A Message from the President

Traditionally, this is the time of year each of us takes stock of what we have done during the past 12 months and resolves to do even better in the year ahead.

1982 has been a most difficult one for all people. The recession continued, interest rate levels remained high, commodity prices slumped, unemployment rose and uncertainties increased about the prospects ahead. It was a year indeed that was full of challenges to this institution. We sought to meet these challenges in many ways, and the global economic pressures served to underscore how vital it is that The World Bank and IFC marshal all their resources in the most effective manner to secure development. In this testing period, the staff of this institution has done well.

The prospects for the global economy are still fairly bleak ones. The poorest nations, in particular, face a period of difficult adjustment. It is, therefore, all the more essential that we work together to strengthen this institution so that its contribution to global development can be greater still.

In this current fiscal year, we have embarked on programs of record proportions to meet the great needs of the developing countries. Meeting our targets, in terms of the quantity of our operations, and more importantly in terms of their quality, will not be easy. But the notable achievements of the past 12 months augur well for the period ahead. In some areas of The World Bank and IFC new approaches are being implemented which should enable our institution to become still more effective.

We are strengthening the financial base of the Bank, developing new initiatives and enhancing older ones such as co-financing, intensifying efforts on IDA 7, and creating a healthier internal climate leading to improved overall operational effectiveness and better communication.

A year ago, I stressed the need for 5,500 World Bank/IFC ambassadors to work still harder to increase understanding among the many publics that we serve of what we are doing and why. We have had positive results in this endeavor and I urge you to continue with these efforts.

As indicated earlier, the end of the year is a time for stocktaking. When we look back at 1982, we can clearly see 12 months of great accomplishment, presaging a year of strong resolve. But we should also reflect for a moment upon the great problems that face so many people around the world less fortunate than ourselves and about what we can do to make our planet a better place.

At this time, I want to wish each member of our staff and his or her family a very Happy and Healthy New Year.

[Signature]

COVER: Happy New Year in some of the many languages Bank staff speak.
The first round of negotiations on IDA 7 have been most positive," declared Moeen Qureshi, Senior Vice President, Finance, at the conclusion of the first IDA Deputies' meeting on the Seventh Replenishment held last month in Washington. The second meeting of the Deputies will be held in early February in Paris.

At the first meeting, Deputies exchanged views on how the Seventh Replenishment should be structured, the major issues to be resolved, and the time to be taken for the negotiations.

"One delegation after another stressed the firm commitment of their governments to secure a strong IDA as the major multilateral institution providing concessional assistance to the very poorest nations," said Mr. Qureshi. "There was a decided sense of urgency evident as the donors stressed the need to ensure that IDA 7 starts promptly on July 1, 1984.

"There was also clear consensus that a combination of informal bilateral meetings to complement more formal meetings of the IDA Deputies representing all donors would be necessary to facilitate IDA 7 negotiations especially in dealing with such difficult issues as the volume of resources for IDA 7, the allocation of such credits among borrowers, and the relative shares of contributions by the individual donor nations."

At the November meeting, IDA management pointed out that if the funding were to be merely maintained in real terms at the level of IDA 6—SDR (Special Drawing Rights) 9.15 billion or $12 billion at 1979 exchange rates in fiscal years 1981-83—then total contributions would have to reach SDR 13.5 billion or $15 billion at present exchange rates for the IDA 7 period from mid-1984 to mid-1987.

Important new factors warrant consideration of a higher amount, according to IDA management. These include the entry of China into the list of countries eligible for IDA financing and the greater need for investment funds in the poorest countries, particularly in Sub-Saharan Africa.

In November, several government representatives stressed both the severe budget pressures they faced and exchange rate concerns, but appreciated the even more difficult economic problems the poorest nations now confront; hence, they recognized a need to balance these factors in determining a target volume for IDA 7.

It was noted that IDA's credit terms have not changed since its inception: 50 years maturity, of which there is a 10-year grace period, no interest, and a small service charge. There was discussion of maturities and charges and quite a number of Deputies stressed they were reluctant to impose interest charges on IDA credits. It was felt that IDA management should keep this matter under study. At the same time, it was agreed that any consideration of IDA actually borrowing funds should only be made once the negotiations had reached a conclusive phase and it was clear what levels of grant contributions would be available.

There is a general expectation that the IDA 7 negotiations will enter a conclusive phase by the end of September 1983 by the time of the Bank's next Annual Meeting, to be held in Washington. This would give donor governments' legislatures sufficient time to ratify the agreement so that it can become effective July 1, 1984.

As the Bank's President, A. W. Clausen, stated at the start of the November meeting, "How these negotiations ultimately turn out over the coming months will have a profound influence on the lives of hundreds of millions of people throughout the world. There is no single issue in the Bank's program to which I attach more significance. IDA has become a cornerstone of international cooperation. It is essential that it remains strong."
In nearly 20 years, about 800 Young Professionals from 85 countries have joined the Bank. The Young Professionals Program (YPP) was established in 1963 as a means of recruiting outstanding university graduates, and today almost 75% of all YPs recruited are still with the Bank.

To find out more about YPP, The Bank’s World interviewed Michael Sarris and Donald Allison, Administrators for the program in the Personnel Management Department.

Q: What are the basic requirements for applying to the YPP?
A: The YPP seeks men and women with strong backgrounds in economics and/or finance. Candidates must have at least a master’s degree. Fluency in English is required. It is also desirable that candidates have a speaking proficiency in one of the Bank’s other working languages—Arabic, Chinese, French, Portuguese, or Spanish. Work experience in areas related to World Bank activities is also beneficial. Candidates should not be more than 30 years old, although exceptions are made to this requirement in certain circumstances.

Q: How is a YP selected?
A: Competition is keen. This year the Program expects to receive approximately 5,000 applications for 25 positions. The YPP has developed its own short pre-application form which is used to pre-screen candidates. Based on the information in these forms and interviews Bank staff conduct throughout the world, some 500 candidates will be asked to submit a detailed application package that includes academic transcripts, references and two essay questions. Approximately 100 candidates will then be selected for panel interviews with senior Bank staff. These interviews will be conducted in January and February. Based on the results, 50 candidates will be presented in March to a YP selection committee comprised of Bank Directors who make the final choices. Those chosen as YPs then have six months to join the Bank.

Q: What are the key characteristics you look for in recruiting YPs?
A: At the risk of oversimplifying, we are looking for people who have five key characteristics. The first is intelligence as demonstrated by academic success. The second is that a candidate has the flexibility to work in different areas of the Bank.
The Program does not recruit specialists nor does it recruit for specific positions in the Bank. The third is enthusiasm for the type of development work the Bank does. The fourth is maturity, combined with the tact and diplomacy needed to handle Bank work. Finally, we look for people who we think have the personal characteristics needed to work well in the Bank environment.

Q: What chance does a research assistant or other support staff have in becoming a YP?

A: Their chances are not necessarily any better or any worse than those of other candidates with whom they are competing. They do, of course, have the advantage of having been evaluated in the Bank's working environment. In the last two YP selections, three former research assistants and two former Bank researchers were chosen for the Program.

Q: Does the YPP have nationality quotas?

A: No. But the Program does attempt to attract candidates from all 144 member countries of the Bank. Special efforts are made to attract women and candidates from developing countries.

Q: What does one do as a YP?

A: YPs stay in the Program for 12 to 18 months. During this period they serve two or three rotational assignments in different areas of the Bank. These assignments have traditionally been in Programs, Projects and IFC. The Program is now putting more emphasis on encouraging YPs to take assignments in support and policy groups as well. The purpose of the rotational assignments is to reinforce the flexibility of YPs and to give them greater exposure to the Bank. Once they have successfully completed their rotational assignments, YPs are expected to take permanent positions in the Bank.

Q: What is the typical career path of a YP?

A: There is no typical career path for a YP. YPs are scattered throughout the Bank in a wide variety of functions. Because YPs are brought in at a relatively young age and have fairly flexible backgrounds, a YP's career can encompass several types of assignments (economist, financial analyst, loan officer, etc.) working in different areas of the Bank. A significant number of former YPs are managers.

Q: Hasn't the YPP been significantly curtailed in recent years?

A: The number of YPs selected each year has declined as a result of the overall slowdown in Bank recruiting. Only 10 YPs were selected last March, and the selection scheduled for October 1982 were canceled. In previous years, the Program had been taking about 50 YPs—25 in both March and October. Next March, 25 YPs will be selected, but no selection is now planned for October 1983.

Q: What is the placement situation like now for graduating YPs?

A: It certainly isn't as sanguine as it used to be when the Bank was growing and YPs more or less had their choice of where they wanted to go. At the same time, the flexibility of most YPs has meant that even at a time when permanent job opportunities are limited, with few exceptions YPs have continued to be in demand by Bank managers.

Q: Why is it important for the Bank to have a YPP?

A: The Program benefits the Bank in several ways. Perhaps most importantly, the YPP provides the Bank with an infusion of recent graduates who have been exposed to the latest academic thought in economics and finance. This provides the Bank with young, eager staff who may have new approaches and ideas with regard to economic development. The YPP has also proved an important vehicle for the Bank to recruit women and nationals of developing countries.
The following interview with Ghassan El-Rifai, Division Chief, Country Programs Department II, Europe, Middle East and North Africa (EMENA) Region, looks at the background and performance of Arab aid institutions—their technical cooperation with The World Bank including co-financing, and an outlook on the future level of Arab aid.

Q: How did Arab aid come about?
A: Development aid from oil-producing capital-surplus countries to other developing countries started in the early '60s. However, in late 1973, the sharp increase in the price of petroleum triggered a new dimension in the world economic order. What followed was a massive transfer of financial resources to a small group of nations enabling them to accumulate large surpluses of the so-called "petrodollars." Thus, for the first time, the Arab oil-producing countries joined the league of traditional aid donors.

Q: Can you give a brief background of the Arab and other Middle East aid institutions—the reason for their establishment, their resources and terms of aid?
A: Arab aid was pioneered by the establishment of the Kuwait Fund for Arab Economic Development (KFAED) in 1961 which, until 1974, provided financial and technical assistance only to Arab countries. Since then, however, the operations of the Fund have been extended to all developing countries. According to its charter, the Fund is an autonomous, independent body, with the objective of assisting developing countries. Similar to Kuwait, the foreign aid supplied by the United Arab Emirates (UAE), which has consistently remained at a very high level, was channeled through the Abu Dhabi Fund for Arab Economic Development (ADFAED), established in 1971. Saudi Arabia has also been a major donor of foreign aid. Its official development agency, the Saudi Fund for Development (SFD), founded in 1974, has consistently provided substantial assistance to developing countries. Iraq also provides financial aid through its bilateral aid agency, the Iraqi Fund for External Development, founded in 1974.

Among the Arab multilateral aid institutions, the Arab Fund for Economic and Social Development (AFESD) is one of the oldest. Established in 1971 with headquarters in Kuwait, the Arab Fund is funded by members of the League of Arab States, and is the only Arab aid institution extending aid exclusively to Arab developing countries. In 1975, Arab governments created the Arab Bank for Economic Development in Africa (BADEA) with headquarters in Khartoum, Sudan, to assist economic development in Africa. In 1975, the Islamic Development Bank (IDB) formally opened in Jeddah, Saudi Arabia, to foster the economic development and social progress of member Islamic countries in accordance with the principles of the Islamic code (Shariah). Shareholders in the bank are the governments of 42 Islamic coun-

Arab Aid

The multipurpose rockfill dam on the Pattani River in southern Thailand. The Kuwait Fund for Arab Economic Development (KFAED) was involved in this project along with the Bank.
tries, with Saudi Arabia, Libya, the UAE and Kuwait being the largest shareholders. In 1976, what started as a special facility is now a full-fledged international development institution called the OPEC Fund for International Development (OFID), formerly the OPEC Special Fund. The OFID was created to foster financial cooperation between the member OPEC countries and other developing countries by providing concessional financing to promote economic and social development. Since its inception, the OFID has been one of the most active co-financing partners of The World Bank.

With regard to your question on resources, the total authorized capital of the eight Arab and other Middle East aid institutions amounts to $25.9 billion, of which about $13.9 billion have been committed through the end of 1981. It must be noted that the major bilateral donors in the Arab world are also major contributors to the Arab and other Middle East multilateral institutions. For example, Saudi Arabia, Kuwait and the UAE are the major shareholders of the Islamic Development Bank, contributing about 52% of the total resources. They are also the major contributors to the OPEC Fund for International Development and the Arab Bank for Economic Development in Africa.

The terms of aid extended by these institutions are concessional. Lending is generally long term, ranging from a minimum of eight years to about 40 years. Loans usually have a grace period anywhere from about two to about 10 years. The OPEC Fund and the Islamic Development Bank do not charge any interest on the loans they provide, but do charge a service fee from 0.5% to 3%. The rest of the institutions charge between 1.5% and 6% depending on the type of project and the economic situation of the recipient country. Considering that the aid extended by the Arab donors is “untied,” these terms reflect a higher degree of concessionality.

Q: Do these institutions lend to all countries? What other activities do they engage in?

A: In terms of geographical coverage, only one of the institutions, the Arab Fund, assists Arab countries exclusively. The Abu Dhabi, Kuwait, Saudi and Iraqi Funds cover most of the developing countries. BADEA limits its operations to basically Eastern and Western African countries, while the Islamic Development Bank, on the other hand, is limited by its articles of agreement to assist members of the Islamic Conference only and Moslem communities in non-member countries. The OPEC Fund has no geographical limitations. In general, the Arab oil-producing countries’ aid programs, which traditionally were directed to developing Arab countries, have changed. In 1981, for example, Asian countries received about 41% of the total aid extended ($890 million), Arab countries were next with $695 million, and the African countries ran third with $520 million. Aid to Latin American countries was a modest $59 million in 1981. While the absolute amounts of aid varied, each of the three major regions received about the same volume of projects.

Aside from lending operations, virtually all of these institutions offer technical assistance grants to finance activities such as project feasibility and pre-investment studies, sector improvement studies, etc. There has also been substantial program and balance of payments assistance since the quadrupling of oil prices in 1974. For example, as much as 45% of the OPEC Fund’s loans extended since its inception went to program and balance of payments assistance. The Abu Dhabi Fund and Kuwait Fund have now started to engage in equity participation, and the Islamic Development Bank in addition to its traditional lending operations has also been involved in foreign trade financing, leasing, equity participation and profit sharing.

Q: Can you comment on these institutions’ organizational structure and management?

A: Yes. These Arab aid institutions have basically similar managerial structures. The governing body is usually vested in a Board of Directors with a President or Director General at the helm. Most of these institutions have over the years developed an institutional capability to develop their own programs and conduct their own project appraisals.

In the area of project selection and appraisal approach, these institutions, by and large, follow appraisal techniques similar to those of well-established international financial institutions, but with a shorter project cycle. In general, their procurement procedures re-
The Abu Dhabi Fund for Arab Economic Development and IDA jointly provided money for an integrated rural development project in the Yemen Arab Republic. Here a veterinarian sprays imported herds against diseases.

Q: How do you assess the performance of these aid institutions so far?
A: According to OECD figures, the combined value of concessional aid disbursements by selected Arab countries (Kuwait, Saudi Arabia and the UAE) amounted to about $5.3 billion in 1980 with a combined average of 3.83% of Gross National Product (GNP). This high percentage shows a sincere and determined commitment on the part of these countries to assist in the economic development of the poor countries.

Q: What about co-financing? How important is it for The World Bank in the context of these institutions?
A: Let me briefly summarize the importance of, and the need for, co-financing. In recent years, The World Bank has addressed the growing needs of its borrowing member countries by becoming increasingly active in stimulating co-financing. It recognizes several distinct advantages. Firstly, co-financing enables World Bank borrowers to finance larger projects. Secondly, The World Bank, at a time when its resources from a major member are being reduced, can maintain its level of lending through co-financing. Thirdly, the Arab co-financing partners can benefit from co-financing by shortening their project cycle and making use of appraisal reports already prepared by the Bank.

Q: Apart from co-financing, are there other areas of World Bank cooperation with these institutions?
A: Over the years, there have been a number of ways in which The World Bank cooperated with these institutions, such as assistance in their organizational set-up, staff secondment, on-the-job training, participation in the programs and courses of the Bank's Economic Development Institute (EDI), joint appraisal of projects and regular exchange of information.

Q: Can you provide some idea of the extent of cooperation between The World Bank and these institutions in co-financing? What sectors are attractive to these institutions?
A: The Arab aid institutions and The World Bank have been close partners in many ways over the years. The primary mechanism for this strong relationship has been co-financing operations which have grown significantly. Since 1971, The World Bank and the Arab aid institutions have cooperated in a total of 237 projects, with these institutions contributing $3.6 billion, complementing Bank/IDA lending of $7.6 billion. The Kuwait Fund has the largest number of projects co-financed (30%), followed by the Saudi Fund (28%), the Arab Fund (15%), and the OPEC Fund (12%). The rest have less than 10%. Arab aid institutions have co-financed mostly basic infrastructure, utilities, industrial and agricultural projects. Almost 30% of the projects co-financed are in transportation, 23% in agriculture, 21% in power, 14% in industry, 8% in water supply and sewerage and the rest in energy, program assistance and telecommunications.

Q: Is The World Bank exploring ways of expanding co-financing cooperation?
A: Yes, definitely. Past co-financing operations of the Bank with the Arab aid institutions have been conducted on the basis of immediate need. In many cases, these institutions have voiced their disappointment at the manner in which the Bank has involved them only at a late stage of project processing when a large funding gap was perceived. New ways of fostering better relations with the Arab aid institutions are being developed, such as timely and systematic dissemination of project information and keeping the Arab aid institutions informed well in advance of the implementation process of co-financed projects.

Q: What, in your opinion, does the future hold as far as Arab aid is concerned? Will Arab aid become permanent? What will determine its future level?
A: In my opinion, Arab aid has become a permanent feature in world economic development. Undoubtedly, Arab foreign aid has increased sharply because of the emergence of huge surpluses of petrodollars since 1974. But one needs to remember that four out of the eight Arab aid institutions were established before 1974 (the OPEC, Saudi, Iraqi Funds and BADEA...
were established after the oil price increases.

Moreover, these organizations have now become institutionalized—the bilateral agencies (Kuwait Fund, Saudi Fund, the Abu Dhabi and Iraqi Funds) have emerged as their respective governments' main channel of aid assistance. Meanwhile, the multilateral Arab agencies have continued to expand their activities.

Q: What will determine the future level of Arab aid and its duration?
A: Well, in my opinion, there are five significant factors that have direct impact on both the level and duration of this aid. These are:

- Availability and rate of depletion of oil reserves.
- Oil prices.
- Internal absorptive capacity of the donor countries.
- Energy conservation schemes.
- Development of alternative energy resources.

These factors are, of course, interdependent, and, in many cases, will be heavily influenced by political decisions. The only certainty is that the oil resources of these countries will eventually be depleted.

We can then assume that the major Arab donors will continue to accelerate expansion of their economies and move to a policy of diversification of industrial resources. This would lead to a further contraction of the current account surplus position of the Arab donors in future years.

In view of this, three scenarios come to mind. The first is an optimistic one where the current account surplus contraction is not very severe. Oil production will be kept at a high level, oil price increases continue and the development expenditures of the Arab donors stabilize. Arab aid would then be sustained and a slight increase in real terms might be expected. The second scenario, which most likely will happen, is that government policy on conservation will continue to keep oil production at present levels. An increase in oil prices will be modest, with a sustained increase in development expenditures. The level of Arab aid in this case would probably remain the same as at present, without any real growth, or might even be slightly reduced. The third scenario, which is still probable and not unlikely, is that the level of Arab aid would decline in nominal terms. This scenario will result if these governments decide to drastically reduce oil production.

In conclusion, the world, especially the Third World countries, is now very much aware of the major presence of the Arab aid institutions on the development scene and of their key role in this field. The demand for concessional assistance by the Third World will continue to remain strong and these Arab bilateral and multilateral aid institutions are expected to maintain at least a nominal growth in their assistance. The long-term outlook for the level of aid is, at best, a slight increase but most likely will be a maintenance of present levels. The future of aid will be influenced to a great extent by the governments' policy on oil production and oil exports, their countries' absorptive capacity, the political stability in the region and also by the level of aid to be provided by the industrialized countries. After all, this is a matter of burden sharing.

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**Story Pays Dividends**

In the August issue of *The Bank's World*, we carried an article about Dr. Oscar Echeverry of the Population, Health and Nutrition Department, who spoke of the research he had done in simplifying primary health care. This story, and a similar article published in *Salubritas*, a newsletter of the American Public Health Association and the World Federation of Public Health Associations, resulted in a flood of letters from all over the world, requesting more information on Dr. Echeverry's inventions.

“I frankly have been astonished by the response I’ve gotten,” says Dr. Echeverry as he leafs through a stack of correspondence addressed to him. “I have letters from virtually every continent asking me about the tools we’ve developed, such as the multi-colored strip to gauge child malnutrition and the micro health post. With these two articles, everybody knows what I wanted to say but simply couldn’t communicate before.

“Following the articles in *The Bank's World* and *Salubritas,*” Dr. Echeverry continues, “I was invited to conduct a seminar dealing with the work I’ve done, with primary health care as a contribution to well-being. I spoke of the experiences I’ve had with CIMDER (Multi Disciplinary Research Center for Development in Colombia), which is where I originally got the concept of simplicity in primary health care. I’m happy to say that the seminar was well attended and well received.”

Eighty-three people from a variety of health-related organizations came to the seminar that the National Council for International Health sponsored and held at The World Bank.

“The next step,” says Dr. Echeverry, “is field evaluation of the tools we’ve developed. We want to share this simple technology with the world. And now, we’re going from national testing of it to international testing. It’s very exciting and very gratifying.”

THE BANK'S WORLD/DECEMBER 1982 9
A Little Girl Named Laxmi

by Raymond Noronha

On a cold November morning in 1979, a little 5-year-old girl crossed the path of the Nepal Settlement Project Supervision Mission—and, eventually, the lives of several World Bank staff.

Laxmi, bent double by spinal meningitis since the age of one, had come (actually been carried) in 1977 with her mother and older sister to the settlement camps in Bardiya District in the western part of Nepal Terai (plains).

A settler’s plot in the camp had been allotted to Laxmi’s father when floods washed away the family plot in nearby Chitwan District. But before he could leave for Bardiya and even before a plot had been received, he died. Laxmi’s mother received a plot a year later in 1978.

Health delivery systems in rural Nepal are generally weak; basic medical supplies do not last more than six months a year. In newly established settlement areas, health services are even more inadequate, with few medical practitioners, and extremely poor diagnostic and treatment facilities. Under these circumstances, any prognosis of Laxmi’s future was bleak—she would be doomed to the life of a cripple. That is, until the Supervision Mission met her.

The mission members—Don Pickering, Peter Nottidge and Warren Ellis—were so touched by Laxmi’s condition that they set about determining if treatment was possible. Preliminary inquiries revealed that Laxmi could indeed be treated and that the most accessible place where it could be done would be a hospital in India.

Washington, Peter Nottidge, the mission leader, spearheaded the movement to raise funds. He buttonholed staff in corridors or suffered apparently surprising lapses of memory at meetings. Conversations would be steered around to Laxmi. His standard opening line (or interruption) was, “You know I’m not usually an emotional person, but...” and the story would be related, slightly misty-eyed.

South Asia’s Christmas party in 1979 included a pitch for Laxmi. With the able assistance of Joan Voigt, then with South Asia Projects, the group raised more than $800. Richard Abbot, then the Bank's Resident Representative in Nepal, was entrusted with the funds and their disbursement, carefully scrutinized by his wife, Barbara, a trained nurse.

On February 17 this year, the Project Completion Mission met Laxmi. Initially oblivious of the mission’s presence, she was found playing with other children, hopping from one tree stump to another. As she posed shyly for photographs, the group—comprised of new members—could hardly imagine her former condition. Now left with only a slight hump, Laxmi is able to walk to her first-grade class in the nearby settlement school.

This transformation had been accomplished in two visits of nine days each to a hospital in Lucknow. The costs of hospitalization, treatment, medicines, subsistence and transport were about Rs. 2,500 (about US$200 then). Laxmi needed only one more visit to a hospital in addition to tonics and vitamins to completely cure her of her infirmity—costing an estimated $180 further. The mission members agreed that after this final expense for Laxmi, the remaining funds would be used to purchase medicines and medical equipment for the settlement dispensary.

At times, development touches even little ones. Who can now say during this Christmas season that Tiny Tim was a figment of Dickens’ imagination?
On the Record

Clausen at GATT: 'Free Trade Crucial'

Speaking before the GATT (General Agreement on Tariffs and Trade) Ministerial meeting in Geneva, Switzerland, last month, Bank President A. W. Clausen emphasized three points:

"First, free and expanding trade is crucial to the developing countries. Trade has, in fact, contributed more to Third World development than any other external factor.

"Second, free and expanding trade is urgently needed now to help some of the developing countries overcome their debt problems.

"Third, we need to overcome a fundamental weakness in decision-making about trade: National and international procedures for making decisions about trade are one-sidedly sensitive to interest groups that stand to lose from international competition. This bias is the main obstacle to more liberal trade generally, and it is also the main obstacle to more liberal trade between the developed and developing countries...

"Since current economic problems and high unemployment are often used as pretexts for protectionism, let me stress that more liberal trade can help us escape from the stop-and-go between recession and inflation that has hamstrung the world economy in recent years. Free trade fosters growth—and therefore jobs and higher incomes—and, at the same time, it tends to restrain inflation. The benefits that a nation gains from trade are more than enough to cover the costs of assisting the people who are hurt by international competition, and of helping them to move, if possible, into industries with better prospects."

Managing Development—Lessons of the 1970s

The following remarks are excerpted from Senior Vice President, Operations, Ernest Stern's speech before a group of bankers and businessmen attending the 15th Meeting of the Committee on Changing International Realities in Coronado, California:

"There are many elements in the evolution of the developing countries important to a significant international economic force. They include: unprecedented growth in the last quarter century; sharp reductions in infant mortality and illiteracy; major improvements in health conditions and longevity; and improved access to public services. Equally dramatic has been the growth in agricultural output, the entry of developing countries as significant exporters of manufactured goods and services, and the emergence of these countries as major markets for the industrialized countries—markets which have been more buoyant than domestic ones.

"These developments, and others, have changed the importance of the developing countries on the international scene and have given meaning to the idea of an interdependent world. And, we are only at the beginning of this process.

"Even though the role of the developing countries in
the international economy has grown, and this growth has affected the economies and financial structures of the industrialized countries, there remains in the minds of many a monolithic view of the developing world—a simplistic division into North and South—which is misleading and which provides a poor basis for corporate planning and decision-making.

"There has always been great diversity of income levels, economic interests and capacity, history and cultural background, human and physical resources among developing countries, but it took the increase in energy prices in 1973 and the subsequent developments in the world economy to focus attention on this. Initially the shift in world income from industrial countries to oil producers captured attention, but as the industrial countries adjusted rapidly and the full burden of the balance of payments adjustment shifted to the developing countries, the different impact on individual countries stood out, as did their capacity to respond. It made it obvious that it was a fallacy to assume homogeneity among developing countries or even an identity of economic interests. What was good for one group turned out to be neither necessarily good nor relevant for all."

Mr. Stern then looked at the adjustment experience of four groups of developing nations—the middle- and upper-income semi-industrial countries of East Asia, Latin America and those surrounding the Mediterranean, such as Korea, Brazil, Turkey, the Philippines, Colombia and Portugal; the two Asian giants, China and India; the countries of Sub-Saharan Africa; and the oil-exporting developing countries such as Indonesia, Nigeria, Egypt and Mexico.

"The semi-industrial countries have adjusted to the oil price rises with a remarkable degree of success. While growth rates were slightly below the decade of the '60s, gross domestic product grew at a very respectable 7.5% per annum in East Asia between 1973 and 1980, and 5.4% in Latin America. By contrast, the industrial economies only grew at 2.5% over the same period.

"What makes this even more impressive is that the direct income loss due to higher energy prices and consequent changes in the semi-industrial countries was the highest among developing countries. In East Asia, in particular, each round of price increases produced a cut of nearly 2% in national income. How was this success achieved? Three factors played a key role: first, a large amount of foreign borrowing permitted the financing of imports needed for high rates of investment; second, the outward orientation of these economies was maintained so that the continued export of manufactures provided the impetus for further growth; and third, there was a measure of fiscal discipline which kept the growth of consumption and imports at manageable levels..."

"The second category, China and India, is worth citing because the relative success of their growth efforts in the recent past has gone largely unnoticed. Both countries have had higher growth rates in the period since 1973 than in the decade preceding. In China's case, it has not been a matter of adjusting to the oil price increases, but it has been an adjustment process all the same. What has been taking place are the first tentative steps to open the economy to the benefits deriving from international specialization and to permit a somewhat greater use of market forces and price incentives than had been the case in the past.... India has also taken significant steps to reduce controls on economic activity which contributed to sluggish growth through the late '60s and early '70s.

"Those of us whose association with Indian economic policy goes back some way are aware of the revolution in thinking which these changes represent. In many respects also policy has moved toward greater reliance on market forces and more extensive use of appropriate pricing signals; agricultural policy is a case in point. The result has been some increase in the efficiency of investment and better utilization of the existing productive capacities.

"This is not to argue that both China and India do not have a considerable way to go in terms of economic reform and adjustment, but the process is under way and the results so far are heartening.

"The low-income countries of Sub-Saharan Africa are perhaps the gravest disappointment. Growth in GDP declined from an average 3.8% from 1960-73 to only 1.3% from 1973-80. In its recent study, 'Accelerated Development in Sub-Saharan Africa,' the Bank attempted to explain the failures in this area and to suggest the kinds of steps that are needed to arrest the decline. Some of the factors are apparent—the countries which did worst of all were often those with extreme political instability—but in many others political instability has slowed the development of managerial and institutional capacity, or forced governments to orient policies toward politically powerful interest groups rather than the national need.

"But even where there has been political continuity, too many governments have pursued approaches which are not in the best interest of rapid development. For instance, African leaders during the '60s and '70s saw agriculture as consisting of two entirely separate components. One, the export-oriented, highly commercialized estate-type sector; the other, subsistence-oriented and family-based. The latter was identified with backward peasants, low levels of technology; the former with subservience to distant and anonymous world market forces. By contrast, industrialization was the symbol of modernity, technological advance and self-reliance. The result has been a tilting of incentives in favor of industry, the neglect of infrastructure and
services in rural areas, the lack of emphasis on agricultural research, particularly on food crops. Africa's poor economic performance throughout the 1970s is largely the result of low growth in agriculture, even though development assistance directed at agriculture and rural development increased. Not only was this neglect of agriculture inconsistent with its comparative advantage and led to an increased dependence on food imports, but it meant the neglect of the vast majority of the population who live in rural areas and whose prospects for a better life depend on increasing agricultural productivity...

"Finally, turning to the oil-exporting developing countries which, in some ways, have had the most difficult adjustment problems of all with the sudden windfall of large additional resources... Governments have regarded the additional resources as providing an opportunity to raise sharply the levels of investment. Ministries compete to undertake new and visible projects and the control mechanisms become weaker and weaker. The expansion of large capital-intensive projects strains the available infrastructure—ports, roads, power facilities—so that the cost of implementing the projects rises and governments soon find that they succeed only in spending the money and not in carrying out the proposed investment program. The solution is often seen as more spending rather than less and this is unfortunately often encouraged by foreign lenders who are eager for a share of what they see as a potentially lucrative longer-term market.

"Overall, it is noteworthy that despite their additional investments, the oil-exporting developing countries grew by less after 1973 (4.4%) than in the preceding decade (6.4%), and by far less than the semi-industrial countries.

"But there also are examples of prudent use of the additional income from petroleum exports. Indonesia is a case in point where the government has taken care to ensure that the exchange rate is set at levels which encourage domestic producers, while the public sector's tax base does not become totally reliant on the revenues from petroleum. The result has been a doubling of the growth rate of GDP in the '70s compared to the '60s.

"Let me now summarize what I see as the major lessons from the adjustment experiences of these and other developing countries in the period since 1973. The first is the availability of adequate flows of external resources either through aid or foreign borrowing on commercial terms to finance the transition. The new investments that are required will take time before they yield returns, and in the interim additional inflows will be needed to sustain growth rates.

"The second element emerges clearly from a comparison of the experience in Africa with the semi-industrial countries. Economic institutions need to have developed to a point where they are likely to respond to an appropriate set of policy signals. The consequence is that the economy has little capacity to move resources out of activities which are adversely affected by changes in world prices into those which are potential beneficiaries, even when appropriate changes in development strategy have been agreed upon.

"The third element, and the most important, is the adoption of appropriate policies. This has two components, the first relating to the link between the economy and the rest of the world, and the second to the level of domestic expenditures. In order to take advantage of the opportunities which world trade offers, it is necessary for countries to transmit within a reasonable time frame to both their producers and consumers the signals which the world economy is giving through the price mechanism about energy, agricultural commodities and industrial goods. Countries which have maintained high growth rates have in general transmitted those signals and have thereby been in a position to take advantage of the opportunities which world trade represents. Countries which have put off conveying the changes in world relative prices to their domestic producers and consumers have delayed their own adjustment and often placed strains on management of their domestic economy which have been insupportable. A crucial element in this is an appropriate exchange rate policy.

"However, simply maintaining a relatively open economy with realistic pricing structures may not be enough. A relatively open economy requires as careful a management of domestic demand, if not a more careful one, than a more closed economy. The major element in this area is a realistic public investment program—realistic as to size, appropriate in composition, and requiring public enterprise to generate a reasonable share of their investment requirements."

"As far as The World Bank is concerned, we have tried to be a steady presence and to provide support over time in a consistent and predictable way, while moving countries in the direction of better policies through a series of politically feasible steps. This is sometimes a much less dramatic role than the international community would have us play, but we need to weigh the impact of sharp swings in our willingness to lend to countries against the painstaking efforts over a long period of time to build up institutional capacities and managerial skills. Much of what we contribute is through working year-in, year-out with individual institutions and ministries, building up capacities through a series of lending and technical assistance activities. This is the kind of relationship we would urge the leaders of the U.S. business community to try to foster in developing countries."
Latin America’s Economic Situation

Nicolas Ardito Barletta, Vice President Latin America and the Caribbean Region, recently discussed “The Economic Situation in Latin America” at the 1982 Wolfsberg Conference in St. Gallen, Switzerland. Here are excerpts of his remarks:

“Some countries in Latin America have a special problem today. They have a large foreign debt and it is poorly structured. The recession in industrial countries has reduced their export earnings both from manufacturers and, in particular, from traditional commodities which have recorded their lowest levels in the last three decades. However, most of the countries in the region are taking corrective actions to adapt their growth to the realities of the world economy. Nevertheless, if the world economy’s prospects do not improve or the availability of new financing is curtailed, the minimum requirements of the population of some countries will have to be cut.

“There can be no doubt that while in the early 1980s Latin America is facing an adverse world economic situation, success or failure in achieving growth will largely depend on the quality of domestic policies.

“In a longer term perspective the development challenge will be to design policies to foster sustained growth in a difficult international environment, to diversify further the economic base, and at the same time to try to achieve a broader sharing of the benefits of growth at a time when population is still growing rapidly (especially in the cities), expectations are rising and the political situation often remains unstable. The persistence of high inflation adds difficulty to this challenge...

“The transformation of Latin American economies since the end of the Second World War, in size and structure, has been substantial.

“Between 1950 and 1980 the Latin American population increased at the rate of 2.7% per annum... (but) the rate of increase of the population fortunately has begun to abate.

“Another important structural change has been the urbanization of Latin America. In 1950 less than half of the population of the region lived in towns and cities, and in 1980, about two-thirds. This makes Latin America the most urbanized of the developing regions.

“Economic growth in the region has taken place at a reasonably rapid rate. From 1950 to 1960, the output grew at 5.3% per annum, in 1960 to 1970 at 5.4% and from 1970 to 1980 at 5.6%. Thus, by 1980 the total product of Latin America, measured in 1980 dollars, was about $745 billion, almost five times the size of the regional economy in 1950.

“Economic growth has been accompanied by social improvements. Between 1950 and 1980 life expectancy at birth in the region increased from 51 to 64 years. Child mortality declined from 23 per thousand to less than 6 per thousand. The literacy rate improved from 57% to almost 80%.

“These are crude and simple indicators of social progress, but they do reflect the results of very large increases in investment in social infrastructure, including access to safe water and sanitation, medical facilities and educational opportunities....

“Today, the total population of Latin America and the Caribbean is growing at an average rate of 2.3% a year. The effects of this population growth will continue to weigh heavily on social and economic conditions in the region for many years to come.

“There are four aspects that are intimately connected with these trends:

“(a) The labor force in most countries will continue to grow at an average rate of about 3% a year over the next decade;

“(b) The population under 20 years of age will account for almost 50% of the total in 19 countries, and the health, education and training of this population will require large fiscal and administrative efforts;

“(c) The process of urbanization will continue at a high rate: The population of the 59 principal metropolitan areas, which increased from 44 million in 1960 to 100 million in 1980, will double again in the next 20 years; and

“(d) Meeting the basic needs of the population suffering from extreme poverty is an enormous and expensive undertaking, which is complicated by the fact that birth rates are highest among low-income groups.

“It follows then that the priority development needs during the coming decades are: First, creation of enough jobs for the growing labor force; second, sustained investment in human and physical productive capital; third, provision of housing and urban services on a massive, unprecedented scale; and fourth, increased production of food.

“In order to meet these needs minimally, the countries of Latin America will have to maintain an economic growth of at least 5% to 6% a year. In addition, the countries of Latin America will have to continue to pay attention to the quality of development, increasing the participation of the low-income population and ensuring that their basic needs are better met. In this context, it will be vital not to disregard the links between the growth of agricultural production and overall economic development. Success in the agriculture sector will strengthen and help to sustain the momentum of the whole economy.”

Nicolas Ardito Barletta

THE BANK’S WORLD/DECEMBER 1982
A Night to Remember

by Patricia D. Nepomuceno

Florida's Jo Basiliko and her husband flew in from Boca Raton, as did Californian Mary Sfeir from Sunnyvale.

Sydney and Alison Wheelock, residents of Victoria, Canada, timed a visit to the East Coast with their son for the occasion.

Margaret Sterbutzel drove all the way from Clearwater, Florida, as indeed she has done the last four years.

This was the second year Belgian Jacqueline de Ghelcke "happened to be visiting."

Bernard and Francoise Chadenet from France were also in town.

Gordon Street saw nothing surprising about dropping in from Stowe, Vermont; neither did Jan Willems from Mt. Deseret, Maine.

And the McCarts came over "only from Rehoboth, Delaware."

They traveled the longest distances among the 150 Bank retirees, including a sprinkling of spouses, who took part in the recent fourth annual meeting of the 1818 Society.

"It's our only chance to see old friends," they chorused.

The 1818 Society was the brainchild of Mary Wolfe, Senior Tax Officer in the Bank, back in 1978. She and her boss, Joe Reamy, had dealt with the Pension Plan as part of their responsibilities. "I got to know all the pensioners," she says, "and when they'd drop in, they'd say wistfully: 'We don't even have a place to hang our coats anymore. We don't know the people in our old offices. We don't feel we belong.'"

She talked with her husband about the idea of bringing them all together in an organized group. "Where he worked they happened to have formed something similar for their retired employees. After I got encouraging feedback from some Bank officials, including Burke Knapp and Reg Clarke, we decided to form a working group. There was myself; Joe Reamy, who was called out of retirement and subsequently became the Society's founding President; Yolanda Gilmore, who was a Staff Relations Officer; and Marie Linahan, who used to work for Bank President Eugene Black." The response to the letters they sent out to retired staff was overwhelming. "It was an idea whose time had come," Mrs. Wolfe said.

Today, membership is at an all-time high of over 500, representing more than half of the total pensioners in the Bank who are eligible to join. Half of the current members live in the Washington area; the other half is roughly divided between Europe and the rest of North America, including quite a number from Southern California, Florida and Canada.

The meeting passed an amendment to the bylaws replacing the annual membership fee of $8 with a one-time life membership fee of $10, thus increasing the prospects of an even larger membership.

Membership is open to all former staff, including Executive Directors, Alternates, and their staffs, who are recipients of pension payments under the World Bank Retirement Plan; to those who have left the service of the Bank on deferred pensions and have reached 55; to former participants in the Plan who have served at least 10 years in the Bank and have reached 55; and to all widows and widowers of Bank staff who are recipients of pension payments under the Plan. The latter used to be called "associate members" to distinguish them from full voting members, but another amendment to the bylaws passed at the meeting did away with this distinction, making it clear that widows and widowers automatically succeed to the membership of their spouse.

* * *

Nostalgia. Anecdotes. One-upping each other about who served the longest, who started the earliest. Unabashed expressions of affection for the institution. Perhaps it's inevitable for a group that
"grew up" with the Bank.

Hubert Havlik, with the Bank from 1954 to 1969: "I was working for the State Department in 1946 when we had to move out of the 10th floor of what is now known as the main building to make way for The World Bank. One could see the air field of the National Airport from there. When I joined the Bank, I remember being number 10 on the one routing slip for the whole place. And I was just an ordinary loan officer at that time!"

A.D. Spottswood, with the Bank from 1947 to 1964: "I remember working on the first loan to France... I wrote a 150-page memoir of my years in the Bank, mainly for my relatives, and called it 'My Recollections.' One of the stories in it was once, in South Africa to look at a power project and pontificate on its soundness, l was driven through the National Park and ended up with a baboon sitting next to me in the car... The Bank now? It's all gotten beyond me."

Josephine Basiliko, with the Bank from 1946 to 1970: "I was among the first 56 employees in 1946. I was working for the Veterans Administration when I spotted this tiny announcement in the paper saying that the 'World Bank' had come to town. 'I wonder what THAT is,' I thought. My boss gave me the go-ahead to apply and to his consternation I got the job... and stayed on for 25 years. I traveled all over the world recruiting secretaries... I still think The World Bank is the greatest."

Agnes Maher, with the Bank from 1946 to 1974: "When I joined, there were 65 employees. When I left, there were 4,000."

But plus ça change, plus c'est la même chose. William Bennett, with the Bank from 1949 to 1978, was the Bank's financial relations adviser. Seen chatting away with Mr. Clausen during the cocktails, Mr. Bennett later told his former colleagues: "We were talking about bond issues."
For two-and-a-half years, under the supervision of Melissa Hodde, assisted by Bill Stevens of the Information Resources Management Department, or Health Room nurse Shoba Nayar and Townsend Swazy of Europe, Middle East and North Africa Country Programs Department, the Bank has sponsored monthly courses in this important skill. The supine bodies are not staff members but “Resuscit-Annies,” life-size manikins on which the technique can be practiced.

A-B-C refers to Airway, Breathing and Circulation, the first three conditions to be checked by a rescuer. CPR performed by two rescuers is more efficient than with only one, but one is better than none.

Why would anyone be unwilling to learn CPR? “I’d be afraid of hurting the victim...of making things worse.” This fear is often voiced but quickly dismissed by Mr. Stevens who points out that CPR is only attempted on individuals whose hearts have stopped beating—who are, in fact, clinically dead. You cannot make their situation any worse and you may help.

Fear of possible legal repercussion is also cited as a reason not to get involved, but again Mr. Stevens reassures: There has never been a successful suit against an individual trained in CPR who attempted to revive a victim.

The key word, however, is trained. CPR must be taught; it is not something which can be learned from a friend or by watching hospital shows on television. The Bank course is comprehensive and also includes training in the correct procedures to be used on a person who is choking.

The “Resuscit-Annies” were designed by a doctor whose own daughter drowned. They provide a practical way for students to learn correct hand placement on the victim’s chest, the amount of pressure to be exerted when applying compressions to the heart, how to obtain a tight seal when attempting mouth-to-mouth resuscitation and other maneuvers which cannot be practiced on a real person—at least not on one whose heart is beating independently.

Annie’s mechanical heart and lungs are connected to a panel of lights which indicate whether the student is performing CPR properly, and a printout can be obtained which illustrates the adequacy of compressions and breaths and the time span involved. The Bank and Fund own seven Annies and three baby dolls. A much gentler form of resuscitation is required for infants and small children; participants in the class are taught the appropriate methods in each case.

The course ends with a written and practical test, after which the student is certified by the American Heart Association for one year. The Bank also offers re-certification courses.

After qualifying, a staff member should let it be known in his or her department. Since many Bank offices are quite distant from the health rooms, in case of emergency it may be several minutes before a nurse or an ambulance can arrive. Staff members able to perform CPR must not be reluctant to start resuscitation. Every second counts.

You can sign up for the course in the A Building Health Room, and a circular will be distributed early in the New Year.

**Bill Stevens: Always on Call**

He’s put in a hard day’s work in the Bank’s Information Resources Management Department and had a long ride home to Warrenton, Virginia. Bill Stevens sits down to dinner with his wife, two daughters and several guests. Time to relax. Suddenly his Tone Alert radio crackles to life and he leaps from the table. Within moments he is out of the house. His family is unperturbed; it happens all the time. Mr. Stevens is a volunteer fireman with the New Baltimore (Virginia) Fire Department and he is on call whenever he is at home—day or night.

The all-volunteer squad gets about three or four calls a week and Mr. Stevens has been doing this for 26 years, which adds up to a lot of missed dinners, not to mention missed sleep. Sometimes the calls come early in the morning and then he misses his carpool too and has to drive himself to work after helping to extinguish a fire or resuscitate a victim.

The fire department responds to medical emergencies as well as to fires, and Mr. Stevens says that he uses CPR skills about four times a year. His youngest patient was one week old (they restored the baby’s breathing and got him to the hospital where he was successfully treated). Sometimes a victim is elderly.

Supposing someone is really old and you think they’ve probably died of old age? “We don’t play God,” says Mr. Stevens. “Our job is to attempt resuscitation until a doctor can take over. It’s not our role to determine who should live and who should die.”

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**THE BANK’S WORLD/DECEMBER 1982**
Meet the Executive Directors

The World Bank's 21 Executive Directors are responsible for the conduct of the general operations of the Bank and exercise all the powers delegated to them by the Board of Governors. They perform their duties on a full-time basis at the Bank's headquarters, meeting regularly at Board meetings, usually every Tuesday.

The Executive Directors fulfill dual responsibilities, acting as a two-way channel of communication between the Bank and the member countries. On the one hand, they represent their constituents' interests and concerns to the Board and management when determining policy or considering individual projects; on the other, they represent the interests and concerns of the Bank to the country or countries that appoint or elect them every two years. Five Directors are appointed by the five member countries having the largest number of shares of capital stock: the United States, the United Kingdom, the Federal Republic of Germany, France and Japan. The rest are elected by the Governors representing other members. The President of The World Bank is Chairman of the Board.

- JOHN ANSON (United Kingdom)
- BRUNO de MAULDE (France)
- SAID E. EL-NAGGAR (Arab Republic of Egypt) Representing: Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Pakistan, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic
- PEKKA KORPINEN (Finland) Representing: Denmark, Finland, Iceland, Norway, Sweden
- STANLEY A. McLEOD (New Zealand) Representing: Australia, Republic of Korea, New Zealand, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa
- H. N. RAY (India) Representing: Bangladesh, Bhutan, India, Sri Lanka
- ANTONIO V. ROMUALDEZ (Philippines) Representing: Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Philippines
- WILLIAM SMITH (Liberia) Representing: Botswana, Burundi, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Seychelles, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia, Zimbabwe
- NICEPHORE SOGLO (Benin) Representing: Benin, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, People's Republic of the Congo, Djibouti, Equatorial Guinea, Gabon, Guinea-Bissau, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Sao Tome and Principe, Senegal, Somalia, Togo, Upper Volta, Zaire
United Way

The 1982 United Way campaign was a success in the Bank, showing dramatic improvements in the number of contributors and the amount of money collected over 1981.

More than 2,200 people—or nearly 37% of Bank staff—contributed slightly less than $163,000. In comparison, 82% more people participated in this year’s campaign than in 1981 and 28% more money was collected.

Several departments held raffles to aid fund raising, and one, organized in the Country Policy Department, was so popular that tickets were sold in many parts of the Bank. In that raffle, a number of firms contributed prizes, including TWA (Vivianne Lake of IRD won two-round trip tickets to California); Pan Am (Henry Pilgrim of ADM won two-round trip tickets to the Caribbean); W. Bell & Co. (Andrzej Piwowarski of EGY won a black and white TV); Nautilus (Kyaw Wai of LCN won a three-month membership); Vie de France (Ricardo Moran of CPD won a dinner for two).

CPD’s event was so successful that a Bank-wide raffle will be conducted in conjunction with next year’s United Way drive. Kamlesh Nath-Gillespie of CPD, Caroline Cumming of LC1 and Maritza Ferreira-Snowden of IND are organizing it.

Donations by the following other local merchants and restaurants provided prizes for bingo games following the raffle: Alfredo’s Garden Restaurant, Marigold’s Restaurant, Gidget’s Gift Store, The Great Wall Restaurant, Paul Harris, Swensen’s Ice Cream Parlor, Record and Tape, Ltd., Radio Shack and Mar Wine and Liquor.

Art Exhibition

by Robert Newton

Although most of the public visiting galleries in Washington is unaware of it, a first-rate exhibition by a contemporary Yugoslavian artist, Mersad Berber, opened to a surprisingly large crowd on November 23 in the 12th and 13th floor gallery of the E building.

Amid the stunning array of artifacts, visitors there might pause to wonder at the good fortune and good sense behind The World Bank Art Society’s organization of this event. The show is frankly too good to be inaccessible to the public at large, but there you have it and for our sake may it happen again.

Mr. Berber’s art is easy to appreciate. By denying scenic space and perspective, the viewer’s eye is directed to delightfully vitalized surfaces, rich with saturated colors, striking abstract designs, exquisite drawing and even textured collage. Not missing an opportunity to dazzle, Mr. Berber’s mats are frequently made to resemble tarnished gold or tooled leather, extending the scale of the pictorial space and modifying the brilliance of the colors.

This attention to surfaces indicates the artist’s focus on the symbolic character of the things he paints rather than on their literal representation. Such personal symbolism is often purposefully enigmatic, yet we are familiar enough with images of orchid-bearing women and wild horses to be able to identify sexual undercurrents or psychological unrest.

Certain images draw on a broad range of art from the past, notably Coptic mortuary panels, Muslim miniatures, drawings by Leonardo and Fuseli and paintings by Raphael, Caravaggio, Velasquez and Klimt. All are apparently the result of Mr. Berber’s examination of the influence of these paradigms on his creative imagination and, like the women and horses, are symbolic of remote mental processes.

Accompanying the exhibition

Luis Fernandez of Administrative Services Department, Julie Weigley (center) and Janet Ziegler, both of Personnel Management Department, assemble the gifts for St. Elizabeths Hospital that have been donated by Bank staff. Photo by Giuseppe Franchini
and adding to its magnificence are Barry Odom's costumes and watercolor designs for the Folger Shakespeare Theater production of "The Merchant of Venice." The show will close December 31.

The Welcome Book
The Bank has published a 158-page book, Welcome to The World Bank and International Finance Corporation, for current and new staff and their families.

Prepared by the Central Operations Division of the Personnel Management Department in cooperation with the Internal Communications Unit of the Information and Public Affairs Department, and The World Bank Volunteer Services Organization (WIVES), the book has been distributed to incoming staff as well as staff and families currently on board.

The prime purpose of the book is to provide information to new staff members and their families who are moving to Washington, often from other countries. It helps explain the Washington scene to them, including orientation to the Bank, transportation in the area, information about schools and housing, opportunities for spouses, family services and programs, and Bank benefits.

International Calendar
It's unfortunate to arrive on mission in a particular country only to discover that half the week will be wasted because there is a national holiday and everything will be closed. This doesn't—or shouldn't—happen to Bank and Fund staff, thanks to the International Calendar of Bank and Public Holidays that is sent desk-to-desk by the Credit Union every year.

The Credit Union has been issuing the calendar annually for the past 12 years, thanks to Jonathan Levin, Assistant Director of the Bureau of Statistics in charge of Government Finance Statistics Division in the Fund, and his secretary, Carmen Leister. In 1970, Mr. Levin served on the Credit Union's Board of Directors and one of his responsibilities was to disseminate an item of interest to all Bank and Fund staff every month or so. He was allowed to send out one page only, which could be printed on both sides.

Mr. Levin gathered various information which might be helpful to staff, including guidelines on how much pocket money children ought to receive and how they should be taught to budget. He was responsible for designing a "coupons savings book" which encouraged staff to save for themselves just as though they were paying back a loan. But perhaps the most useful and appreciated items that Mr. Levin developed were the International Calendar and the Average Monthly Temperature Range, Precipitation and Relative Humidity Chart for various countries.

Both of these documents are still circulated each year, and while the latter is not subject to change, the former does require a special effort by Mr. Levin and Mrs. Leister each year since the dates of certain lunar holidays do change. The calendar originates with the Morgan Guaranty Trust Company's World Holiday and Time Guide, but since this is not always complete, Mrs. Leister telephones all the embassies in order to obtain the most up-to-date information.

The Witteveen Bowl
The World Bank's tennis team has again won the Witteveen Tennis Bowl. The Bank has won the cup three times in the last four years.

Each year, the Bank, IMF, OAS and IDB hold a two-day competition for the trophy. On the first day of play, the Bank blanked the OAS; on the second day, the Bank won six of seven matches from the Fund to take the prize.

Gwen Kelley is captain of the bank team. Other players are Margaret Russo, Ann Cook, Maria Coyaud, Gene Russo, Martín Herman, Daniel Coyaud, Tommy Heintschel and Qamar Ahmad.

Every December the Salvation Army runs a Christmas toy shop at which mothers of needy families may obtain a gift for each of their children at no cost. The Salvation Army relies on the generosity of local merchants and volunteer groups to help stock their shelves. More than 1,000 dolls are dressed by various volunteer groups, and Bank WIVES have contributed to this effort for the past several years by making costumes—sometimes international costumes. Here are some of the dolls which WIVES volunteers dressed.

Photo by Ivan Andrews
Senior Staff Appointments

SVEN K. RISKAER, a Danish national, has been named Vice President, Operations (Africa), in the International Finance Corporation. Mr. Riskaer is at present Managing Director of the Danish Industrialization Fund for Developing Countries, Copenhagen, where he has served since 1978. Before that he was Director for Overseas Investments, Commercial Activities and Production in a leading company in Denmark involved in international operations. He has been a member of the board of various associations and commissions, including the Danish Lawyers and Economists Association. Mr. Riskaer is expected to take up his new position in early January.

New Staff Members

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<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
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<td>Esme J. Abedin</td>
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<td>Hormoz Aghdaiy</td>
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The Ombudsman: A Year Later

Listening. Counseling. Mediating. Conciliating. Recommending or suggesting. Reporting (copies of reports are sent to Mr. Clausen, to Mr. Paijmans, and to the Staff Association).

Those are the functions of the Bank's first Ombudsman, C. Eugene Webb, as his duties have evolved since assuming his current position about a year ago.

In nearly 12 months, he has handled almost 300 cases involving everything from benefits to redeployment to working conditions. "The role of the Ombudsman," Mr. Webb says, "is essentially to see that procedures and actions are fair to both the institution and the individual."

The Ombudsman's position, he adds, "calls chiefly for the use of the power of persuasion." He suggests solutions for grievances, often by putting forward modifications of proposed action.

One of the advantages Mr. Webb has in his current job is that he has worked at the Bank as a lawyer and a loan officer, as well as having served as the chairman of the Staff Association six years ago. So if someone has to be consulted, he knows to whom to go for action.

Mr. Webb deals mostly with cases involving individuals, but at times he has been confronted by grievances which indicate broader problems.

In dealing with grievances that individuals have in relation to the institution, he bears in mind that in the balance of power, the relative weight of the institution is greater than that of the individual, so his role often is to compensate for that potential imbalance. He tries to bring about a better balance by getting the facts and thereafter making suggestions or recommendations.

"The Ombudsman's objective is to see that equity is done—to restore the balance between the institution and the individual. And to do so, I must have the facts."

Mr. Webb says he spends about one-third of his time "just listening and counseling. (There is often a problem of getting those involved to have realistic self-images.) My modus operandi is informal. Usually, I am able to see staff the same day they phone me. Nothing we discuss goes in their personnel file. My policy in any situation is to refrain from intervening between staff members and supervisors. Usually I rely on Personnel to monitor Bank/IFC personnel and administrative policies."

The focus of his job, he says, is on human relations rather than legal rights and obligations.

During his consultation with staff, he tells the individual what he is going to do. "They confide in me and know I do not take initiatives without their consent," Mr. Webb explains.

After nearly a year on the job, Mr. Webb underscores what he said when he accepted his assignment: "The key word in my lexicon is 'fairness.'" He believes that concept should also guide his future work.

Mr. Webb says that his position has been satisfying to him, and he hopes it has been helpful to the institution.
Answer Line

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 N-246.

Question: I drive an Omni (U.S.) compact automobile. Next to some parking spaces in the Bank garage where I park are signs that read "For small imported cars only." Does this mean that a locally produced small car may not park in these spaces? Is country of origin or size of car the leading criterion for parking eligibility?

Answer: The signs, "For small imported cars only," are not intended to exclude U.S. manufactured small cars. They were prepared some years ago to designate space suitable for small cars only when the trend of U.S. car manufacturers toward building smaller cars was not so apparent. However, the Bank has started a program to standardize and clarify signs throughout its buildings and garages. The program will begin with the new H Building (600 19th Street), David Karstens, Assistant Director, Administrative Services Department.

Question: Why are spouses awarded "points" only when the staff member travels outside North America? My wife misses me just as much when I am traveling in this country or Canada as when I am overseas. It doesn't make very much difference whether I am 300 or 3,000 miles away—she still has to deal with the day-to-day problems (sick kids, flat tires, etc.) without my help, and she deserves to receive points toward a trip to compensate for these absences.

Answer: When the Spouse Travel policy was introduced, it was justified on the basis of the extensive international travel required of Bank staff, distinguishing the Bank from most domestic private companies and national civil services which do not have such policies. It provides spouses with an opportunity to learn something about the countries with which their spouses deal and enables them to appreciate the difficult and challenging nature of their work. A further rationale is that international travel is regarded as causing more hardships to the family since access to easy communications, if suddenly needed, may well be reduced. Hence, the applicable Bank policy provides that one "point" is earned for each night spent on official business outside the duty station country (Personnel Manual Statement 3.35, paragraph 3). Louis Michaels, Chief, Benefits Division, Compensation Department.

As we go to press...

IBRD FRONT-END REDUCED: Recognizing the difficult economic environment in which member countries find themselves and the recent improved earnings position of the IBRD, the Bank’s Board of Executive Directors has approved a one-half reduction of the front-end fee on IBRD loans from 1.5% to 0.75%. The new level applies to loans for which invitations to negotiate are sent following this Board action.

The 1.5% front-end fee on new IBRD loans was introduced January 5, 1982 to help sustain the Bank’s medium-term income outlook. It is a one-time fee, due at the time of loan commitment, which can be capitalized and added to the loan amount at the borrower’s option. The Board then agreed to review the front-end fee periodically, making appropriate adjustments in light of changes in the Bank's income position.

Even with the front-end fee reduction, the prospects for the Bank’s current fiscal year income are favorable and should result in improvement in net income as well. Three factors account for this position: (1) introduction of a short-term borrowing program, authorized by the Board in July 1982, which shifted a portion of the Bank’s U.S. dollar borrowing to short-term maturities at lower interest rates; (2) increased returns on the Bank’s liquid investments which now total $12 billion; and (3) the use of new borrowing techniques, such as currency swaps transactions, which have facilitated borrowings in currencies with low interest rates.

The reduction of the front-end fee is designed to decrease loan charges for the Bank’s borrowers in developing countries. A lower fee is also consistent with preserving the Bank’s sound position in financial markets in view of strong near-term income prospects.

The Board will continue to review the front-end fee and other charges from time to time to determine whether other adjustments, upward or downward, are desirable.