back and managing can become a nightmare.

That's why managing a service institution "through the budget" requires such extraordinary sensitivity, why PBD and the budget process inspire such passionate debates throughout the Bank, and why we must proceed cautiously with the Hopper Task Force proposal.

In the end, the Bank must recognize that the quality of its products and the creativity and dedication of its staff—two very important parts of its success—are not easily measured. A staff that is demoralized by reorganization or distracted by demands for business plans, status reports, budget reviews and an exaggerated concern for costs will be neither efficient nor effective.

Peter Drucker... calls service institution management 'the central managerial challenge of a developed society, and its greatest managerial need.' According to him, there is no coherent theory of management that encompasses service institutions.

Around the Bank

World Bank Group/ WETA-26/FM91 8K Earth Day Run

The 8K run postponed last fall has been rescheduled for Sunday, April 22, starting at 8:30 a.m., rain or shine. It's a community event to support WETA's year-long Operation Earth project which, through programming and outreach activities, will emphasize ways individuals and communities can help preserve and improve the environment.

Co-sponsored by the Bank's Medical Department, the run is open to all runners, racewalkers and wheelchair athletes, of all ages and abilities. It starts at 19th and H Streets, N.W., and all participants will receive commemorative T-shirts.

There will be prizes awarded in various categories, and after the race there will be fun at the finish line, including food, refreshments, awards ceremony and live musical entertainment by the World Bank Jazz Ensemble.

Registration is necessary and costs $13 before April 16, $15 after that date. Registration forms will be distributed desk to desk.

Volunteers of all ages are needed to pass out water, help at registration and so forth. If you would like to help, call Julie Robey, Ext. 74488.

World Conference on Education for All

The World Conference on Education for All—the largest-ever gathering on education—has begun. Sponsored by the Bank, UNICEF, UNESCO and UNDP along with financing from other donors, the conference is being held in Jomtien, Thailand, March 5 to 9. Wadi Haddad, Senior Education Adviser, was seconded last year to be Executive Secretary of the conference's Inter-Agency Commission. Preparations at

the Bank are being handled by Sector Policy and Research (PRS). Visvanathan Rajagopalan, Vice President, PRS, is the Bank representative on the Executive Committee, and Adriaan Verspoor, Chief, Education and Employment, is his Alternate.

The aim of the conference is to set a new global agenda for basic education that emphasizes achievement in learning, greater access and equity. Many children who attend school, leave without being able to read or write. More than 100 million children—most of them girls—still do not go to school. The conference will focus on how to improve actual learning in primary schools and in adult literacy programs.

Some 1,500 participants are expected in Jomtien. The King of Thailand will open the event, and Barber Conable will deliver a major speech. Two consensus-building documents will be submitted for adoption: a World Declaration on Education for All and Framework for Action to Meet Basic Learning Needs.

The Bank's participation includes roundtables on quality improvement in primary education; educating women and girls; and producing better textbooks, prepared by EDI. An exhibit explaining the Bank's role in education will be displayed, with a video as its centerpiece.

Lying Down on the Job

How often do you get the chance to take a paid hour off, sit around, even lie down for about 20 minutes, enjoy a free snack, and bask in a warm glow of self-righteousness?

Admittedly this is not available to everyone. You have to meet certain criteria, but if you're an acceptable candidate, all this can be yours—and all you have to do is give a little blood. DON'T STOP READING.

In January, when the American Red Cross came to the Bank to collect blood, 64 Bank and Fund staff donated. Many individuals are not eligible for one reason or another, especially international civil servants who travel frequently and may have taken various anti-malarial medications.

But many of us *are* eligible—certainly more than the 64 who were there that day. The American Red Cross has to collect about 800 units every day to meet the needs of area hospitals, and the only way they are going to get the blood is from volunteers.

It doesn't hurt—it's less painful than getting an inoculation. A new, sterile needle is always used, so there's absolutely no chance of infection. Your body will make up the lost blood within a few days, and, most important, you'll be helping to save a life.

There will be another blood drive at the Bank in April. Please be a part of it if you possibly can.

United Way Raffle

There were, all told, 40 winners who will soon be traveling to Portugal, France, Japan or Peru; dining at Maison Blanche or Dominique's; getting shampooed and styled at Piaff Hair Stylists or massaged at Elodie's. And one particularly lucky winner will get a guided tour of the Investment Department by that department's director.

The winners of airline tickets are: Norma Campbell, to Portugal; Josie Bassinette, Paris; Tae-Hee Yoon, Lima; Helen Sayenian, Italy; and Edmund Zimmer-Vorhaus, Tokyo.

As we go to press, Kenlee Ray, the Bank's United Way Chairperson, reported that 60.8 percent of the staff contributed $302,387.48.

New Staff Members

Carlos L. Alvarez
United States
Transport Engr./AG6/1/22

Stine Andresen
Norway
Guarantee Ofcr./MIGA/2/5

Pedro R. Batalla
Spain
Investment Ofcr./IFC/2/1

Philippe Benoit
United States
Counsel/LEG/1/22

Nicole Bolster
Canada
Secretary/PAD1/2/5

Govind Singh Bora
India
Secretary/EM3/2/12

Hernan Cortes-Douglas
Chile
Sr. Economist/EDI/2/12

Francis Dobbs
United Kingdom
Film Video Project Ofcr./PUB/2/5

Helene Gaye
Senegal
Secretary/AF1/2/20

Larry D. Gilstrap
United States
Database Admin./FCS/2/20

Xavier A. Jordan
United States
Investment Ofcr./IFC/2/5

Rajendra Kockarekar
India
Software Sys. Spec./ITC/2/5

Tonia Marek
France
Nutrition Spec./AFT/2/5

Maura McElhinney
Ireland
Auditor/IAD/1/29

Rhodora M. Mendoza
Philippines
Secretary/AF6/1/29

Helena F. Menezes
Brazil
Secretary/SPR/1/29

Hock Chye Ong
Malaysia
Audit Analyst/IAD/2/12

Boonsri Prasertwaree
Thailand
Secretary/AS5/1/29

David G. Pugh
United Kingdom
Insurance Ofcr./IFC/2/12

Patricia Villagomez
Mexico
B/L Secretary/LA4/2/20

B. Washington-Diallo
United States
Secretary/LAT/1/29

Letters to the Editor

To the editor:

While I agree with Kati Scalzulli's observation that AnswerLine should be renamed GripeLine, her comparison of office smoking to smoking on the street is ludicrous *(TBW, February 1990)*. Outside, I can move away from smoke. But if I am at my desk or in a restroom and someone close by is smoking, I have nowhere to go to be "a little more tolerant." Meanwhile, my health suffers, both in the short-term from headaches and discomfort and in the long-term from the widely documented ill effects of passive smoke.

Ms. Scalzulli rather sarcastically wonders if it is only the Bank smoke that affects me. I do not live in a "purified bubble" by any stretch of the imagination, yet indeed, the Bank is the only place where I am exposed to smoke. Without undue hardship or anything approaching extreme or militant behavior, I have essentially eliminated smoke from all other aspects of my life—family/social, cultural, recreational, culinary, etc. Only at work am I exposed to smoke. That is why I (and others) fight for a smoke-free environment, and will continue to fight by whatever means are available to me (including GripeLine).

Bill Silverman
PERME

To the editor:

Re: Michael Irwin's letter.

The merits of the World Bank operational travel policy have been extensively debated and found valid. Staff with control of their travel budgets, from task managers to the President, have independently made the judgment that, for various reasons, first-class travel is generally desirable for their missions. If a major objective of this organization is to save money, two possibilities are not to travel at all or to close some departments—options Dr. Irwin may want to consider in the case of HSD.

Malcolm Bale
LA1

To the Editor

While Dr. Irwin is free to hold views about the desirability of flying in business class, even if they do not reflect the opinions of his colleagues in the Personnel and Administration Complex, he has created, regrettably, widespread anxiety among traveling Bank staff. For over a decade now, there have been various assaults on the Bank's travel policy, yet every report prepared in response has demonstrated that the current policy suits the Bank's requirements well. The most recent review showed that a business class policy would cost the Bank more, mainly from the additional cost of stopovers not forgone and from not traveling on weekends. Moreover, there is increasing evidence about the health hazards of air travel (aside from over-indulgence, which Dr. Irwin is wise to remind us of).

For many years now, the Staff Association and the Travel Office have worked to defend this position, while seeking to improve managers' understanding of the stresses that frequent and lengthy travel place on staff members and their families. These stresses have, if anything, worsened over the years during which this debate has raged (particularly after the Reorganization) and as airline service has deteriorated.

It is unfortunate that Dr. Irwin and other cash-strapped managers now have to compromise the operational effectiveness of traveling staff by diverting travel budgets to training and other underfunded needs. Perhaps when Dr. Irwin returns from his trip to East Africa, he will understand better why the Staff Association and those of us who travel often do not share his opinion.

Paul M. Cadario, Chairman, Staff Association Working Group on Travel and Services

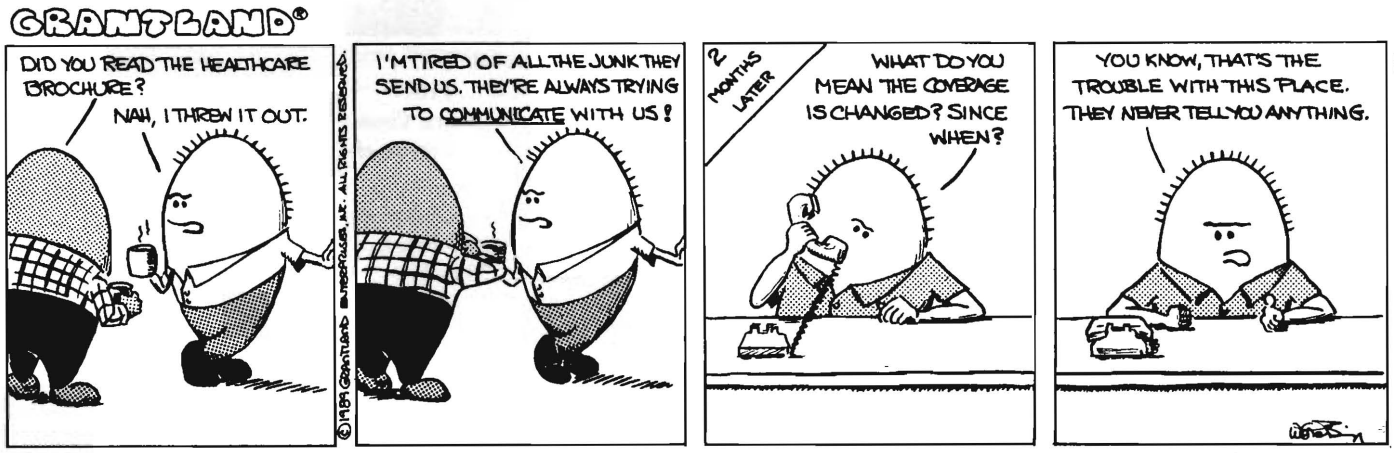
To the editor:

I was extremely pleased to read Dr. Irwin's letter. I agree with Dr. Irwin that lots of money could be saved and used in more productive ways if we gave up first-class travel. However, we shouldn't stop at that.

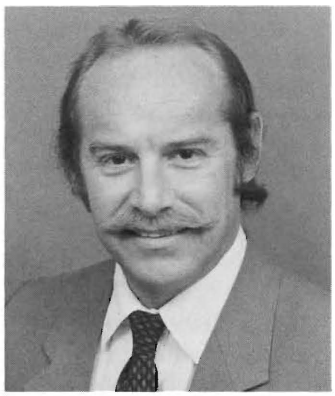
Take elevators, for example. Think of how much money the Bank could save by stopping the elevators altogether. This would also respond to Dr. Irwin's concern with staff health; it would have salutary effects as we would all be energetically using the stairs. But this is not all. Take the offices. Do we really need such large offices? I'm sure that most of us could fit in offices half their current size, if not less. But this is just the beginning. Think of our salaries. I am sure we could reduce them by 10 percent at least without any effect on our living standards. Also, think of the Bank furniture, such as expensive chairs (what's wrong with stools?), the unnecessary carpets, windows, etc.

In two or three years, of course, this place will be full of people who have no sense of what feeling well means and no expertise in ensuring their own well-being. How such people could be productive and contribute to improve the well-being of others is hard to imagine. Never mind. They would come cheap and virtuous. Once virtuous, why bother being rational or productive.

Roberto Zagha AS1CO



Senior Staff Appointments



Daniel F. Adams
U.S. national ... Appointed Director, IFC's Capital Markets Department, effective March 1.

1971: Joined the Bank through the Young Professionals Program ... 1972: Transferred to the Corporation, Capital Markets Dept. ... 1976: LAC Dept. of Investments ... 1978: Divisional Manager, Div. 1, Dept. of Investments, LAC I ... 1981: Appointed Director, LAC II Dept. ... 1986: Promoted to Vice President, Portfolio Operations ... 1988: Resigned from the Corporation to pursue personal business interests.

Myrna L. Alexander
Canadian national ... Appointed the Bank's first Resident Representative to Argentina, effective March 1.

1975: Joined the Bank as a Young Professional ... 1975: Operations Officer, Africa Div., Development Finance Companies Dept. ... 1977: Transferred to Industrial Development and Finance Div., Western Africa Projects Dept. and later became Personal Assistant to the Sr. Vice President, Finance ... 1979: Resigned from the Bank and returned to Canada to work for a private sector management consulting firm ... 1984: Rejoined the Bank as a Financial Analyst, Public Enterprise Unit, Western Africa Projects Dept. which later became the West Africa Public Sector Management Div. ... 1987: Promoted to Deputy Chief in the same division and, later the same year, to Chief, Public Sector Management Div., Africa Technical Dept.

Mitchell Alland
U.S. national ... Appointed Manager, Division 1, Africa I Department of Investments, IFC, effective July 1.

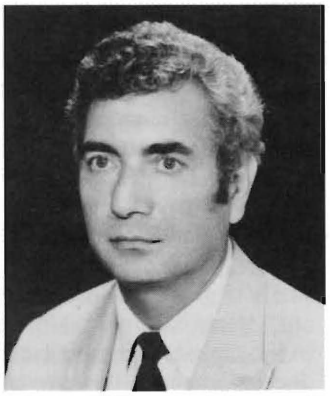
1970: Joined the Bank's Development Finance Companies Dept. ... 1975: Transferred to IFC as a Sr. Investment Officer, Africa and Middle East Dept. of Investments and was promoted to Chief Investment Officer the same year ... 1986: Corporate Promotion and Syndications Dept. ... 1988: Deputy Special Representative, Tokyo Office.

Alan H. Gelb
South African national ... Appointed Chief, Socialist Economy Reform Unit, Country Economics Department, effective January 1.

1978: Joined as a Young Professional ... 1979: Economist, Development Research Center ... 1982: Development Strategy Div., Development Research Dept. ... 1983: Productivity Div. ... 1984: Promoted to Sr. Economist, same dept. ... 1986: Sr. Financial Economist, Financial Development Div., Industry Dept. ... 1987: Financial Policy and Systems Div., Country Economics Dept. ... 1989: Promoted to Lead Financial Economist, same dept.

Daoud L. Khairallah
Lebanese national ... Promoted to Deputy General Counsel, IFC's Legal Department, effective July 1.

1976: Joined the Corporation as an Attorney ... 1980: Promoted to Sr. Attorney ... 1985: Promoted to Chief Counsel.

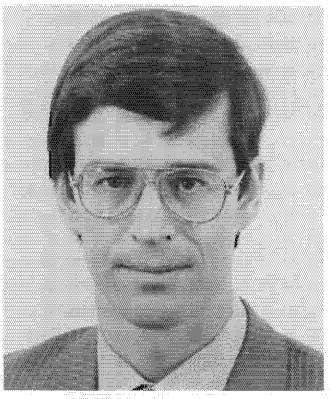


Turan S. Kivanc
Turkish national ... Appointed Advisor to the Executive Secretary, Development Committee, effective March 1.

Mr. Kivanc, who has been working at the IMF as a member of an International Panel for fiscal experts and a Headquarters-based consultant in the Fiscal Affairs Department, has had many years of service in the Turkish Ministry of Finance (reaching the position of Permanent Secretary), and in a number of international organizations. He also served at the United Nations, New York, as Minister Plenipotentiary, Deputy Permanent Representative of the Turkish Permanent Mission, and later as Advisor and Alternate to Executive Director Jacques de Groote.

Philippe Lietard
French national ... Appointed Manager, Division 2, Corporate Finance Services Department, IFC, effective March 1.

1974: Joined the Bank through the Young Professionals Program and held assignments as Financial Analyst and Sr. Financial Analyst, Industrial Projects Dept. ... 1981: Promoted to Deputy Chief, same dept. ... 1986: Transferred to the Corporation as Manager, Div. 1, Africa I Dept. of Investments.



Johannes F. Linn
German national ... Appointed Director, Country Economics Department, effective May 1.

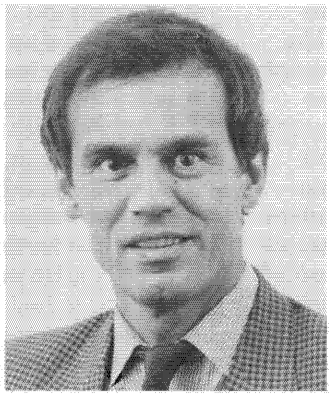
1973: Joined the Bank as a Young Professional ... 1974: Economist, Urban and Regional Economics Div., Development Economics Dept. ... 1980: Promoted to Sr. Economist ... 1981: Transferred to East Asia and Pacific Country Programs Dept. ... 1984: Promoted to Sr. Departmental Economist ... 1987: Lead Economist, Country Operations Dept. II, Asia Region, and headed the Core Team for the *World Development Report 1988* ... 1988: Promoted to Sr. Economic Adviser, Office of the Vice President, Development Economics and Chief Economist ... 1989: Promoted to Director, International Economics Dept.

D.C. Rao
Indian national ... Appointed Director, International Economics Department, effective May 1.

1971: Joined the Bank as a Young Professional...After graduating from the Program, he served as Economist, Public Finance Div., Development Economics Dept. ... 1974: Appointed Secretary of the Research Committee ... 1975: East Asia and Pacific Country Programs Dept. ... 1976: Promoted to Sr. Economist, same dept. ... 1977: Principal author of the first (1978) *World Development Report* ... 1979: On leave of absence to serve as Special Adviser in the Reserve Bank of India ... 1981: Returned to Headquarters as Assistant Director, Energy Policy and Assessments, Energy Dept. ... 1984: Director, Resident Mission, Indonesia ... 1987: Returned to Headquarters and promoted to Director, Risk Management and Financial Policy Dept., Financial Policy and Risk Management, Finance Complex.

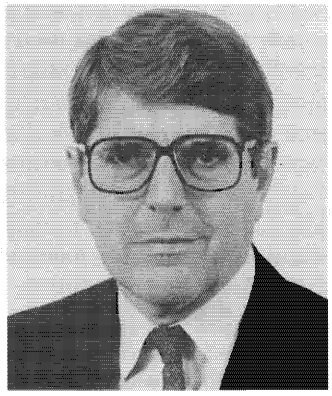
Pilar J. San Jose
Filipino national ... Promoted to Chief, Information Services Division, Information, Technology and Facilities Department, effective March 1.

1978: Joined the Bank as a Programming and Budgeting Officer, Programming and Budgeting Dept....1980: Promoted to Sr. Programming Officer ... 1982: Promoted to Deputy Chief, same dept. ... 1984: Promoted to Chief, Budget Control and Systems Div., Accounting Dept. ... 1988: Appointed Program Coordinator, General Services Dept.



Michael N. Sarris
Cypriot national ... Appointed Chief, Industry and Energy Operations Division, South-Central and Indian Ocean Department, Africa Region, effective March 1.

1975: Joined the Bank as a Young Professional ... 1976: Economist, Tourism Projects Dept. ... 1979: Urban Div., Latin America and Caribbean Projects Dept. ... 1981: Administrator, Young Professionals Program, Personnel Management Dept. ... 1983: Sr. Industrial Economist, Industrial Development and Finance Div., Eastern Africa Projects Dept. ... 1987: Acting Chief, Trade and Finance Div., Africa Technical Dept. ... 1988: Promoted to Chief, same division.



Heinz Vergin
German national ... Appointed Director, Country Department IV, Asia Region, effective April 1.

1964: Joined the Bank through the Young Professionals Program and, after completing the Program, was assigned as Economist, Economics, Investment Planning and Agriculture Projects Depts. ... 1968: Economist and subsequently Sr. Economist, Resident Mission, Indonesia ... 1971: Returned to Headquarters as Chief, Special Projects Dept. ... 1974: Promoted to Assistant Director, East Asia and Pacific Projects Dept. ... 1977: Assistant Director, Programming and Budgeting Dept. ... 1980: Promoted to Director of the dept. ... 1984: Deputy Treasurer and Director, Treasury Operations ... 1987: Director, Operations Staff.

AnswerLine

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

* * *

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

* * *

Question: I recently joined the Bank and am very excited about making a career in this place. However, the Newsletter circulated by the Staff Association dated October 2, 1989 gave me a depressing picture of the state of affairs in the area of career development. This paper states, "staff frequently felt like resigning ..... the proportion increased to 64 percent." This indicates to me that the morale is very low in the institution. My question is what is the turnover in the institution due to low morale? Is it higher than other institutions worldwide? If not, then the Staff Association has not come out with the positive aspects which keep these staff members from resigning.

Answer: Precise data on how many staff leave the Bank due to low morale are not available. We do understand, however, that the ratio of voluntary to Bank-instigated departures has been about 2:1 over the past several years—excluding, of course, the reorganization. You rightly note that staff perceive some factors other than career development favorably, which influence their decision to stay. The Staff Attitude Survey, which yielded the troubling data on career development, also showed clearly that staff remain highly committed to the goals of the institution. In addition, while 64 percent of staff did report that they frequently felt like resigning, 65 percent of staff reported, on the other hand, that they enjoy their work, 60 percent get a feeling of personal accomplishment from their jobs, and 80 to 90 percent report satisfaction with annual, sick, maternity, and home leave benefits. Our Career Development Report highlighted the concern that staff feel over one specific and crucial part of their relationship with the Bank, and how their concerns have heightened rather than lessened over the past six years. *Ann Hammond, [former] Chairman, Staff Association*

Question: I am entitled to have a routine medical checkup each year for which the Bank will reimburse me up to $250. In fact, my recent routine physical cost close to $400. Even though I'm over 50, I enjoy excellent health and don't think it is necessary to have such a thorough examination more than every other year (and my doctor agrees). Would the Bank be prepared to reimburse people like me the full amount (up to $500) if we have routine physicals once every two years? If not, I suppose it would make more sense to go every year and ask the doctor to run certain tests one year, others the next—but that would probably be more expensive for the institution as there is sure to be a charge just for the visit, apart from all the tests and lab work.

Answer: In July 1989, the allowance for a voluntary periodic health assessment (PHA) was increased from $200 to $250. In an analysis of the 866 PHAs done in the first half of FY90, it was found that the average cost was $269. Although there is some logic in thinking of a maximum of $500 being provided every two years for a PHA, as suggested above, instead of $250 annually, it is unfortunate that this Bank benefit, like others, cannot be accumulated.

It is important to stress that a PHA is a "screening examination." Basically, it is a physical examination with a limited number of investigations, which can vary from person to person. If someone has a chronic medical problem, that person should be seeing a physician on a regular basis, with the costs involved being reimbursed according to existing MIP policies.

Also, for the great majority of staff, PHAs should not be done annually. In general, it is recommended that those under 40 have one every three years; from 40 to 49 every two years; and only those 50 and over need think of a PHA every year.

While staff are encouraged to have PHAs with their own physician, the possibility of *voluntary* PHAs being done in the Health Services Department within the next year is being considered. *Michael Irwin, M.D., Director, Health Services Department*

Question: I would like to know why the Print Shop is allowed to use the corridor space between D and A buildings as its storage area? Sometimes I have found it difficult to give way to somebody coming from the opposite direction. It looks ugly and it also creates a hazard in case an emergency evacuation is needed.

Answer: The corridor you refer to actually runs through industrial space containing the Print Shop on both sides of the corridor and access to the Loading Dock. Since there is insufficient space for the storage of incoming supplies as well as finished jobs for clients, we have no choice but to use the corridor for storage.

We do, however, make every effort to maintain the required exit width for emergency evacuation. And, there are sufficient exits in the Bank to clear the buildings without the use of the D corridor by anyone but those who work in that general area.

As part of the Rehabilitation program, we have submitted our requirements to provide sufficient storage space for Print Shop supplies and finished production pending distribution. *John A. Montefusco, Chief, Printing and Graphics Division, General Services Department*