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Dherse Discusses Guidelines

Q&A on Oil and Gas Lending

by Ellen Tillier

While industrialized countries are learning to cope with the higher cost of energy, the adjustment process is more difficult for the developing world. A combination of better use of existing assets and new energy investments is needed in developing countries now and in the future. In order to maximize funds available for this purpose, and minimize the high-risk factor that hovers over many energy projects, the Bank has just issued guidelines to operational staff for oil and gas lending calling for private capital as a prime mover in the development process. To find out more about these guidelines, *The Bank's World* talked to Jean-Loup Dherse, Vice President, Energy and Industry.

'The World Bank is not an oil company, although it's been depicted as behaving like one.'

—Dherse

Photo by Giuseppe Franchini

Q. Do these guidelines represent a radical departure from past policy?

A. It's not a radical departure from anything, but an occasion to dispel some ill-founded perceptions. The World Bank is not an oil company, although it's been depicted as behaving like one. The guidelines give a much better definition of what we want to do and how we expect to do it. In that sense, you can say the guidelines are a departure from an ambiguous definition of the Bank's role in oil and gas.

Oil and gas operations are of a very special nature, not always understood by outsiders, including specialists in other energy subsectors. Let me explain. An oil company executive has a very different approach to his job from the head of a power utility. The technical risks, the financial risks, the type of service provided to the customers—everything is different. Therefore, the Bank has had to learn to deal with the specifics of oil and gas, with clear objectives in mind.

Q. Can you describe the Bank's broad objective in oil and gas lending and explain how these guidelines will help attain it?

A. The broad objective has never changed. It is to attract or cause investments to be made both at the exploration and the development stage. The Bank considers oil and gas development to be an important ingredient of an energy adjustment policy that countries must follow in the wake of the oil shocks.

Economic development of oil and gas reserves provides one of the surest and earliest sources of income for a country once good quality reserves have been found. This is particularly relevant for countries experiencing a debt problem. And a number of countries have reserves that could be developed economically even if oil prices drop markedly. In some countries, an oil and gas discovery could immedi-

COVER: Tom C. Tsui, Chief, Staffing Division, Personnel Management Department, is one of the managers who has attended the specialized training course, "Divisional Management Development Program." Photo by Michele Iannacci

ately change the economic prospects of the country, with no impact on world trade.

Q. Four types of loans are mentioned in the guidelines: exploration promotion, exploration or appraisal, petroleum development and infrastructure. To begin with exploration promotion, how is the Bank to attract investment from international oil companies?

A. Exploration promotion has already been undertaken by the Bank in more than 20 projects, so there's nothing new in trying to attract oil companies. What may be new is that now any assessment of an oil promotion operation will start with a precise inquiry as to what is holding up investments—why oil companies are staying away from the country. Is it because of geological factors? The investment climate? Or ill-designed legislation? It may be a blend of those reasons. It's important to know the precise obstacles that are inhibiting exploration activity. Then, by spending a little money early, a country can save much time in attracting oil companies. The Bank's exploration promotion operations are designed to do just this.

Q. How about the Bank's role in exploration and appraisal drilling?

A. This is a high-risk area that is best undertaken by people willing and able to take a chance on losing their entire investment. The question is whether it is wise for a country to undertake such activities with scarce public sector resources when risk money is potentially available. Of course, each country is free to allocate its resources as it chooses, but it is our duty to advise a country to proceed in the most efficient manner, making best use of all external resources.

Ample risk equity capital for oil and gas exploration and development is available. If a country provides the right conditions, it will attract investors ready to assume 100% of the risk and give back 50% or even more of the production rights to the government or other local interests. It would be very foolish for most countries not to take advantage of this state of affairs. In fact, most of them are doing it, regardless of political regimes. China, for example, is, at present, asking foreign oil companies to invest onshore.

Q. What does this mean for World Bank lending for exploration?

A. What this means is that the Bank will not be very active in financing exploration. On the other hand, IFC may be interested in taking equity positions. But the Bank can help countries attract foreign investors in exploration by stating from the outset that it will help the government finance its share of development costs of a discovery resulting from the exploration program.

Q. What is the Bank's role in petroleum development?

A. Petroleum development is usually undertaken as a joint venture between investors and the government or a national oil company. Foreign investors generally prefer to have a local partner or the government involved, and, in most countries, governments want a major stake for the country in the venture. The Bank can be instrumental in putting together a complex financial package involving public funds, foreign equity and all sorts of cofinancing for development to take place. This is how leverage on Bank resources is obtained and how the catalytic pull of the Bank is maximized.

Recent operations have proved this. One in Colombia, to which the Bank contributed about 13% of total funds, triggered the development of a major oil field. The project will halve the country's balance-of-payments deficit in two years. This shows both the importance of oil development and how the Bank can make it happen.

Q. What kind of loans did the Bank make in the past that would no longer be approved under the guidelines?

A. Straight loans for oil development when no effort is really made to attract other equity investors. Only a few such operations were made in the past, but if they were to continue, they would be a disincentive for governments to look for other sources of capital.

Q. Are there grounds for developing countries to fear that the guidelines will favor the international oil companies, which are known to be tough negotiators?

A. I think the exact opposite is true. Our approach will help these countries tremendously. Many developing countries are changing their perception of international oil companies and are disposed to welcome Bank assistance in attracting investment capital from them. On the other side, international oil companies understand that the most stable contractual arrangement is one that is perceived to be "fair" by both parties.

Yet, it is true that international oil companies can be very tough, especially when they fear the country might unilaterally change the terms of the agreement after they've taken the risk and made a discovery. If the Bank supports the initial agreement, the company is likely to feel more confident that there will be no forced renegotiation, and so will the government.

The initial agreement will be more favorable for the country and more

stable over the long term. By helping to overcome uncertainty and mistrust on both sides, the Bank is acting in favor of the country. A contract can be equitable, and when it is, it's equitable for everyone.

Q. Is there such a thing as a "model" contract between a developing country and an international oil company?

A. No, experience has shown this idea is a fallacy. Bank staff, who are competent in many sectors and in many countries, have found through experience that something which is good in certain circumstances in one country isn't necessarily good in another. Situations vary: geology, culture, the state of economic development, market fluctuations, strategic considerations. A so-called "model" contract is an illusion.

Q. Does the closer partnership with the private sector mean that all new lending will have to involve a joint venture with an international oil company?

A. Most oil lending will involve joint ventures, with the Bank acting as a catalyst. However, gas development will more often be in the form of a loan to a local energy entity, sometimes with private sector involvement—perhaps backed by IFC—and sometimes without. But if a country agrees to open its door to foreign investment, it can attract some equity capital even for gas development that normally wouldn't have come into the country.

Q. Are the interests of international oil companies and the national companies of developing countries always compatible?

A. One shouldn't overemphasize the difference between an international and a national oil company. An oil company is national in its home country, but is international abroad. A national oil company with a local monopoly and no activity abroad is an extreme case. Many national oil companies become international as they grow. Are their interests always compatible in the oil and gas sector? Certainly, there's incompatibility when a project isn't profitable. But when it is profitable, there's always a mutually satisfactory way to arrange the risks and rewards between the national oil company and the investor.

Q. Can a project be profitable to the country and not to the investor, even when terms are favorable to the investor?

A. Much has been said about this, but such cases are, in fact, very rare. Perhaps some small development projects can be of interest to a country and not to the investor. But this can be easily solved. The initial agreement could carry a provision stipulating that if an investor is not interested in developing a small discovery, then the government can step in and develop the field itself. But let's not forget that a national oil policy should not be based on targeting exploration toward small fields because such exploration is highly expensive with low rewards, and this would be a sheer waste of the country's precious resources.

'Most oil lending will involve joint ventures, with the Bank acting as a catalyst.'

— Dherse

Q. What if a country wants to develop energy only for domestic use?

A. Foreign equity capital is available also for projects that don't lead to exports—the usual pledge or guarantee for servicing capital. In countries experiencing acute debt servicing problems, what may then be required is some cover for the currency transfer risk. This is one reason why MIGA (the Multilateral Investment Guarantee Agency), discussed by Mr. Shihata in an earlier interview (see November 1984 issue of *The Bank's World*), is so important. A number of countries have high quality undeveloped reserves, with foreign investors ready to invest in them if this risk were covered. In many heavily indebted countries, this could be the best way to provide additional financial resources with a short lead time.

Q. How will it be determined whether an oil or gas project needs any Bank financing at all?

A. For oil and gas, there are two major criteria. The first is whether the project could take place without Bank involvement. The second is whether by providing some funds the Bank can help a country improve its policies and for the local companies to strengthen their management capability.

Q. How are the international oil companies reacting to the Bank's guidelines?

A. There have been diverse reactions to the Bank's original energy policy. It's easy for a government not experienced in oil and gas operations to have expectations far above the real local exploration potential, and the Bank's very presence often reinforced them. Oil companies may have sometimes gotten the impression that the Bank's involvement was an occasion for the country to take unrealistic attitudes, making it impossible to reach any fair agreement. Some oil companies even saw the Bank as a competitor.

This misunderstanding is being resolved. It hasn't taken much time to clear the air with the major oil companies and to establish a feeling of triangular cooperation among the country, the Bank and the company. It's this triangular cooperation which has to be developed in order to provide the best possible projects for a country. That is what we're doing, and I think most companies now understand and welcome our position.

In fact, by providing support and proper advice to countries, the Bank not only strengthens the country's position but, in the process, becomes one of the best sources of comfort any investor in these countries can find. The Bank isn't a competitor. It's a supporter, a catalyzer, and a creator of trust. And, of course, the same can be said about the Bank's role in its work in other areas, beyond oil and gas. ■

Matt Minahan of the Staff Training Division (center, standing) leads a discussion during one of the management sessions conducted at the Aspen Institute, Wye, Maryland.

Photos by Michele Iannacci

Training Course Offers New Dimensions for Managers

by Alan Drattell

At first, they were skeptical.

But the first 16 division and deputy division chiefs who went through two week-long sessions of a training course designed specifically for them became believers.

"It's probably the best course I've ever taken inside or outside the Bank," says Antoine van Agtmael, Chief, Borrowing Operations I, Financial Operations Department.

"It was by far the best course I've ever attended at the Bank, and I've taken at least a dozen courses," notes Michael McGarry, Chief, Agriculture A, Projects Department, Latin America and the Caribbean.

"It was very professionally prepared and conducted," says Attila Sonmez, Chief, Philippines, Country Programs Department, East Asia and Pacific.

And, "it is very relevant to the needs of managers in the Bank," from Sylvia Ruggeri, Administrator, Medical Department, Personnel and Administration.

The course they are cheering is "Divisional Management Development Program," which the Staff Training Division in the Personnel Management Department is offering. It is given over a two-year period. During the first year there are three core courses presented in one-week segments. The second year there is an option series, and people take the courses in this series according to their own needs and time schedules. Examples are: Planning Budgeting and Work Program Evaluation, Organization Diagnosis, and Team Development Skills.

Originally, the program was aimed at supporting the career transitions of division chiefs and deputy division chiefs appointed six to 12 months before taking the first year of the training. However, the program has generated so much enthusiasm among managers that Personnel and Administration recently decided to expand it

to include, beginning in FY86, all deputy and divisional managers in the Bank and IFC.

The first week deals with foundation skills—such as learning about one's self and especially about interpersonal communication style. The second focuses on managing individual staff members, and the third concentrates on leading and managing a team.

The group is purposefully kept small so that give-and-take can be more effective and the individual needs of each person addressed more fully.

There is little lecturing, and many of the modern tools of management training are used to enable the participants to understand better some of the habits and problems they bring to their managing style.

For some of the participants as well as the managers in PMD, the praise for the program is a bit scary. They ask: "Is the program really that good, and can we maintain the momentum of enthusiasm that has already been generated?" While it is difficult to answer the second part of the question, the answer to the first is a resounding "yes."

You See Yourself

"The use of video is just wonderful as a teaching device," comments Mr. McGarry. "You can actually see yourself performing in a real situation."

"The design and content of the course are very good," says Ms. Ruggeri. "What amazed me was its impact. Generally, you would not expect hardened Bank division chiefs to be influenced by a course. But they were—and it worked. Very quickly, a bond, a rapport was built up among the 16 members of the group."

Says Mr. van Agtmael: "I came from outside the Bank about five years ago and consequently knew fairly few people in the Bank. For me, one of the things the course did was to help me get to know reasonably well a fairly good cross-section of managers in the Bank, which gave me more of a sense of being part of the Bank."

Donal O'Hare (left), Deputy Division Chief, Staff Training and the man who heads the management development program, listens to Tom Tsui's comments during the course. Mr. Tsui is Chief, Staffing Division, Personnel Management Department.

Donal O'Hare, Deputy Division Chief in Staff Training and the man who heads the program, says that the development counselor role is an important aspect of the two-year course. The counselors are actually the people—like Mr. O'Hare—who provide the training.

"There is a pre-course meeting among the participants, their bosses and the development counselors," he explains, "to discuss the nature and the potential value of the program and how we are going to work together, what our role is, and what their role is. Following this meeting, the bosses, the participants and the people who report to the participants fill out some paperwork which will help make the course more meaningful for the managers. The paperwork includes answering questions about how the participants are perceived by their managers and by their subordinates.

"The next step is that we assign a trainer as a development counselor, and that trainer acts as a counselor for the next two years to the same group of participants. The counselor interviews the participants before they come to the first week session of the program, and then meets with them and their bosses to discuss the participants' learning agendas while in the program. That agenda is reviewed at regular intervals by all the parties concerned.

"This counselor role is very important and is unique to the Bank and IFC. It is a very important part of the program, and our feedback from the participants, in particular, shows this to be true."

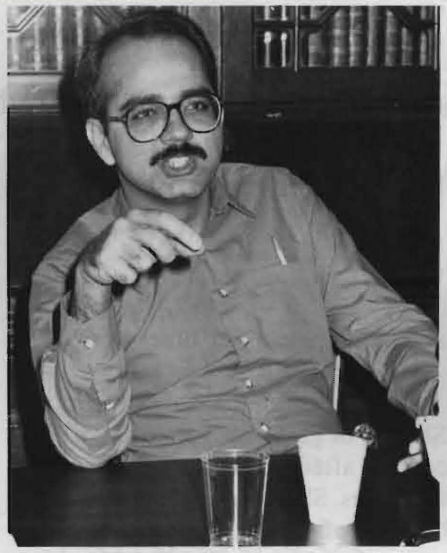
Individual Feedback

"During the first one-week session, the counselor spends 2 to 2-1/2 hours with each person in his group, giving the individual feedback based on an analysis of the paperwork previously completed, and from other data. We actually give each participant an audio tape of that special session," he adds.

The course itself is intensive; the average day runs from 8:30 a.m. to 9:30 p.m., and a number of values and assumptions influenced the design of the program. These include:

- Managing is about effective utilization of human, fiscal information, physical and time resources.
- Managing in a multicultural environment places a premium on interpersonal skills.
- Learning about managing is a lifelong exercise; the role of management

John Tetley, Chief of the Management Systems Unit, Management Systems and Accounting Department, IFC.



Masood Ahmed, Deputy Chief, Analytic Support Unit of Development Research Department.

Antoine van Agtmael, Chief, Borrowing Operations I, Financial Operations Department.

is complex, the skills of managing are not easy to acquire.

• The most important learning takes place outside the course when participants have the opportunity to put course learning into practice.

Mr. Sonmez: "The course helps you distill your experience and apply it with greater clarity and accuracy."

Mr. van Agtmael: "It changed some of my own perspectives on myself and how I deal with people."

Ms. Ruggeri: "It helped me to become a better manager by understanding a little better the way other people perceive me, and it clarified my interpersonal strengths and weaknesses."

Mr. McGarry: "It's extremely interesting to find out about yourself. Many of us don't know how we come across to other people. You get a picture of yourself as seen by your boss and by the people who work for you."

Back at her desk after attending the management development course, Sylvia Ruggeri (center) of the Medical Department puts some of the things she learned into practice. On her right is Shahla Torabi; on her left is Patrick Hennessy.

Career-Long Inquiry

According to Bank President A. W. Clausen: "We hope this program will mark the beginning of a process which will extend...into a career-long inquiry into the increasingly complex and demanding managerial role."

It has already, notes Mr. O'Hare. "The first group that has gone through two of the one-week sessions has established monthly luncheon meetings on their own initiative. It's a type of network support system, if you will. They have invited Staff Training people to attend these sessions, and have asked us to contribute a topic for discussion for them. The second group to start the program cycle has also decided to hold monthly luncheons."

Says Mr. McGarry: "One of the really outstanding features of the course is the level of trust that the instructors have succeeded in establishing. In other words, they have succeeded in getting managers to open up and talk. That was absolutely crucial."

Adds one unidentified division chief: "It was a thoroughly enjoyable course and it had a high level of energy, group synergy and—fun!" ■

Raquel Salientes, Deputy Chief, Financial Systems, Information Resource Management Department.

Shipping Your Possessions Here, There and Anywhere

All the Right Moves

by Jill Roessner

Your daughter is going off to a university in Canada. She needs to take those personal possessions that are necessary (in her words) "to maintain my lifestyle." These include: enough clothes to outfit a small village along with the appropriate shoes and handbags, skis, ski boots, typewriter, hairdryer, stereo and every recording ever made by The Rolling Stones ("I need it in the background while I'm studying, else I just can't concentrate"), books, an alarming array of cosmetics and a teddy bear.

You need help.

A colleague has accepted a position at a resident mission. He will be accompanied by his wife, two children, and an assortment of personal and household effects that will make their new residence seem like home. They will also need to take a car, some food supplies that will not be locally available, and quite a few other things.

He needs help.

Another colleague is about to retire. She will be going back to her own country after more than 20 years in the States. She's accumulated quite a houseful of possessions, and she's not quite sure which should go back with her and which should be disposed of.

She could use some help too.

Help is available. Meet the Shipping Section.

John Forcum, Acting Section Chief, and Peter Williams are both Shipping Assistants employed by the Bank. The rest of the shipping staff, although physically at Headquarters (in the K Building), actually works for four moving companies and one airfreight forwarder which have contracts with the Bank.

Colonial Storage Company, Security Storage Company and Victory Van are all international moving firms with a network of agents worldwide. Charles Choi represents the first two companies and Stephanie Weich represents Victory Van at the Bank. Between them they are responsible for moving about 750 families each year—families who are going out to resident missions, or staff who have left the employ of the Bank and are being resettled. These companies are also responsible for shipments belonging to families returning to Headquarters from field assignments and new staff members recruited abroad.

Every academic year, Uriel Perlman deals with some 175 to 225 "educational shipments." Many staff are not even aware of this benefit, which is available to the children of expatriate staff traveling out of the country to schools and universities, and also to the sons and daughters of U.S. staff

The Security Storage moving men lift huge boxes with apparent ease.

Photo by Giuseppe Franchini

members who are serving at an overseas post and whose children are being educated in a country different from the one in which the family is based. If your child's possessions need to be airfreighted, there is a 130-lb gross weight limit on the shipment, which is sent at the beginning of the school year and returned at the end. If surface shipment is used, the allowance increases to 250 lbs gross.

All the Bank's Paperwork

Mr. Perlman works for Panalpina Airfreight Inc., an international airfreight company which has the contract for Bank children's education shipments, consultant shipments, small airfreight packages and all the Bank's paperwork. The latter can include stationery supplies to field offices, sending Annual Reports all over the world, and so forth.

Bekins Moving and Storage has the contract for U.S. and Canadian moves and Ms. Weich also handles their Bank business. Asta Hundemer takes care of processing the billing from all the different companies and Gay Howard, employed by Marsh & McLennan, is responsible for insurance.

If you have a major move in your future, where do you begin? If it's a reassignment, the Field Benefits Unit will advise you. The accommodations at resident missions are already furnished, so you will not be transporting your furniture, unless there is some special need, such as an orthopedic bed.

You will want to take those personal possessions that will help your family feel at home—maybe some artwork, linens, books, musical instruments, hobby equipment and children's toys. There is a generous weight allowance that permits you to take your personal effects. The weight allowance varies with the size of the family, and in certain field offices, distant from major cities, an additional amount is permitted for "consumables."

If you will be leaving the institution in the foreseeable future and are eligible for resettlement, it's a good idea to start planning your move well ahead of time. You'll be given a specific weight allowance for which the Bank will pay—again this varies according to family size, as well as type of appointment and other factors. Additionally, depending on the entitlement, the Bank may ship one automobile. The Bank will not, however, pay any customs duty.

Any move is a traumatic experience, whether it's across the street or around the world.

You don't have to try and balance your sofa on the bathroom scales in order to figure just how much everything weighs. The Shipping Section will arrange for an estimator to go to your home and advise you. This could even be arranged a year ahead of time if you choose. If it turns out that you have substantially more than the amount allowed, you may want to consider selling some things rather than transporting them at your own expense. If you do have the estimate made well ahead of time, you can sell things at your leisure at the most appropriate season, not in a last minute rush.

Mr. Forcum points out that any move is a traumatic experience, whether it's across the street or around the world. In an international move, there are many people involved. First there is the estimator. Later a crew will come to your house and pack everything very carefully, using the best available packing materials. They will crate your possessions and load them onto a van which will carry everything to a warehouse for forwarding to the dock, where they are put on a vessel.

If Something Goes Awry

There are so many people along the way: packers and movers, customs officials and dockworkers—and when your goods reach the port of destination, everything is repeated in reverse. If something goes awry, it's not really surprising considering all the circumstances beyond the Shipping Section's control.

Dock strikes can wreak havoc with delivery schedules. In one instance, a student's shipment was delayed, only reaching the United States at the end of the summer vacation, just in time to be sent right back for the new semester.

Mr. Forcum has a lot of advice for travelers. He particularly cautions against sending *everything* in your shipment so that you can travel light. He suggests you carry your valuables—jewelry, for instance, and at least enough clothing and immediate essentials to last you for a while if your shipment is delayed. Sometimes, people send all their relevant paperwork in their shipments, then find themselves unable to start work because an airline has misplaced the package or delayed it en route.

Peak Moving Months

Families with children prefer not to disrupt their schooling, and so peak moving months are May to September. If you can avoid those months, it will be to your advantage. It's also helpful if you can avoid making your move at the end of a month, which is the time everyone else chooses.

There is always something new for the Shipping staff to learn. They have recently discovered that if you are assigned to Benin, you should be sure to

save all the packing materials in which your goods are shipped. Martin O'Hara, an Operations Assistant in Western Africa Programs II, learned that the hard way. Not long ago, he returned from Benin with his wife and three children. The Bank, having no previous experience of staff returning from that country, had not been able to forewarn him of the lack of packing materials available there.

Despite this problem, Mr. O'Hara says he was impressed by how smoothly his move was handled. The Shipping Section people were, in his words, "very helpful, cooperative and informative." He says he was relieved to find they had a realistic idea of the practical difficulties of making arrangements in a small country. "They kept bureaucracy to an absolute minimum."

Mr. O'Hara ended up having his shipment packed in "previously used" boxes (some of which appeared to have been used rather often). Local people made "pillows" out of paper sacks and wood shavings to cradle some of the more fragile things. His airfreight delivery has arrived "in good order," and he now awaits the delivery of the rest of his shipment which was sent by sea.

The Shipping staff appear to be an unflappable group. They are used to dealing with airlines and shipping lines. They have arranged for a few things to be moved a short distance, and entire households to be sent across the ocean. They have moved cups and cupboards, paintings and sculptures, grand pianos and king-sized beds, a substantial rock collection, and just about anything else you might think of and a lot of things you wouldn't.

Even if you aren't going anywhere, they can still help you in certain circumstances. If you're a G-4 visa holder and you want to import a car, they can advise you about some of the red tape involved. When you go on home leave, they can arrange for some of your luggage to be shipped ahead of time. If you have any question about moving anything, anywhere, call them. They can save you a lot of time and effort with their advice, which is drawn from a tremendous amount of experience all over the globe. ■

IBIS: Rapid Access to Documents

by Alan Drattell

If you've got a minicomputer or a personal computer with communications capability, you can hook into Records Management Division's Integrated Bibliographic Information System (IBIS). IBIS is a computerized system designed to provide Bank and IFC staff with rapid access to internal Bank documents.

Records Management operates the system as part of its Internal Documents Management Service. IBIS permits a rapid search of almost the entire document collection, about 12,000, produced in the Bank since 1946. These include economic and sector reports, staff appraisal reports, President's reports, project performance audits, impact evaluation reports, staff working papers, discussion papers, and reprints and other Bank publications. The data base displays bibliographic information about each document, including, in many instances, a 100- to 200-word abstract.

If you know what report you want, it is still easier to telephone Records Management's Internal Documents Unit, Ext. 72451, to order the document. But if you want to know what is available on a particular area (or development-related issue), you can retrieve information in several ways—including by title, country, region, subject, loan or credit number, date, or by any word in the abstract, and, to narrow the search, by selecting combinations of these data elements.

Suppose you want to know what information is available concerning rice in a specific country. Using your minicomputer or personal computer, you access the system using specific passwords and, if the data base contains references, IBIS will produce the citations or even a bibliography, depending on the complexity of your query.

You will not receive the full document text on the system. However, since the documents cited in IBIS have all been microfilmed, you can request a paper copy from the Internal Documents Unit.

"The system performs in real-time," says Donald K. Bloomfield, Records Management Division Chief. "That is, you ask the system for information and you receive it within seconds of your request."

It takes two three-hour sessions to train people to use the system, "and right now we have about 25 users. You can also call us and ask us to do a search for you," Mr. Bloomfield adds. IBIS, which became fully operational in 1984, had been in the development stage for about three years. If you want to know more about access to the system, you can contact the system manager, Salvatore Iuculano, on Ext. 60207.

The heart of the system is a so-called World Bank thesaurus which is a structured list of terms relating to subject areas of primary interest to staff, with particular emphasis on the Bank's activities in such sectors as transport, agriculture and industry, as well as development economics.

Future applications for IBIS are under development, and the system can be expected to include directives (policy and procedure manuals, statements and circulars), reference documents (collections from Information Centers in the Bank and IFC), OED Project Performance Information System, and IFC Board papers on investments. ■

On the Record

'Poverty in the Developing Countries —1985'

A. W. Clausen

A. W. Clausen, President of The World Bank, spoke January 11 at the Martin Luther King Center in Atlanta, Georgia, to a National Symposium on Poverty, which commemorated Dr. King's 56th birthday. His theme was "Poverty in the Developing Countries—1985." Here are excerpts:

Until recently, the proportion of people in poverty has been declining in all the regions of the developing world except Sub-Saharan Africa. But the proportion of the world's people in poverty has gone up again during the last few years.

The World Bank is just completing a country-by-country review of poverty throughout the developing world. The situation is most bleak in Sub-Saharan Africa. In nearly all nations of Africa, one-half to three-fourths of the population subsists in absolute poverty—where people are too poor to obtain a "calorie-adequate diet." Statistics about the number of people in absolute poverty can only be very approximate. But the poverty is no less deadly because we can't measure it precisely:

- In Gambia, for example, over half of all rural children die by age 5.
- In Guinea-Bissau, almost the entire population suffers from malaria and diarrhea. Sixty percent of the people in Guinea-Bissau suffer from respiratory infections.
- Even in Nigeria, with one of the highest per capita income levels of Sub-Saharan Africa, over a third of urban families and over half of rural families are unable to obtain a calorie-adequate diet.

By contrast, two developing regions of the world that have been making impressive progress against poverty are East Asia, including China, and the Mediterranean.

Virtually All Children Go to School

Not so long ago, these regions were characterized by widespread, miserable poverty. But now the bulk of their people have enough to eat, substantial improvements have been made in infant mortality and life expectancy, and virtually all children go to school. Poverty is still pervasive only in remote areas, like the two Yemens, or in countries scarred by war, like those of Indochina.

Redistribution of wealth has helped to reduce poverty in several countries—including China, of course, but also including a country as capitalistic as the Republic of Korea. And most of the developing countries of East Asia and the Mediterranean have also made special efforts to help the poor on an ongoing basis—through the expansion of public education, for example. But it is no coincidence that these regions have also been characterized by economic success generally. Rapid and sustained economic growth has been basic to the reduction of poverty in East Asia and the Mediterranean.

The world can also take encouragement from the development saga of South Asia. Only 20 years ago, the prospects for South Asia looked as dismal as the prospects for Africa seem right now. Yet, South Asia has not only held its own, it has also made limited progress against poverty.

Achieving Food Security

In the 1960s, India and its neighbors were forced to import massive amounts of food, especially in years of bad weather. There was every reason to be concerned that population would continue to increase faster than food production. We had visions of endemic famine and violence in South Asia. But most of South Asia has achieved food security through the "green revolution." Economic growth has more than kept pace with population growth, and India and Pakistan have managed to establish large industrial sectors.

Average per capita income in Latin America is higher than in the developing countries of East Asia. Yet, the incidence of absolute poverty in Latin America remains disproportionately high. There is little absolute poverty in countries like Argentina or Costa Rica. But poverty is still a serious problem in most of Latin America, and the region includes countries like Bolivia and Haiti where the extent of poverty is not much different from Sub-Saharan Africa.

Latin America was dealt a body blow by the international debt crisis. Poverty has become more severe and widespread throughout Latin America and the Caribbean, and the prospects are grim in those countries that can't settle on reasonable programs of adjustment.

So then, the historical record shows that progress against

poverty is possible. But progress is probably more difficult as we enter 1985 than it has been for decades.

* * *

In our experience in the Bank, economic growth and poverty reduction are aspects of the same process. Poverty is too widespread in most developing countries to be solved by redistributing income or assets from the rich to the poor. In those countries that have redistributed assets but then failed to achieve economic growth, poor people have remained in misery. So when The World Bank first started to really focus on poverty in the early 1970s, it urged continued efforts to accelerate economic growth in the developing countries.

But it also urged special efforts to include low-income countries and low-income people within countries in the process of growth. Together with other development agencies, the Bank directed more development assistance to the low-income developing countries. And the Bank has also helped to develop methods of raising the incomes of poor people through improvements in productivity and efficiency.

It Is Possible to Reduce Poverty

Experience has demonstrated the fundamental soundness of this approach. It has proved possible to make high growth investments in very poor countries. And the Bank's poverty-focused projects have shown that it is possible to reduce poverty, not only by income transfers, but also by drawing the poor directly into the growth process.

Since most of the world's poor live in rural areas, the Bank raised the share of its lending for agriculture. And we have seen that peasant farmers will indeed expand their production if they have the means and incentives to do so. The means include improved seeds, a good extension service, and public investments in rural roads and irrigation. The incentives must include realistic prices for what they produce.

We have had more project failures in agriculture than in any other sector, and the failures have been concentrated in Africa. But even with the failures, the Bank's agriculture projects have averaged economic rates of return above 20%. Projects where more than half the benefits went to families in absolute poverty have also averaged high rates of return.

Among the urban poor, our most successful approach has been to invest in low-cost housing, slum improvement, and the extension of water and sewerage systems. We have found that one of the best things governments can do for the urban poor is, simply, to relax unrealistic building regulations. In country after country, when slum dwellers were finally convinced that bulldozers wouldn't demolish their settlements, they have made dramatic improvements in their homes.

Commitment to the poor need not imply a bias against the private sector. The Bank's rural and urban development projects have helped to reduce poverty partly through encouraging deregulation—higher agricultural prices and less restrictive building codes. There is no more powerful force for progress against poverty than the initiative and ingenuity of poor people themselves.

But selective government intervention is necessary, too. Public education, especially elementary education, yields very high economic returns in developing countries. And government action is also needed to improve and extend health and family planning services more widely.

We have not found very effective ways to raise the productivity of the poorest 10% to 20% of the population—landless laborers, for example. And some of the very poorest people in any society are sick or handicapped and will always need help from relatives or from society as a whole. By and large, however, our experience has confirmed that the goals of economic growth and poverty reduction can be entirely complementary.

But then came the worst recession in over 40 years. Most developing countries have been confronted with severe balance-of-payment problems. Average per capita income has stagnated, and in many countries it has actually declined.

For most developing countries, regaining financial stability and then reviving economic growth have become urgent priorities. For poor people too—perhaps especially for poor people—financial and economic recovery are vital. Poor people suffer terribly under conditions of general economic decline.

But also now, in 1985, we should make special, focused efforts to generate growth among low-income countries and low-income people within countries.

National Security Purposes

To accelerate growth among the low-income countries, one essential ingredient is official development assistance. Yet, donor governments are redirecting their foreign aid money away from development purposes toward their own national security purposes, and away from the poorest of the poor countries to those developing countries in which they have greater commercial or political interests.

Progress against poverty in the years ahead will also depend on economic adjustment policies within the developing countries that distribute the costs and benefits of adjustment fairly.

Some governments have taken steps to protect the poor in the process of adjustment. In Brazil, for example, while wage increases have generally been held down below the rate of inflation, wages at the lower end of the scale have been allowed to keep pace with inflation. In Indonesia, the government has needed to reduce its public investment program, but it has given high priority to public investments that are important to the poor—in agriculture, for example.

Programs to improve education, health, agricultural productivity, and municipal services among the absolute poor are difficult to get under way. If a government dismantles them in a budget-cutting exercise today, it will take years to build them up again.

It is possible, in designing adjustment programs, to identify policy reforms that will accelerate growth and, at the same time, concentrate the increase in incomes among the poor. Liberalizing trade encourages efficiency and growth, but it especially encourages labor-intensive industry in the developing countries and, therefore, more jobs for the poor. Raising agricultural prices stimulates increased production and, at the same time, benefits small-holder farmers. When government subsidies go mainly to the well-off people in the cities, cutting back will make the economy more efficient and, at the same time, reduce the tax burden on poor farmers.

The government of Zambia is pursuing a package of reforms that includes price decontrol, a more realistic exchange rate, wage restraint, and the reduction of subsidies. While these reforms have lowered the real incomes of some Zambians, especially in the urban areas and the formal sector, the majority of Zambians, who live and work in the rural areas, are benefiting from higher agricultural prices. And as part of the adjustment package, the government has also managed to increase spending on health and education and on public investment in agriculture.

* * *

As Martin Luther King showed us, there is almost nothing as powerful as a dream. And we've seen that in developing countries, too.

It's hard to believe now, but a generation ago the prospects of Korea were regarded as dismal. The Koreans have proved the experts to be wrong.

Twenty years ago, recurrent famine and increasing violence in South Asia seemed all too likely. But India and Pakistan have achieved food security for hundreds of millions of the world's poorest people.

So then, now is the time to dream of an Ethiopia whose people are well-fed from their own production. Now is the time to dream of a Gambia in which children will live to realize their full genetic potential.

I am not, by nature, a dreamer. I am a banker.

But the developing countries have already shown that mass, abject poverty can be eliminated. With redoubled efforts on their part, with continued assistance from us in the industrial countries, the elimination of absolute poverty is a feasible project.

Now, 1985, is the time to dream together—to work together—for a world without hunger. ■

The Silent Minority

by Hervé Plusquellec
Senior Irrigation Engineer, East Asia Projects

(Editor's note: Engineers are a silent minority in the Bank, according to Mr. Plusquellec. Quietly, they observe the ongoing debate on the future role of the Bank, and the increasing emphasis on policy dialogue, structural adjustment loans, and other current issues. This article draws on comments Mr. Plusquellec made at a panel on water management at the 12th International Congress of Irrigation and Drainage in Fort Collins, Colorado, last May, and sees a future role for the Bank's irrigation engineers.)

"More than half of the world's irrigated land needs to be rehabilitated or modernized, often because the distribution systems are outmoded."

—K. L. Framji, Secretary-General of the International Commission on Irrigation and Drainage

Dam engineers are blessed. During planning and construction of a large dam, there may be an outcry about the human and environmental disruption caused by a project, but no one dares challenge the engineer's technical expertise. Once the reservoir is full and the people from the submerged area are resettled, more admiration than criticism is heard about the structures. For the irrigation engineer, however, the case is somewhat different.

In most developing countries, irrigation systems perform well below their potential. Marked inequalities in the pattern of water distribution to farmers are common. Recovery of operation and maintenance costs is disappointing. In arid regions, waterlogging and salinity develop. Who takes the blame for these problems? The farmer, the irrigation system manager, or the engineer? Frequently—and often wrongly—it's the engineer.

The problem of poor irrigation performance has stimulated the interest of a whole range of development professionals, both inside and outside the Bank. In the growing social science literature on irrigation, much is said about irrigation departments "staffed by engineers whose primary interest is in building new—glamorous and prestigious—projects and who receive few

incentives to manage irrigation systems."

Economists were among the first to point out how poorly publicly operated systems were performing. Sociologists, anthropologists, political scientists and irrigation scholars have joined in the chorus, but the "software" solutions they have recommended, i.e., improved management, coordination between agencies, training, budgetary allocations for recurrent costs, etc., have not improved the situation much. Within the Bank, the debate over irrigation performance has been dominated by our economists. But here, as elsewhere, technical contributions to the fray have been insufficient.

It's true enough that the performance of an irrigation project depends on a large number of physical, social and human facts that can't be treated separately from one another. Early researchers focused on water distribution at the farm level and advocated the formation of water users' associations. But recently it's been recognized that much of system mismanagement is related to the main system, and that problems at the farm level often simply reflect a problem upstream in the system.

In recent years, irrigation researchers have concentrated on improving system management, persuaded that here was the root of the problem. Convinced that a technical bias pervades irrigation planning, they disregarded engineering considerations. While a single-minded emphasis on "brick-and-mortar" solutions would be misplaced, there are other technical issues that can't be dealt with through management alone.

Small Pilot Projects

Admittedly, some significant, widely publicized results were achieved through improved system management in several small pilot projects in the Philippines, India and Sri Lanka. But the large inputs of administrative manpower and foreign expertise needed to bring about these achievements make it unlikely that they can generally be replicated. And, although a remarkable improvement in water management was achieved over an entire river basin in Thailand to serve the 1 million hectare Chao Phya project, progress was less impressive in improving equality and reliability of water distribution to water users. Improving management is, therefore, not enough.

In everyday life, a consumer generally blames the designer when an object fails to perform. It's therefore puzzling that no development professionals interested in irrigation problems have ever singled out the design of physical infrastructure as a critical factor in irrigation management.

Performance of old irrigation systems is strongly influenced by their original objectives, designs and technology. Although systems may have

Three Technological Approaches Toward Efficient, Equitable, Reliable and Timely Irrigation

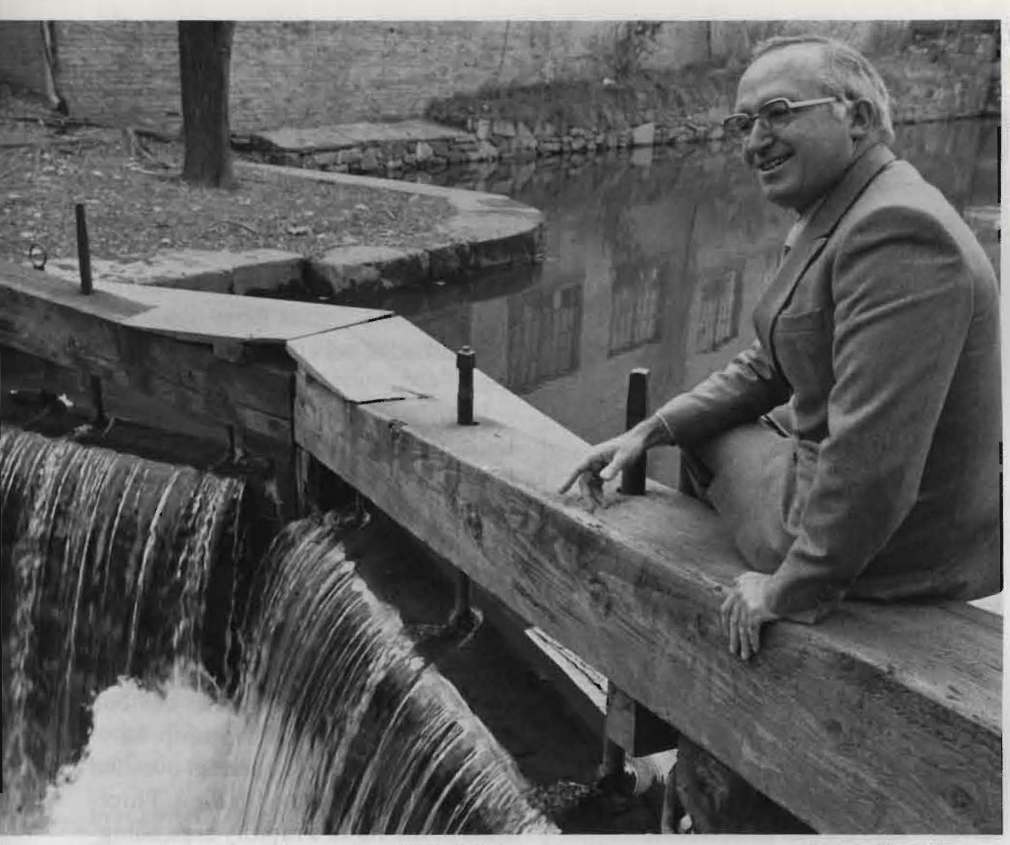
Case I. Mr. X, manager of a project in Thailand, has a problem. During the dry season, too few farmers use the water available in the huge reservoir because the water level in the main canals is too low to reach the paddy fields. Nearby, another manager is slightly better off. A few more farmers can irrigate but they complain they receive too much—or too little—water for their upland crops. With the help of an expatriate water management specialist, field staff in this project tried to improve water distribution—a near impossible task. When any gate is reset, it affects all other parts of the system so that all the gates have to be rechecked and reset again and again, day and night. Not enough skilled personnel; not enough transportation.

Case II. Mr. Y is a manager in Malaysia. In the remote control center of the canal network, all information on gate settings and water flows and levels is continuously displayed on a mimic board. Operating commands to meet the water demand are determined by a computer and transmitted by an operator to the field. His colleague in southern France has an even easier task because there the system is entirely computerized and automated. One competent supervisor is enough to control the entire system. Farmers can water their crops when they like without any advance notice.

Case III. No computers embellish the office of Mr. Z in Morocco. No farmers complain about untimely or insufficient water supply. His small staff is in the field adjusting gates to deliver water as agreed with farmers two or three days earlier. Their task is simple: close or open, and note the time to calculate the volume of water. No measuring devices, no formulas to apply. The system is partly automated through simple structures and ingenious gates.

Case III illustrates that an automated irrigation system is not synonymous with computerization. Some automation can be obtained through hydraulic engineering. The advantages of hydraulic automation are that it is simple, safe and convenient because it doesn't depend on an external source of energy. Moreover, staff training is minimized.

The moral of this story is that outmoded irrigation systems are not top performers. If they continue to be used, investments in irrigation projects won't yield their full benefits. ■



Senior Irrigation Engineer Hervé Plusquellec

Photo by Michele Iannacci

once reached the limited objectives of their designers, they often become inadequate for the needs of modern agriculture. Due to their technical limitations, management and operational staff are able to achieve so much improved performance—and no more.

To take an example, the irrigation system in Pakistan was conceived in the 1870s for conditions and objectives very different from today's. This system—designed to provide fair distribution of water—can be operated efficiently by a small staff for that narrow purpose. But the water supply isn't related to the farmer's real water requirements, and, because the system is inflexible, it can't provide water for maximum crop production.

On the other hand, some systems were designed with the more ambitious objectives of providing both a fair and flexible delivery of water to meet actual irrigation needs. But operating these systems is cumbersome because they rely on a large well-trained staff. These systems are also limited in practice and their shortcomings are built into the original design concept.

The answer to some of these problems lies, I believe, in the advanced concepts of water regulation developed during the last 50 years and now used in some countries. Evidence clearly indicates the advantages of these concepts in simplifying operation and ensuring efficient high water use.

A variety of advanced approaches exists, and care should be taken in selecting the one to be used in new or rehabilitation projects. All offer different advantages and drawbacks, different risks for conflicts among water users, different financial and staff needs for operation and maintenance.

Moreover—to repeat what has become the rallying call of one prominent group of development experts—in some instances, the most appropriate technology is the most rudimentary. That's why planners must examine and select the concepts and associated technology at the earliest stage of project development. They must realize that effective irrigation management is not a post-construction matter and that it must be integrated into the planning, design and construction process—not later.

The U.N.'s Water Conference in May 1977 at Mar del Plata, Argentina, emphasized the urgent need to use the earth's limited water resources more effectively and recognized efficient water regulation as a key factor if "a water crisis of global dimensions within the next decades" is to be avoided.

Because most of the world's water is used for irrigation, the Bank and other financing institutions have oriented their irrigation lending programs toward better use of water resources through the rehabilitation of existing projects and better management.

The Broader Task

But irrigation systems serving several million hectares are still built year after year based on outmoded concepts, maybe with a few improvements. The Bank could play a valuable role in preventing old style systems from being built by contributing to the broader task of identifying methods to achieve modern irrigated agriculture better suited to the physical, social and economic conditions of developing countries.

Since the Bank deals with such a great diversity of projects, it is in a unique position to promote better understanding of the many factors that influence irrigation performance—and how best to deal with them—within our member countries. Bank engineers should be at the forefront of this effort to help the irrigation authorities in these countries achieve better results by introducing appropriate available technology. ■

Bank Supports Country's Program of Economic Reform

China Looks to the Year 2000

by David Beckmann

The People's Republic of China is launching an ambitious new phase in its program to liberalize its economy.

World Bank lending to China in 1984 reached $1 billion—$1 for every person in the country. But the untold story of the Bank's involvement in China is the support it has been providing for that nation's program of economic reform.

The People's Republic started representing China in the Bank in 1980. Shortly thereafter, the Bank undertook a thorough study of the Chinese economy. The Bank's report has been read by the senior layers of China's bureaucracy, including the highest authorities.

Chen Hui, now back in Beijing but then helping to represent China on the Bank's Board of Executive Directors, admits that the first report was "a difficult process." After years of near secrecy, middle-level officials in many ministries were suddenly confronted with data hungry foreigners. "Some of that report's recommendations are still jarring," according to Mr. Chen.

Options for Development

When Bank President A. W. Clausen called on China's top leader, Deng Xiaoping, in 1983, Premier Deng welcomed another major World Bank review of the Chinese economy. He urged Mr. Clausen to focus the report on options for China's development to the year 2000.

Thus, last year, 30 Bank experts visited China for two full months. They talked to hundreds of senior Chinese officials, discussing with them the major long-term challenges that confront the country.

Since the Chinese are now eager to learn from the rest of the world, the Bank's background papers for these talks included long sections on relevant experience from other developing countries. Based partly on what they learned in those meetings, Bank staff are now finalizing their report on China to the year 2000.

"We can never know as much about China as the Chinese themselves," says Edwin Lim, Senior Economist, Country Programs Department, East Asia and Pacific Regional Office, and the head of the Bank team working on the report. "But we can contribute an objective outsider's view and lessons the Bank has learned in other developing countries."

In an interview in Beijing, Wang Liansheng, the senior Finance Ministry official responsible for China's relationship with the Bank, confirmed that the Bank's reports and training program through the Economic Development Institute (EDI) for Chinese officials have indeed supported the country's reform efforts.

When asked about problems in The World Bank-China relationship, he stressed his country's concern over the recent cutback in IDA funding. Three-fifths of the Bank's rapidly expanding program in China has been financed by IBRD, and many Chinese officials are still extremely wary about going into debt.

Bank officials, on the other hand, are keenly aware that their lending

Photo by David Beckmann

Bank staff members Rajan Chanmugam (left) and Edgar Su (on his left) talk to workers outside a bottle-making plant in Tienjin. Mr. Chanmugam is an engineer in the Financial Development Unit, Industry Department, Energy and Industry Staff. Mr. Su is a Senior Operations Officer in the Industrial Development and Finance Division, Projects Department, East Asia and Pacific Regional Office.

Mr. Beckmann, a speechwriter in the Bank's Information and Public Affairs Department, recently returned from China after spending a month with Bank missions there.

still amounts to only about 1% of China's total investment. They are intent that each project be a "nugget of policy advice."

As China Division Loan Officer Richard Bumgarner explains: "World Bank lending will only produce significant results if it supports experiments that the Chinese themselves replicate on a much wider scale." The Bank now has projects in agriculture, industry, energy, transportation, health, and education, and in each of these sectors, the projects are helping to implement and institutionalize China's reform program.

In the industrial sector, for example, The World Bank is helping to set up the China Investment Bank (CIB). Until now, the Bank has channeled all its lending to industry through CIB, mainly to finance imports of modern technology for small- and medium-scale factories.

Investment Decisions

To the Chinese, borrowing from a foreign source and buying foreign equipment represent dramatic reversals of the autarkic policies which prevailed until the late 1970s. But World Bank lending through CIB also has a more long-range policy objective: more efficiency oriented investment decisions.

Since 1949, China's planners consistently allocated nearly a fifth of national income to industrial investment. Output expanded impressively (12% a year), and Chinese industry developed the capacity to produce almost everything—from T-shirts to telecommunication satellites. But outdated equipment and the clumsiness of centralized planning resulted in zero growth in industrial productivity for more than two decades.

China's present regime wants to invest more in other sectors and let consumption rise, so it cannot maintain industrial growth by the sheer bulk of investment. It is determined to raise productivity through increased reliance on the profit motive and decentralized decision-making. It is also looking to CIB, with its World Bank support, to introduce better investment planning techniques.

CIB is evaluating the investments that factories propose to it according to a methodology that combines the best Chinese practice with techniques The World Bank has developed during 38 years of lending in the Third World. CIB's methodology includes market studies and financial projections—a significant change from the days when the state simply assigned production quotas and financed industrial investments on a grant basis.

Borrowing from a foreign source and buying foreign equipment represent dramatic reversals.

CIB also does economic analysis of its investments. This analysis involves compensating for distortions in China's prices for inputs and outputs, generally by using world market prices. In a country where most prices have had virtually nothing to do with supply and demand, economic analysis is hard to understand (even for some staff in CIB) and indeed radical.

The World Bank's insistence on competitive procurement procedures is also novel in China.

I sat in on a meeting of World Bank and CIB staff with the management of Da Gu Chemical Plant in Tienjin, an industrial city of 5 million east of Beijing. The management proposed to make propylene oxide from byproducts of the other production processes in the plant. Plant managers had planned to buy the necessary equipment from one of three well-known suppliers, two of them in Japan. But World Bank staff urged them to throw the process open to international competitive bidding.

Rajan Chanmugam, an engineer in the Financial Development Unit, Industry Department, Energy and Industry Staff, argued forcefully, saying, "You'll get a better price if you don't limit yourselves to just a few companies. There are at least 30 companies that could provide this equipment."

Some Chinese officials are still dubious about The World Bank's procurement guidelines. But international competitive bidding on some of the first Bank-financed projects resulted in substantial savings, and that has sparked rethinking at high levels.

China is trying international bidding for a few domestically financed projects, and the government recently announced that domestic competitive bidding will now be the norm for all large construction projects.

Stephen Ettinger, the Bank official who has been principally responsible for the CIB project within the Industrial Development and Finance Division, Projects Department, East Asia and Pacific Regional Office, worries that its success depends too much on just a few key counterparts in China. Lifetime employment in one institution is the standard pattern in China, so a new agency like CIB has severe staffing problems.

Most Factory Managers

On the Chinese side, most factory managers and local officials still think of the CIB appraisal process as so many hoops to jump through. What they want is foreign exchange to buy up-to-date machinery.

But as CIB gradually gains experience, confidence and clout within China's bureaucracy, efficiency-oriented ways of making investment decisions are taking root in Chinese industry. Some officials in other agencies, the powerful economic commissions for example, are already showing an interest in using CIB's appraisal methods. The top-level State Council recently endorsed CIB's approach.

China's present regime is pursuing a sweeping reversal of past policies. The World Bank's nitty-gritty support for reform, through its economic analysis and projects, is an important aspect of the outside world's response to China's economic reforms. ■

Distributor Network Makes Bank Books Available Worldwide

Across Europe from Lisbon to Helsinki, across Africa from Tunis to Dar es Salaam, through Asia and Latin America, it is now possible to walk into a bookstore and buy one of the Bank's publications. And if what is wanted is not in stock—which tends to be the way with bookstores the world over—it can be quickly and easily ordered from the Bank's local stockholding distributor.

"We began constructing the distributor network in earnest two years ago," says Terrance L. Lindemann, the Publication Department's Marketing Manager, "and now it covers 54 countries. We've still a long way to go, particularly in Africa, but the basic structure is in place and it's working."

One advantage is that Resident Missions can now in many countries refer inquiries to the local distributor, who acts in his territory as an extension of the Bank.

An Obvious Fit

"In some cases," Mr. Lindemann adds, "there is an obvious fit between a distributor's selling ability and a commitment to the Bank's objectives. For example, UNO-Verlag, which represents the Bank in the Federal Republic of Germany, is affiliated with the German United Nations Association, and the head of our distributing company in Japan used to be an IFC staff member. Many others already have experience in working with international organizations and U.N. agencies."

Two important features of the relationship with distributors, aside from the regular flow of newsletters and publications announcements, are the annual sales meeting and the annual report of distributors' activities. At the 1984 Frankfurt Book Fair, an entire morning was devoted to discussing new and forthcoming publications, operational problems, and an exchange of ideas about how best to reach new markets.

> 'Aggressive local marketing is giving us tremendous visibility'
>
> — Feather

With distributors present from five continents, the sales meeting may well have been the most international gathering in that most international of trade fairs. "In addition," says Mr. Lindemann, "the report that we require each year from all distributors enables us to assess their performance and direct attention to problems at their end and ours."

Sales of publications now contribute about $1 million annually to offsetting costs, and overseas sales account for 48% of the total. A big advantage in the arrangement is that, when purchasing from a distributor, buyers can use local currency. This removes one of the main barriers to accessibility of Bank publications.

"A useful, and possibly surprising, spinoff from the sales effort has been a marked increase in the quantity of publications distributed without charge," says James Feather, Director of the Publications Department. "Aggressive local marketing is giving us tremendous visibility."

Another effect has been to give the Bank greater flexibility in publishing. Mr. Feather explains: "If we have a book on livestock development in Latin America, or labor markets in Mexico, or income distribution in Colombia, it makes obvious sense to publish in Spanish as well as English. We work regularly with a publisher in Madrid, but in the nature of things, he cannot do as well in Latin American countries as a local publisher. Nor can an Argentinian publisher market effectively in Mexico or Venezuela. We now have the ability to publish our books in Madrid *and* to place them with our distributors in Latin American countries."

Five-Year Exercise

The program, he points out, was planned as a five-year exercise. Within another three years, the Bank should have a fully developed, responsive, and effective instrument for worldwide dissemination in several languages.

"All beginnings are difficult," adds Mr. Feather, "and we have our teething problems. But when I see bookstores in Colombo and Nairobi putting on special events to launch Bank publications, and banks and businesses in Hong Kong and Sydney and The Hague calling a local number for information, I feel we have made a start. It's encouraging to find that already four of our 10 best markets are developing countries—India, Mexico, Tanzania and Thailand."

Around the Bank

1985 Margaret McNamara Award Recipient Named

The Selection Committee has unanimously elected Fanny Humplick to be the 1985 Margaret McNamara Memorial Fund award winner. She is from Tanzania where she obtained a Bachelor of Science degree in Civil Engineering from the University of Dar es Salaam.

Since September, Miss Humplick has been studying for a Masters in Civil Engineering at the Massachusetts Institute of Technology (MIT). She writes that she plans to return to Tanzania to lecture in civil engineering after she receives her degree. She also intends to encourage more women in her home country to join this field.

Dr. Ralph Gakenheimer, Professor of Urban Planning and Civil Engineering at MIT, wrote in his letter of recommendation that, given her outstanding performance so far, he has good reasons to believe that Miss Humplick will turn out to be the best sub-Saharan student he's had in 15 years—man or woman.

"Also the question of the relation of her work to the problems of the women and children of her country needs no belaboring," said Dr. Gakenheimer in his letter. "Her field is transportation and infrastructure (water, sewerage, etc.), which are very close to the problems of family welfare, roles of women and the nurturing of children."

Miss Humplick is the third recipient of the Margaret McNamara Memorial Fund which is a project of The World Bank Volunteer Services to help female students from developing countries during their studies in the United States. ■

New Cookbook

As part of its effort to raise funds for the Margaret McNamara Memorial Fund, The World Bank Volunteer Services is about to begin work on a new international cookbook which should be ready by next Christmas.

Samia Mistafa (tel: 320-2838) and Hada Zaidan (tel: 469-7081) are heading the committee. If you are interested in contributing recipes, please call them at the above numbers. ■

1st 1818 Chapter Meeting Down Under

Former Bank staffer Dawn Anderson reports from Sydney, Australia, to let us know that the first meeting of the Southern Cross Chapter of the 1818 Society was an unqualified success. Here are excerpts from her letter:

"We had a happy group of 32 attending our function, comprising 26 ex-World Bankers, including 10 retirees/deferred retirees, plus six partners. Their working years at the Bank spanned 34 years from 1948 to 1982.

"A number of retirees who were sent invitations replied, indicating that although they were unable to attend this function they are interested in becoming members of our chapter...

"Some had driven from as far as Canberra (200 miles) and from our North Coast beach area... also one retiree came all the way from Tasmania... It was very heartening to hear the chatter and laughter during lunch as lots of reminiscing took place...

"Those gathered were unanimous that they would like the group to continue and to meet occasionally for a social get-together, as well as fulfilling some definite purpose of assisting others.

"It was suggested the social gatherings could include lunches, dinners, picnics, golf days, bridge, theatre, travel, etc. A suggestion that we could also think about planning a group airline trip to the U.S. was met with much enthusiasm...

"All those attending agreed that they faced challenges and adjustments when returning to Australia...We could see from our own experiences

continued next page

St. Elizabeths Charity Drive

Kristen Babashak of the Bank's Community Relations Program helped collect gifts from staff for the traditional St. Elizabeths Hospital Christmas charity drive. Staff contributed more than 4,000 gifts.

that there were many areas in which we could help others who were contemplating returning to Australia and we decided we would definitely make this the main purpose of our group.

"We would therefore be very happy to assist, in any way, those planning to return to Australia, and at this early stage, anyone wishing advice on any subject in this regard can feel free to write to me. We have been assured of the support of all those present at the reunion to help out wherever possible with any advice required...

"We hope our membership can expand to include many more ex-World Bankers now living in Australia, as well as those who will be returning in the future."

Staff who might be interested in retiring to Australia or New Zealand and would like some advice or to join the group can contact Ms. Anderson at 27/40 Archer Street, Chatswood 2067, N.S.W., Australia.

Zambia Project

President Kenneth Kaunda of Zambia (left) recently hosted a luncheon for representatives of international financial institutions which signed investment agreements with the Mpongwe Development Company for expansion of a farming project in the Copperbelt province of Zambia. The project will reduce the country's dependence on imported foodstuffs and provide new agricultural exports. Here, President Kaunda meets with Azam Alizai (right), Director, Department of Investments, Africa II, IFC. On Mr. Alizai's right is Reuben Kamanga, a Member of the Central Committee of UNIP, Zambia's ruling party. Photo courtesy Zambia Daily Mail

Managers Shouldn't Be Heroes

Do you believe that good managers should:

- Know at all times what is going on in their departments?
- Have more technical expertise than any subordinate?
- Be able to solve any problem that comes up—or at least solve it before a subordinate can?
- Be the primary—if not the only—person responsible for how the department is working?

If you answered "yes" to most of these questions, you believe in the traditional concept of "manager as hero," a concept that the authors of *Managing for Excellence* view as outmoded, according to *Communication Briefings*, a newsletter for decision-makers.

Professors David L. Bradford and Allan R. Cohen, authors of *Managing for Excellence*, argue that the heroic leadership style restricts information flow, creates major bottlenecks, provokes organizational politics and results in poor performance.

They introduce the "manager as developer" concept as a constructive alternative. This approach requires developing a team of key subordinates who are jointly responsible with the manager for the department's success.

Essentially, the manager as developer must:

- Learn to have impact without exerting total control.
- Be helpful without having all the answers.
- Be powerful without needing to dominate.
- Act responsibly without squeezing others out.

They note that many more options open up when the leader's orientation becomes: "How can each problem be solved in a way that further develops my subordinates' commitment and capabilities?"

In other words, the manager must get the job done while engaging subordinates in a way that helps them stretch.

How does this approach contribute to excellence? The authors, who developed and refined the concept while working with more than 200 managers from leading organizations, offer these findings:

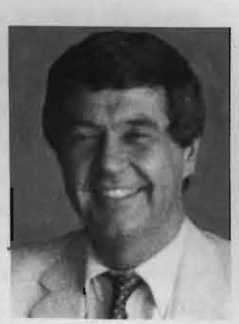
- Tasks are more likely to be accomplished at a high level of quality. "Members seize new opportunities as they develop; uncover problems and difficulties early, before they become major crises; share their knowledge and expertise; and feel committed to carrying out decisions."
- "Increased feelings of responsibility by subordinates are not limited to task issues but extend to managerial ones as well."
- Subordinates become more highly motivated.

Senior Staff Appointments

FLORENT AGUEH has been promoted to Chief of the new South East Division (Malawi, Mozambique and Tanzania), Eastern and Southern Africa Country Programs Department I. Mr. Agueh, a Beninese national, joined the Bank in 1972 as a Young Professional. In 1973 he became an Economist in Agriculture Division I, Western Africa Country Programs Department, and in 1975 he transferred to Division 2B, Western Africa Country Programs Department II, as a Loan Officer for Cameroon. In 1977 he was appointed Resident Representative in Upper Volta, returning to Headquarters in 1980 as Senior Loan Officer for Brazil in Division 2A, Latin America and the Caribbean Country Programs Department II. His new position was effective January 1.

VITTORIO CORBO has been named Economic Adviser, Development Research Department. A Chilean national, Mr. Corbo is on leave from the Pontifica Universidad Catolica de Chile and has been a consultant to the Bank since 1982. Previously he held teaching and research assignments at various universities in the United States, Canada and Chile, and was Director of the Institute of Applied Economic Research in Montreal, Canada. His new assignment was effective December 3.

EDUARDO TALERO has been appointed Chief, Operational Systems Division, Information Resource Management Department. Mr. Talero, a Colombian national, joined the Bank in 1974 as a Computer Specialist in the Computing Activities Department. He was promoted to Computer Systems Specialist in 1976 and to Senior Computer Systems Specialist in 1980, and has been acting as Chief of the Operational Systems Division since 1983. His appointment was effective December 1.



ROBERTO CHADWICK, a Chilean national, has been named Management Policy Adviser, Office of the Vice President, Personnel and Administration. Mr. Chadwick joined the Bank in 1970 as a Loan Officer in the Latin America and Caribbean Country Programs Department II where he worked primarily on Uruguay and Colombia. He transferred to Eastern Africa Country Programs Department II in 1973, working primarily on Zaire. In 1974 he transferred to the Resident Mission in Zaire as Loan Officer and was promoted to Senior Loan Officer in 1975. In 1976 he served on a secondment appointment as Deputy General Manager with SOFIDE, the Zairian development finance company, and in 1978, he returned to the Bank as its Resident Representative in Zaire. Mr. Chadwick returned to Headquarters in 1983 and was assigned to Eastern Africa Country Programs Department II as Senior Loan Officer for Mauritius, Comoros and Seychelles. In 1984, he transferred to the Latin America and Caribbean Country Programs Department II as Senior Loan Officer for Argentina. His new position was effective December 1.

MIGUEL E. MARTINEZ has been promoted to Chief, Transportation Division 2, Latin America and the Caribbean Regional Office. Mr. Martinez, an Argentinian national, joined the Bank in 1974 as an Evaluation Officer in the Operations Evaluation Department. He was promoted to Senior Evaluation Officer, Transport, and in 1977 he transferred to the Central Projects Staff, Transportation Department, as a Senior Economist. In 1978 he was promoted to Economic Adviser in the same department, and in 1979 Mr. Martinez took a leave of absence from the Bank to become Technical Director of the National Transport Plan Study in Argentina in the Ministry of Transport and Public Works. Mr. Martinez returned to Headquarters in 1981 and was appointed Deputy Chief, Ports, Railways and Aviation Division, Latin America and Caribbean Regional Office. In 1983 he was named Deputy Chief, Transportation Division 2, in the same Region. His new position was effective December 1.

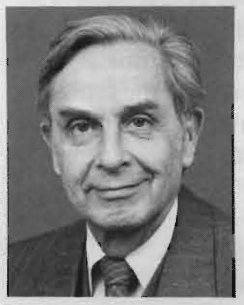
AnswerLine

The purpose of this column is to answer questions of broad interest concerning The World Bank/IFC's policies and procedures. Because of space limitations, only questions of wide interest can be published. If you have such a question, send it to: Answer Line, The Bank's World, *Room D-839.*

Question: Is there any reason why the Bank cannot provide each staff member who is a U.S. citizen with a detailed explanation of the method and computation used to determine the individual's quarterly Federal and State tax allowances? This would provide a better understanding of how one's actual gross salary is computed.

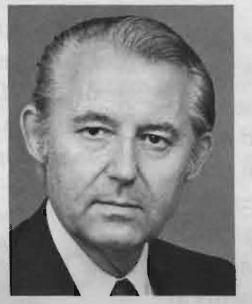
Answer: The Tax Unit staff is prepared to explain to any U.S. staff member how his or her individual tax allowance is calculated. While the approach to the tax allowance calculations is standardized, the details of the calculations are varied and dependent on specific data, some of which are provided by the staff members (where they live, number of dependents, length of time in a taxing area, etc.). Rather than distributing complex calculations to each staff member, the Tax Unit believes that an explanation, provided on a personalized basis, is the most effective means of providing this service to its clients. Staff are requested to call the Tax Unit, Ext. 69228, to arrange for a detailed explanation of their respective computations. *Norris L. Harrison Jr., Chief, Administrative Expense Division, Accounting Department.*

Retirees



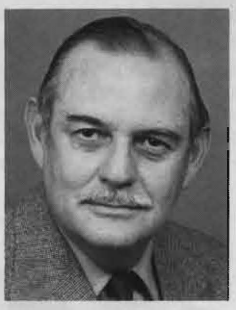
David Conrad
December 1

Alvin Egbert
December 31



George Kalauzi
December 31

Milo Melrose
December 21



Gerardo Soto
November 30

No photograph available

Joan Brown
December 31

Doris Garvey
December 31

Conchita Tomasello
December 31

New Staff Members

Kirsten Babashak
United States
Secretary/IPA/12/10

Refael Benvenisti
Israel
Senior Economist/IFC/12/17

R. Michael Brush
United States
Sr. EPD Auditor/IAD/12/3

Kek Choo Chung
Singapore
Port Operations
Specialist/EAPT2/12/3

Maureen P. Colinet
Australia
Secretary/VPERS/12/17

Colin J. Conway
United Kingdom
Port Engineer/AEP/12/14

Yves A. Duvivier
Belgium
Financial Analyst/WAP/12/5

Mohamed Ali Hammoudi
Algeria
ED's Asst./EDS/12/21

Robert J. Hatfield
United States
Sr. Procurement
Officer/ADM/12/3

Shally John
India
Secretary/EPD/12/10

Suzanne S. Leland
United States
Administrative Asst./ADM/12/10

Marilyn J. Malbon
United States
Secretary/WA1/12/3

Michael D. Mathew
United Kingdom
Disbursement Officer/LOA/12/3

Janice M. Molina
United States
Secretary/WA2/12/10

Jose Molina
Philippines
Financial Asst./FOD/12/3

Angela Ransom
United States
Research Asst./EDI/12/4

Gustavo C.F. Raposo
Brazil
Clerk/PMD/12/26

Jesus Ruiz-Ayucar
Spain
ED's Asst./EDS/12/3

Rosana Sam
Cambodia
Secretary/EM2/12/26

Fernando L. Scelza
Uruguay
ED's Asst./EDS/12/3

Anthony C.R. Wheeler
United Kingdom
Education Economist/EMP/12/3

Shang-Zi Wu
China
Young Professional/YPP/12/17

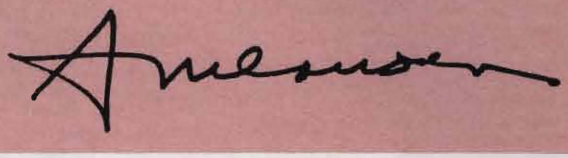
1984 Issues of *The Bank's World*—Index to Stories

A Message about Women in the Bank and IFC

(Editor's note: Bank President A.W. Clausen recently sent the following letter to managers.)

This letter is to remind you that the policy of the Bank and IFC is to ensure that women effectively participate at every level of our staff, including higher level positions. We are making considerable progress—recruitment rates for higher level positions have been consistently higher for women than for men over the past several years. But we need to step up our efforts. Overall, women represent 14% of higher level staff, but at levels N-Q the proportion is less than 3%. These figures are far too low, and in my opinion we must do better.

The responsibility for implementing this policy lies with all of us who are members of the managerial team. We must be diligent in our recruitment efforts to ensure that qualified women are found. I realize that significant increases in the proportion of women will not be easy to accomplish given the low growth levels for staff. However, we are managers in part because we can solve problems, and I expect innovative and constructive efforts to achieve our objectives.



As we go to press...

SPECIAL FACILITY FOR AFRICA: The establishment of a special assistance facility for Sub-Saharan Africa will be discussed at a meeting of donor countries at The World Bank's offices in Paris, January 31-February 1. Funding of $1 billion for the special facility over a three-year period is being sought. The funds would be used for those African countries willing to undertake major economic policy reforms but needing financial support to carry them out.

The special facility would be a part of the Joint Program of Action for Africa the Bank has proposed. The Program focuses on improved economic management by the African countries, on better aid coordination, on increasing external support for reform programs, and on the need to rehabilitate and to maintain infrastucture.

The Program also emphasizes the urgency to keep up such basic development activities as education, health, population, agricultural research, and forestry. It calls on donors to rebuild the level of aid to Africa.

Developed and developing countries widely endorsed the Action Program when it was announced at the Annual Meetings in September. It has since received additional public support as it became clear that current activities to relieve the famine in Africa need to be urgently supplemented by long-term development efforts to avoid a recurrence of the crisis and to restore economic growth.

The Bank would manage the special assistance facility, which, like IDA, would make concessional loans. The facility would be a one-time effort and would not be renewed after its three-year life period. Its funds would be kept separate from those of IDA. Donors will be invited to make voluntary contributions. There will be no "burden-sharing" as in IDA replenishments.

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INTEREST RATE DOWN AGAIN: The interest rate on World Bank loans to developing countries has been reduced from 9.89% to 9.29% for the six months beginning January 1. This is the fifth consecutive semi-annual reduction since July 1, 1982 when the Bank adopted a policy of variable rates for new loans.

For the first six months under that policy the rate was 11.43%. It dropped to 10.97% January 1, 1983 and to 10.47% six months later. On January 1, 1984, the rate was reduced again to 10.08%, and to 9.89% for the past six months.

The interest rate is calculated by adding a spread of 0.5% to the average cost during the most recent six months of a "pool" of outstanding World Bank borrowings.

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