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Transcript of interview with

FRANK THORNLEY

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FOREWORD

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

Frank Thornley
November 19, 1991 – Final Edited

[Begin Tape 1, Side A]

THORNLEY: Well, I think that you rightly mention water resources, just quantitatively if you just look at where the Bank's money's gone within agriculture—agriculture's been always either, you know, the largest sector in terms of lending or sort of close to par with something like energy. And within agriculture the lion's share has gone to the water resources.

During the—like everywhere else—during the '70s there was an emphasis on integrated rural development, and that didn't take us very far. And I think with hindsight it's taken us an awful long time to question some of the, you know, water resources investments.

LEWIS: Excuse me. I don't mean to interrupt you too much, but was that integrated rural development foray related at all to the Comilla history? Did you pick on Akhtar Hameed Khan and Comilla and so on?

THORNLEY: Yeah, we did indeed. The government--I mean I think it was, I mean it was--the Bank sort of was helping government expand that, what became known as the two tier cooperative model which grew out of Comilla. And we did a small pilot project and then followed it with an enormous project, and it's been a learning experience but it hasn't been a particularly--I wouldn't characterize it as a successful one.

One, I think one useful thing that did grow out of it but--and it had nothing whatsoever to do with the Comilla model—a pilot of the pilot part of the first rural development project which was originated, I don't know, maybe sometime mid- to late, mid-'70s, early '70s—was a rural poor program aimed at the landless--funnily enough, the Akhtar Hameed Khan deal was all with landholders, the KSS [Krishak Samabay Samity], the primary societies were poor farmers. The rural, this other component, was aimed at the landless so it fell outside the scope of the societies that were set up for, you know, under the Comilla model, but it was done in parallel and different societies were established for landless women and landless men.

LEWIS: These were service co-ops or . . .

THORNLEY: They were co-ops, and idea was to put a group together. I think the sort of objective was exactly the same as the Grameen Bank and a lot of other activities: to provide employment opportunities for asset-less people. And it seemed to go quite well, and it became a major component of the follow-up project, which the Canadians co-financed alongside the Bank, and then when that second project came to its first closing date, the Canadians went--you know, they sort of hived off and continued to support it in a purely bilateral way. And I think that was quite, that was quite a good outgrowth. But the Comilla, the expansion of the Comilla model itself, like many other cooperative experiments before it, was expanded too rapidly, became financially sort of non-viable and has tended to implode a bit. And, you know, if you look at the sub-continent's history of cooperative development, keep going around in circles, you know, start

something new, expand it beyond its, you know, too fast, collapse, look at it, reinvent the wheel, go round it again. And that model is also, you know . . .

LEWIS: When that cycle occurs, does the original successful component survive all of the cycle? I mean, is Comilla still a pretty lively sort of microcosm?

THORNLEY: I don't think so.

LEWIS: You don't think so.

THORNLEY: I mean it's there. But I don't think, you know—it's like any of the other big success stories. I mean, you know, you get the dynamism of an individual and then gradually, you know, the fires burn down.

LEWIS: Sure. Absolutely.

THORNLEY: And I think that's what's happened in Comilla. The research, the, you know, the—I forget what they called it, but the sort of field research approach to developing new ideas. I mean, everybody goes to visit Deedar, which is the sort of big success story down there, but, you know, there aren't too many replications of Deedar.

LEWIS: Yeah. How did--has T and V [training and visitation] had an overlay on that or is it in conflict with it?

THORNLEY: I think it--it started off, I think, having nothing to do with it. The Comilla model has a lot of--still a lot of adherents here, including one whom you've either seen or will see, which is [A. M.] Anisuzzaman. He argued all along that what we were doing was, you know, was wrong and that we should have been continuing with the model farmer and the approach of the Comilla model. I used to sit and argue with him that there was no reason why the Comilla—why the model farmer, of the Comilla model, couldn't be the contact farm of the T and V model and why the messages of the T and V system couldn't go through the model farmer and Comilla system, that they were not incompatible, that they should complement each other. I'm not sure that he ever quite agreed with that. But I think, you know, I think that's the way it could have been and should have been. In fact, we're trying to make T and V now less quite, you know, less rigid and insisting more on using any existing, be it co-ops, be it any other program for association that could be used, because the contact farmers, that aspect of the T-ing and V-ing hasn't succeeded, really.

LEWIS: I used to remember thinking and then I got it explained to me when I was at Comilla—it was after Akhtar Hameed Khan was [inaudible] in Bangladesh days, I guess in '74, that you had one hell of a large teacher/student ratio or student/teacher ratio at the tana headquarters when these model farmers all came in to be, get their messages for the week, that there was a—you're depending a great deal on that communication mechanism of the model farmer, and that . . .

THORNLEY: That whole process, you know, that, the model farmer training, continued under the cooperative side of the game. I mean, there wasn't good integration between the activities of the ministry of agriculture and the department of extension and the T-ing and V-ing people. They didn't integrate well. But, so, you know, the training, the weekly training of the model farmer, that approach on the cooperative side did continue. But it was a ritualistic thing. It became totally debased in practice.

LEWIS: As I recall, they still had the sort of traditional extension agent stationed at the union level, and the model farmer went to the tana right past the union, didn't it?

THORNLEY: The model farmer was at the tana level, the upazila level, yeah. Well, the block supervisors I don't—yeah, I guess that they were almost—I don't know how close they were to the so-called blocks of the T and V system that, you know, related to the unions, but I--they were certainly, they were, the blocks were certainly a subdivision of autonomy.

LEWIS: Anyway, I didn't mean to divert you.

THORNLEY: No problem.

So that—I mean that was, you know, that was one—that was something that, one line that was pursued from the '70s, you know, through the '70s and '80s. And as I said, I don't think it was successful.

And in retrospect, as I was saying, the water resources thing, which has absorbed a huge amount of, you know, funds—a few years ago that, you know, we increasingly began to be dubious about that. I mean, it's done some good but not as much as it should because the problem is that the focus was always on constructing the things and there was a tendency for everybody to walk away before the schemes that had been built were put into operation. And with that experience—I think that sort of issue has been looked a more thoroughly now with the flood action plan. There's been a big concern because it's, you know, it's so closely related to any, you know, any outcome of the flood action plan studies. One of the studies indeed was to look back and look at the flood control drainage and flood control drainage and irrigation projects. And they haven't been, you know, the conclusions have not been particularly happy ones in the sense of poor operations and ignoring costs associated with, you know, loss of the fisheries resource, which was much more valuable than given credit for . .

LEWIS: The flood action plan—Chris [Christopher Willoughby] talked about it . .

[Interruption]

KAPUR: Is the review that you're referring to the OED [Operations Evaluation Department] or . .

THORNLEY: No, it was one of the studies under the flood action plan. You know, the flood action plan comprises 26 studies and one of those is . .

LEWIS: Is that done under the auspices of the government or is it the auspices of the Bank or . . .

THORNLEY: The flood action plan?

LEWIS: Yes.

THORNLEY: The Bank is coordinating it. Briefly, the history was that after the '88 floods when there was so much international fuss there were various studies done. UNDP [United Nations Development Program] sponsored a flood policy study. USAID [United States Agency for International Development] did an eastern waters study. The Chinese did a study, the Japanese did a study, the French came in and did something. And the conclusions of the studies varied from "learn to live with the floods," which was the sort of eastern waters study of the U.S., to proposals that the French got involved with which were sort of pretty much an endorsement of the government's own desires, which was to sort of try to wall in all the rivers and confine the waters in the rivers. And obviously there had to be some—they couldn't both--the extremes couldn't be right, so that the government asked the Bank to try to put something together that would reconcile these various viewpoints, or not reconcile but come out with some sort of consensus as to what should be done. And the outcome of that was a proposal for a flood action plan, a flood action plan of studies to provide further information to decide what was the best way forward.

The Bank produced a report which was discussed at a conference at, you know, the donor community that was hosted by the U.K. in London in December of '89. That was endorsed there, and it contained these proposals for 26 different studies. They were funded by different donors, often in partnership, and the Bank continued to coordinate that. The government established a flood plan coordination office, and the UNDP is funding panels of international experts and local experts to intervene and provide technical guidance, and it's all being orchestrated by the Bank. Sometime next year we'll begin to get some sense of, you know, synthesize a fresh approach to become . . .

LEWIS: So this is still a giant study exercise.

THORNLEY: Um-hmm.

LEWIS: Can you tell how, where the reconciliation is going to come between the French and the Americans?

THORNLEY: Present indications, I think, are that the outcome will be on, toward, in the direction of, you know, of do less rather than more in terms of major civil engineering. In other words, you can't wall in the rivers and so on.

WEBB: Is there a kind of financial risk decision, mostly in the sense that we not too sure one way or the other, let's cut our losses, minimize possible losses?

THORNLEY: I think it's—there's a--I mean, there would be financial risk, but I think it's also--you know, environmental impact is a big issue.

WEBB: [inaudible] in the way of . .

THORNLEY: Just on economic?

WEBB: Yeah.

THORNLEY: I think basically it'll be found to be sort of, you know, un-sustainable, non-economic and environmentally unsound to be, you know, to go too extreme in the direction of major intervention. I mean, that's prejudging the outcome to some extent, but I think the sense I have of where the studies are, stand at this time, is that will be the sort of outcome.

LEWIS: I take it from Chris last night that there's no interaction, inter-linkage with India in this kind of issue. I was saying to him, I remember back in the late '60s that Roger's was an overarching presence, and Roger Revelle had a great eastern waters management solution that was cooked up in Cambridge, Massachusetts. And Roger came out here; he talked to Ayub [Khan] about it and was all ready to try to sell it to the Indians. But it involved, I think, this notion that the torrent of the Brahmaputra ought to be routed across Bangladesh in a canal and backloaded into the Ganges into India. And there's a tremendous capacity in those aquifers on the north side of the river, you know, and you could use them like a sponge to park the water there in the wet season and then make use of it in the dry season. It was a glorious sort of concept, it seemed to me as a layman, but it didn't get anywhere at all because it was so diplomatically disinteresting (to say the least) to the Indians.

THORNLEY: Well, the Indians—the Indians themselves, I think, in terms of the, you know, the International Rivers Commission India-Bangladesh, I think the Indian side has returned to that occasionally.

LEWIS: Have they?

THORNLEY: And currently it's in, you know, the Bangladeshis' hands, you know, and I guess, yeah, the canal would cut across Bangladeshi territory but the outlet would be on the Indian side. There's a lot of talk and not much cooperation over the water sharing issue. In a sense, why would there be. I mean, the Indians have all the control. It's a very, very emotional issue, the Farakka barrage on the Ganges River.

LEWIS: This, of course, would have an impact on the Farakka barrage.

THORNLEY: Sure. An element of the Ganges, you know, in the dry season these days the flow of the Ganges is very low.

LEWIS: Yeah. Well, so we have to sort of--you think that things are going sort of toward the less interventionist solution, but that's still being . . .

THORNLEY: Still, yeah. The studies are all, you know, sort of formed, so.

LEWIS: And presumably that would involve, may have some agenda of lending of the Bank, however that comes out.

THORNLEY: Right. I mean, from--I think that what will come out of it—I think that we should be, proportionately speaking, we should probably be lending less as a proportionate, less money for the flood control, drainage, irrigation kind of projects than we have in the past. They haven't, as I say, I'm not—I don't think the flood action plan is going to wave any magic wand and suddenly transform things and make them all good projects anyway. There's a lot of investment in place that needs to be made to work. Very few of the ongoing schemes work well. And so I think we should pay more attention to getting them to work and dilute, you know, reduce the work or the amount of new funding.

But I do think, although it wouldn't have an agricultural focus, I think one of the things that would emerge from the flood action plan studies is, you know, proposals for some infrastructure protection. The benefit will be for, you know, urban and infrastructural protection rather than agricultural benefit. There are various locations on both the Brahmaputra and the Meghna where there's considerable, you know, constant damage and money being thrown away currently on sort of half-assed solutions year after year and fixing whatever has sort of evolved. And I think a more comprehensive and better designed approach is coming out of some hydrological and morphological studies that are being done on the flood action plan. So I—there will be investment proposals, but the agricultural, purely agricultural aspects of it, I think, will be a bit less than in the past.

I think the story that, you know, the key to what's been driving, the good success that's happened in Bangladesh over the last many years is this ground water development. It's definitely what's produced agriculture, you know, been the main driving force of agricultural growth, and it will—at least, I think it should and will continue to remain a source of growth over at least the next ten years.

LEWIS: The deep or shallow tube wells?

THORNLEY: Yeah. Shallow as far as possible.

KAPUR: How high is the water table?

THORNLEY: Over much of the country it's within reach of a suction centrifugal pump.

LEWIS: I have one in my backyard.

THORNLEY: And with a little bit of additional effort you can stick the centrifugal pump down in a pit and reach a bit further. And only after that would it make sense to go for a, you know, a submersible mode tube pump.

KAPUR: That would give you water around the year?

THORNLEY: Sure. Much of the area--you know, large chunks of the country can be almost 100% irrigated.

There, again, is this controversy. Water resource planning is dominated by people whose interests are with civil works and surface water, and in my view they deliberately skew the story and downplay the quantity of the groundwater resources. They're very, you know--the estimates that come out for groundwater resources tend to be more conservative than I think makes sense. And I think the proof of the pudding is in the eating. In the northwest, in the borders areas, there are places there where without any problem at all the extent of groundwater development, certainly irrigation from groundwater, far exceeds the limits that they think, that have come up through the sort of, you know, modeling, you know, that they've done, and then with conservative allowances for mistakes and errors and so on. So I think that the groundwater resources are significantly larger than the resource planners are suggesting.

LEWIS: Been any tube well—I mean, bamboo tube wells?

THORNLEY: Yeah, I mean what has happened is that—again, I think associated with the groundwater development is the other success which is getting a lot of these things into the private sector: input supplies, fertilizer, irrigation equipment are very much now in the private sector. And with that there's been a much, you know, wider array of offerings, you know, smaller tube wells. Under the government, when it was all the public sector, you know, it was "Take it or leave it," it was this size and that was it. There was a deep tube well, there was a shallow tube well, there was a low lift pump but they were always the same sort of model. And since the private sector came in they've offered a whole spectrum of sizes of equipment and some of them are quite, you know, low technology, very cheap, very good.

LEWIS: When you hear about this mass of private tube wells you start thinking about drainage, but is it the case that because it's so low and it's this massive flood water coming through, kind of flushes out the salt, sort of a natural drain?

THORNLEY: There're no saline problems at all except in the coastal belt where you've got, you know, you've got the saline water coming in. But above that the water quality is good. There's no problem at all. It's just as you say, good point.

The aquifer is sort of not damageable. You suck it down. The units of investment for the shallow tube wells technology, anyway, it's a low investment, it's mobile, so if

somebody sticks a well down that doesn't work because there's already too much other development in the area, he, you know, he pulls it out. So the laissez-faire approach which was adopted a few years ago I think makes a lot of sense. Let the people, the farmers themselves decide, you know, how to develop it and keep the deadly hand of the government out again.

WEBB: These water resources planners, they include foreign, include the Bank people, your own people in the Bank?

THORNLEY: No. What's recently happened, going back to about '83, I think, UNDP funded a project which Bank executed to produce a national water plan and also to establish a national water resource planning agency. The first plan, a draft water plan was produced but no firm, sustainable agency was established. That was a--you brought in a lot of, you know, ex-patriate consultants, local consultants, local officials from the water board, essentially, came together, put that together. Lot of data, a good database was established, a decent first stab at a plan was produced, but there was no end, there was no agency. So a second phase project was launched, the Bank again executed, and that came to an end a few months back. And as a result of that a water resource planning organization has been legally established with a core of people with a database that was established through these two projects and an updated version of a national water plan was produced.

Unfortunately—I think unfortunately—the organization is located in the, I don't know whether it's legally hanging from the Ministry of Irrigation or from the Water Board itself; I believe from the Ministry. But it's hanging from a user, it's in a user agency, and it's the dominant user from the surface water point of view. Their personnel have been the main Bangladeshi actors in putting the thing together and that's where I believe the biases come from, you know, to sort of play down the groundwater versus surface water. It's only, it's a matter of degrees, but I believe there is a bias there. And I personally believe it would have been far better had the organization been located in the Planning Ministry rather than in one of the user agencies.

LEWIS: Irrigation is in a different ministry than agriculture?

THORNLEY: Yes. The Ministry of Agriculture is in fact essentially a ministry of crops, but the Agricultural Development Corporation, which is under the Ministry of Agriculture, has been the prime mover in developing what in Bangladesh is referred to as "minor irrigation." Minor irrigation is pump-based, low lift pumps, shallow tube wells, deep tube wells, and major irrigation is the stuff that the Water Board handles which is under the Ministry of Irrigation.

Irrigation, mechanized irrigation was pioneered by the Agricultural Development Corporation. It was--first of all it was a power pump project, which was low lift pumps. Then they got into deep tube wells and then more recently they got into the shallow tube wells and then the privatization process started early in the '80s. But currently, at this point in time the only outfit that's sinking deep tube wells is, dealing with deep tube

wells, is currently still the Agricultural Development Corporation. We're trying now to sort of fold that monopoly up and get the private sector into that.

LEWIS: To switch fairly sharply from—do you do anything in agricultural education, research?

THORNLEY: We've had agricultural training projects, two or three, two at least. And we're just coming to the end of a second agricultural research project. So with agricultural research we've been, I guess, something like probably been with it about the last twelve years. We've had also, going in parallel, are the agricultural extension projects introducing--they started off with the, you know, introducing T and V with the first project in the northwest region. The second project expanded it nationally and tried to consolidate several crop extension services into one, you know, comprehensive extension service. And then paralleling that we've been doing agricultural research projects, trying to strengthen the operations of the Agricultural Research Council and also provide, you know, the facilities for the institutes, various institutes. And there have been major amounts of funding for trips, overseas training, for research scientists as well. And we're . .

LEWIS: Did you pick up on the stuff the ADC [Agricultural Development Council] used to do, of sending agricultural social scientists to, abroad for Ph.D.s? There was one guy named Ed [Edward J.] Clay here, one of the last ADC representatives, I think. It got—I don't want to take up your time—it knocked off by sort of set of accidents and no longer exists as such. It did some very good work. He was situated, located at the Bangladesh rice research institute. He was there through the sort of the middle '70s.

THORNLEY: He's--I didn't see him recently. He's still around. He still comes by. I mean, I . .

LEWIS: Oh, I think he's back at Sussex now, maybe.

THORNLEY: Yeah, but he came through. I mean, his name came up in conversation for something that we had in mind just the other day, and he's still around.

I honestly don't know. Under the research projects there's been funds for training and people have been sent overseas for masters and Ph.D.s. Frankly I haven't a clue what subject matters they've gone to.

LEWIS: Have you done anything with Manmohan Singh?

THORNLEY: We haven't done anything directly with him, no. USAID has been trying to do a project with Manmohan Singh. We haven't. We're launching a third generation extension project. We call it a support services project; it's got bits and piece of other things in it. We're in the throes of a debate with government about trying to follow up with a third research project, and at the moment we're beating our heads against the wall on that one. We don't think the system works too well, and we're, you know, in our

interfering style we're trying to get them to restructure the institution. Fortunately this time we're trying to get the government to implement Bangladeshi proposals for solutions, not our own, so we might get there.

LEWIS: It'll be interesting to see how it turns out.

KAPUR: How many agricultural credit projects have you had?

THORNLEY: We've had one. That was back in the '80s.

KAPUR: None in the '70s?

THORNLEY: I believe this one had all its lines of credit disbursed once, you know, four years—I think it was just all in the '80s. The disbursement went well. It was aimed at trying to—it was associated with the idea of putting, of getting shallow tube well development in the private sector. The project disbursed, but it had an institutional component that went nowhere. And we didn't follow up with that immediately because Anisuzzaman had a thing, a bee in his bonnet, that we were sort of ruining Bangladesh with privately promoted groundwater development and minor irrigation, so he wouldn't have a follow-up project. And we only came back to that issue a couple of years ago. And we refused to go to the Board [of Executive Directors] this year with an agricultural credit project because just as we were about to do so the elections took place and the government promised to write-off all the small agricultural loans. We didn't think that was going to be conducive to an adequate plan of credit operations, and it hasn't been. That's a very lively debate at the moment with the government: how do we, you know, how do we re-engage in agricultural credit if we re-engage.

WEBB: Was the write-off below a certain limit?

THORNLEY: Yeah. They initially announced that they were going to write off all agricultural loans up to a 5,000 taka principal plus accrued interest, any accrued interest. Under pressure from ourselves and the Asian Bank at least in principle they've changed that to a more selective write-off on the basis of more commercial principles and what was, you know, people that have been in genuine hardship and so on. But I mean I've just spent some time, and we've got people in the field now looking at, visiting rural bank branches, and in fact the write-off, as one would expect, has in fact been across the board. The only lesson that's emerged there is that farmers who've paid anything back regret it.

KAPUR: Do any of the other agricultural project have ag credit components, say the minor irrigation projects might have?

THORNLEY: The rural development project did.

KAPUR: I see.

THORNLEY: It had a huge amount of money for credit, and it didn't—most of it didn't disburse. Beyond that, no, not recently, we've been avoiding credit in other agricultural projects.

LEWIS: This Syeduzzaman, is this the one who is now the head of the foundation?

THORNLEY: No, Anisuzzaman.

LEWIS: Oh, I see. Anisuzzaman. We're going to see him, too, I guess.

THORNLEY: No, I'm talking about Anisuzzaman. He was secretary for agriculture. He'd been secretary for agriculture on three separate occasions, and in one of his incarnations . . .

LEWIS: I see. How about Syeduzzaman? Has he been--what's his history been with your affairs?

THORNLEY: I don't really know beyond—I know that he was a finance minister at one point.

KAPUR: He was Bangladesh's ex-ED [executive director] also.

THORNLEY: Has he been ED? Alternate ED?

KAPUR: I believe so.

THORNLEY: He may well have been. May well have been. In fact, you're probably right. But he's also certainly been finance minister at one point. And he's now chairman of the Polli Sahayak Foundation.

LEWIS: By the way, how far is [inaudible] from here? We meet with him at nine o'clock.

THORNLEY: Five, between five and ten minutes, depending on the traffic.

WEBB: I have a couple of different areas I'd like to touch on.

THORNLEY: Please go ahead.

WEBB: What is the policy, structural environment here for agriculture? The impression that I have is that this also has been a relative success story, though maybe it isn't perceived that way, because one is always struggling with [inaudible] comparison. What one still sees around growth: a fair amount of opening up, liberalization, privatization, improving the relative prices has in fact occurred. Is that how you see it?

THORNLEY: Absolutely. I think the policy environment is good here. The agricultural policy environment is good. I don't think there's any doubt of that.

WEBB: Do you think the Bank has had much to do with that?

THORNLEY: Yes. Also I think that's—I would say that—you know, in my view that also would be without debate, but some people might contest it, but I think that's good.

WEBB: What's been the basis for the Bank's success here? Is it being really partners, really hard arm-twisting, or just constancy or perseverance, seducing some of the key people?

THORNLEY: Perseverance and good fortune. We've been saying—I think we've been quite constant on many of these fronts. We've been speaking consistently, some of the major donors, USAID, the Bank, Asian [Development] Bank, have been speaking, you know, the same language, and it's been the same thing, you know, going back to—my sort of exposure and recollections only go back to, sort of, the '70s or the latter part of the '70s, but I mean the same messages have been coming out pretty constantly since that time. And the present environment is so good because the sense of what was being said was accepted when Abu [M. A.] Syed, who's currently Alternate ED in Washington, became secretary of agriculture--and I can't now recall whether it was late '87 or early '88--and he immediately started to act on, you know, many of these fronts, and he turned things around. He made a dramatic change. And on some issues, what he was doing was 180 degrees, flipping things over from where Anisuzzaman had put them, you know, four or five years before.

WEBB: Maybe we should double the number of EDs at the Bank because they go there and they come back and they . . .

THORNLEY: Unfortunately he went from here to there. He's been a loss, he's been a loss to Bangladesh. But in his tenure—I think he was in the ministry about three years—he was able to introduce changes, there was political support for them. Fortunately—I presume fortunately—you know, nobody, the changes weren't hurting anybody that mattered. I mean, they did hurt some interests, but nobody that mattered was hurt, so . . .

LEWIS: You said he was there three years. Where did he come from before that?

THORNLEY: Secretary for education. That was the direct—he'd never been in the sector before.

WEBB: Is he an economist?

THORNLEY: I honestly don't know. I never did inquire. He's a damned good administrator and a good manager and, you know, he's a very bright guy. I mean, he grasps the issues. I mean, you could sit there and discuss issues and he would then come to a quick decision and get on with it, which here is extremely unusual.

LEWIS: You say the donors have been pretty much talking with the same voice. How do you—does that take active coordination or just . . .

THORNLEY: Yeah, we've--on subjects of the, on things that are of mutual concern we interact with the major donors on a very constant basis. Fertilizer: the lead agency for the last decade has been AID. The Bank has been involved to greater or lesser degrees. At one point, in the period when we were doing program credits we supported, you know, we were supporting what they were doing with conditionalities attacking the subsidies. That goes back quite a while, but, you know, that collaboration was there. But even now where we're not directly involved we're in touch with them constantly. Minor irrigation we've been more involved with the Asian Bank. And ag credits, the credit project that is now in abeyance, you know, that we don't know quite what to do with, was going to be co-financed with the Asian Bank, and in fact they've been to their board with their half of the deal. I mean, they held up signature when we held up Board presentation because of this write-off problem. We've had very close collaboration with the Asian Bank.

WEBB: Does this kind of coordination occur very largely at sector levels, like--because you've got all the other areas . . .

THORNLEY: I think--you know, I—I mean, it's difficult to say, it's very subjective. I suspect that aid coordination in Bangladesh is about as good as it gets. The local consultations group meets regularly; and then the consultation group itself meets regularly and we have a program, looking forward six to twelve months for topics and different donors might take the lead to, you know, to promote a discussion on a particular topic. But below that there are a whole series of subgroups which are much more subject specific. There's a water resources subgroup that meets on a monthly basis and everybody swaps information. There's an agricultural subgroup where people get together and swap information. There's an infrastructure group, there's a women's—there's one group that focuses on women's, WID [women in development] issues. There are a whole series of subgroups. So on particular topics there is extremely good, you know . . .

LEWIS: Two or three regimes back at least the government itself was taking an active role and they chaired some sort of coordination exercise. I think the Planning Commission had at that time a secretary who was responsible for interacting with aid donors. [Abul Maal Abdul] Mohith was that one time, years ago. And they would actually have, chair meetings of all the major donors. It was not—in India earlier on, I remember, they resisted coordination by the donors. They liked to play them off one on one, you know.

THORNLEY: Well, here at the present time it's very much a donor-driven coordination. The government itself—I mean, they attend and send people to the various meetings, but, you know, the organization, the prompting comes from the donors' side. And, in fact, occasionally when we try to get something done from the point of view of getting, you know, ownership of any of these new publications, trying to get government

to take the lead on, you know, put a task force together, donor-government task force to address a particular issue, that sort of thing, it's had mixed success. It went pretty well on the WID side, but on other areas it's been like pulling teeth trying to get anything with it. But in, you know, it is a—that is an approach that's resorted to quite regularly, trying to, you know, get the government to take the lead and pull things.

KAPUR: With the benefit of sort of hindsight, [inaudible] what are the areas in which you think the Bank could have done things differently or ought to, as you now look back [inaudible] Bangladesh?

THORNLEY: I think we've failed in terms of trying to get ownership. At the end of the day I think institutional issues, you know, getting the government's capacity, the government's own ability to do the job is ultimately what mattered. I think we've failed in most areas to do that. So the whole approach to institutional issues I think has been bad. I think we've fallen foul of, you know, the Bank's concern about not getting in, you know, about not intervening in the sovereignty issue and the conflict of interest, the legal question as to how far can you interfere. I mean, I remember when I joined the Bank we used to have covenants that said, "Thou shalt appoint directors who, you know, meet, are satisfactory to IDA [International Development Association] and you don't change them unless you get clearance with IDA." And that all dropped. And I guess it was from the lawyers' perspective. But we put money into operations where the entities concerned, be it the Water Board or the Agricultural Development Corporation, the Power Board, where the management was demonstrably hopeless. And we've chucked in technical assistance, thought that you could push on the end of a piece of string. I mean, that's the impression I have. We haven't demanded. And it's not as if they couldn't do it. If the government would get out of, you know, stop intervening. This credit fiasco is a case in point. You've got the national commercial bank, you've got the Krishi Bank, they've got chairmen, boards of directors, and the government in its wisdom decides to do something, that whole structure that's supposed to be there to operate the banking system is ignored and there's a—an edict comes out from the Ministry of Finance, you know, "Behave in this way."

The Power Board, the systems loss issue. We've been talking to the government, but there's never been a chief executive—or not for any, you know, length of time--there's never been a chief executive there that was given, that was capable and given the mandate to get on and do his job. And yet we provide technical assistance.

I mean, we put technical assistance into the Water Board. The system has been for many years that they appoint the most senior of the engineers who's grown up, spent his whole career in the Board, they make him the chairman, he's there for ten months, he retires, then they bring the next guy in and he retires. There's no damned interest in running the show at all. And we constantly put a fortune, we and other donors and the government itself, into outfits that were just mismanaged.

LEWIS: Do you here in Dhaka perceive this sort of thing better than they do back in Washington? I would think maybe.

KAPUR: [inaudible] Bank in . .

[End of Tape 1, Side A]

[End of interview]