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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

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President F.W. CLAUSEN

Senior Management Council - Memos 1981

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Senior Management Council - Memos - Correspondence 01

FORM NO. 1768
(6 81)

AOP REPORTS ROUTING SLIP		DATE
NAME		ROOM NO.
Mr. Paijmans		A-1236
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
RE: <u>Note No. 1230 on Survey Questionnaire</u>		
<p>Your comments can be addressed before the Pilot Questionnaire is finalized for printing, but are <u>not</u> reflected in the version included in the Managing Committee package you are receiving today. Since time is of the essence, I do not suggest we try to make any changes in the package for the Managing Committee, but that you and Mr. Rosen meet after the Jan. 4 discussion to agree what final adjustments to make for the pilot.</p> <p>cc: Mr. Kaji Mr. Rosen (o/r)</p>		
FROM:	ROOM NO.:	EXTENSION:
Bradley O. Babson <i>B</i>	1-2-165	69301

VERY URGENT

December 21, 1981
#1230

Mr. Rosen:

re: Survey Questionnaire

1. At the occasion of the last survey draft, I alerted you to several questions in which the answerflow running from unfavorable (left) to favorable (right) was reversed. You agreed this was confusing and needed correction.

2. I have again observed that same phenomenon in this final draft, please see questions:

-59	possibly also -61
-87	-85
-88	
-89	many questions in 118-126

3. Note typo in question 140. Questions 157, 158, 160 are misplaced in order.

I find sections 143-149 still curious the way the questions are put, there is no way the institution can come out as a good and interesting employer. Why don't we also ask at least, "How satisfied are you with the responsibility you carry, with the work you do?"

5. Re the Evaluation question No. 1. What does somebody fill in who finds the questionnaire overly comprehensive? The question is "slanted" in my view.

Martijn J. Paijmans

Martijn Paijmans

OFFICE MEMORANDUM

TO: Mr. Martijn J.W.M. Paijmans (through Mr. Gautam S. Kaji, ^{DATE} December 21, 1981
Acting Director, PMD)

FROM: Ned Rosen, Consultant *NR*

SUBJECT: Attitude Survey: Your Query through B. Babson,
Re: Our Preliminary Preparation of Managing Committee Members

1. The "package" that you reviewed in November, revised according to your handwritten suggestions and in the light of our telephone conversation about it, was sent to all vice presidential members of the Managing Committee. A copy was not sent to the President.
2. Written or oral feedback was received from all of the vice presidents except Mr. Benjenk. In some cases (Stern, Qureshi, Chenery) the communication was delegated to one of their trusted assistants.
3. Many editorial suggestions for the Pilot Questionnaire were made, and we have incorporated most of them. A few were not acted upon for technical reasons.
4. Regarding the Issues Paper, nobody raised any questions about anything other than the Feedback strategy alternatives and the Training Workshop for Managers.
5. Only one person had any qualms about the Training Workshop, wondering why it would require an entire day plus individual preparation time. I believe he (P. Mistry) was satisfied with my explanation.
6. The Feedback strategy issue was resolved to the satisfaction of Mr. Stern's and Mr. Qureshi's representatives, and I believe is clearly set forth in the revised Issues Paper in the accompanying packet.
7. Let us hope that this strategy will satisfy Mr. Clausen. It is consistent with his publicly stated belief in delegation, but clearly should tell him where the "bleeding" is.
8. Should you wish to speak with me about any of this prior to my return on January 3, Mr. Kaji's office will be kept informed of my whereabouts and appropriate telephone numbers. Please feel free to call me.
9. I'd like to wish you and yours a very Merry Christmas and Happy New Year.



Record Removal Notice



File Title Senior Management Council - Memos - Correspondence 01		Barcode No. 1773311		
Document Date N/A	Document Type Report			
Correspondents / Participants				
Subject / Title Attitude Survey Issues				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date 15-Feb-17</td></tr></table>	Withdrawn by Shiri Alon	Date 15-Feb-17
Withdrawn by Shiri Alon	Date 15-Feb-17			

Draft Letter for Mr. Clausen's Consideration

Dear Fellow Staff Member:

Every organization should be concerned about the quality of its working environment and should periodically evaluate it by seeking the opinions and ideas of employees. With the full support of the Managing Committee, the Personnel Management Department will soon carry out the first annual Staff Attitude Survey in the Bank Group's history, and I invite and encourage your active participation. In my experience, surveys have a beneficial effect on the well-being of an organization and its employees.

Before the survey is conducted, an appropriate questionnaire must be developed. As you know, we are a highly diverse population in the Bank Group and it will be necessary to consider the questionnaire's content and language very carefully. Therefore, some of you will soon be asked to participate in a pilot study to help with questionnaire design and development. I ask you to make every effort to attend the pilot survey session if you are among the 300 or so staff members invited to do so. Your manager should make it possible for you to attend, or will select an alternate if necessary. After the questionnaire is properly developed and validated through the pilot test, all full-time regular members of the Bank Group staff will be asked to participate in the full survey in the early spring, at a time when we can expect minimal mission travel and maximum attendance. Anonymity of each individual's answers will be guaranteed.

Once the full survey data have been analyzed, the results will be shared with all of you. First, a Bank Group report will be published describing the overall results of the survey. Following that, every work unit within the Bank Group will receive a special report containing data on its own

responses. Each manager will hold at least one meeting with staff to discuss the results and explore their implications for improvement and constructive change. The survey will be repeated annually so that we may keep track of progress.

I hope you will agree with me that this program has the potential to enhance the quality of communication in the Bank Group. I believe it can also help us to do our jobs better, to improve working relationships, and to maintain our pride in this institution.

Sincerely,

(A. W. Clausen)

SCHEDULE OF MAJOR EVENTS - ATTITUDE SURVEY^{1/}Target Dates

1982

- 1/04 1. Approval by Top-Management of project and Pilot Questionnaire. (See Attachment 2) Timing of subsequent steps subject to no major changes being introduced by Managing Committee deliberations.
- 1/06¹¹ 2. Letter from Mr. Clausen to all staff announcing survey.^{2/} (See Attachment 3)
- 1/11¹² 3. Memo to managers identifying individuals chosen for the pilot test.^{2/}
- 1/20 4. Delivery by outside processor of 400 Pilot Questionnaires to PMD.^{2/}
- 1/20 5. Approval of contract with outside data processor.^{2/}
- 1/25 6. Conduct pilot test.
- 2/1-2/15 7. Orientation meetings held among managers in all Vice-Presidencies to plan survey administration logistics.
- 2/24 8. Analysis of pilot data by outside processor completed, and revised questionnaire prepared in final draft, for review at March 1 Managing Committee meeting. Timing of subsequent steps subject to no major changes being introduced by Managing Committee deliberations.
- 3/09 9. Copies (6,000) of final questionnaire, plus envelopes, printed internally and delivered to PMD.
- 3/15 10. Work unit packages of questionnaires and envelopes delivered to designated parties throughout organization (see 7, above).
- 3/16 11. Full survey conducted, and completed questionnaires picked up by processor. (Second and third shift questionnaires to be mailed on following day.)
- 3/26 12. Overseas questionnaires mailed to processor.
- 4/09 13. Data analyzed and all tabular/graphic work prepared for Bank Group report.

^{1/} By and large the events must occur in sequence indicated. If we slip the date at either step 6 or step 11, the project will suffer badly from an attendance problem.

^{2/} Document currently in draft.

- 4/19 14. Bank Group report delivered to Managing Committee, for review on April 26.
- 5/10 15. Bank Group report published.
- 5/10 16. Manual for managers explaining data interpretation and feedback procedures distributed.^{3/}
- 5/17 17. Work unit tables and charts^{4/} presented to line management upon receipt from outside processor, in accord with plan discussed in Issues Paper. (See Attachment 1)
- 5/17-6/15 18. Management Workshops conducted to facilitate feedback process.^{5/}
- 6/15 19. Secondary data analyses reported to top management.

3/ Document in process.

4/ Basic designs in draft.

5/ Planning process currently underway.

NRosen:js
PMD
December 18, 1981

SENIOR MANAGEMENT RETREAT
(Wye Plantation, December 10-12, 1981)

First Session: How to Make The World Bank a More Effective Institution

Presentation: Ernest Stern

Mr. Stern focussed his observations on three main themes: (a) what the framework for Bank operations may look like in the coming years; (b) what can the Bank contribute within this framework; and (c) how can the Bank be more efficient.

1. Framework of Bank Operations in the '80s

Developed countries' societies are becoming increasingly inward-looking, with a growing attitude of protection typical of those "who have." People in Europe and the U.S. generally expect that things in the future will not be better than in the past. A political evolution will follow from that.

In recent years, the global political context has become much more volatile. The world is more divided today than in the past, and the increasing fragmentation makes achieving consensus on anything more difficult.

The evolution of the economies of developing countries has direct political implications, both internally in those countries and globally.

The adjustment process is a continuous one which will lead to less consensus in the '80s, with more nationalism and more protectionism. There are likely to be changes in political and economic alliances.

In that general context, The World Bank may be seen as a haven of common sense, especially valued for its impartiality. But it could also be seen as being irrelevant.

2. What Can the Bank Contribute

The Bank can provide money in a context of intellectual leadership. If it provides assistance without money, it will lose clients. The Bank has to adjust. Formulas of the past will not work in the future. This will require a more participatory approach. The Bank has the capacity to draw on the best resources available. It should learn from the past and adapt.

The Bank needs to do more. In the future, bilateral aid will be more tied and more political.

The Bank should mobilize more resources with the private sector. In middle-income countries, Bank money will be less impactful.

3. How To Be More Efficient

The Bank should maintain its objectivity and high standards of quality. It needs to expand its analytical ability.

The needs of the countries should be better identified (e.g., Report on Sub-Saharan Africa).

Bank's tools should be modified according to changes in development and country needs.

The focus of Bank's work should be not only on policies, but on specific measures which will ensure implementation of these policies.

More should be done to build local capabilities, more attention should be placed on national systems.

The Bank ought to be firmer; at the same time, it must be more realistic in assessing its own failures and in using its own lesson of experience.

Internally, there should be more education of everyone's colleagues. Procedures should be trimmed. Flexibility has to exist at the bottom of the institution.

4. Conclusion

The Bank will not be judged by the volume of its lending, but rather on how well it rises to intellectual challenge, how well it understands its borrowers, how well it succeeds in its approaches.

Discussion

The general discussion which followed Mr. Stern's presentation covered a large number of issues which can be broadly organized in two parts: (a) the development impact of the Bank and, more generally, the Bank's relationships with its member countries; and (b) the internal efficiency and processes of the Bank. In this framework, the following points were made.

1. Development Impact of the Bank

The Bank has become excessively inward-looking with many people engrossed with the specifics of their individual jobs in the Bank. The retreat is the first occasion for the Bank's senior management to think about how the Bank ought to relate with the rest of the world. While it would be nice to see the Bank do more, at the same time, it ought to realize that it has only a limited understanding of various problems and it should be humble. There is indeed a need to look more at and benefit from what other bodies are doing.

The Bank must face the fact that developing countries are not a homogeneous group. On one hand, there is the "hard core" of development: Africa and South Asia, where the Bank will need to continue being deeply involved in the details of everything, where it must be spearheading the dialogue and it will have to increase its inputs. On the other hand, are East Asia and Latin America where the Bank should see itself more as a partner in an intellectual process. There, the quality of the Bank's intellectual work will become critical. Quantitatively, the Bank's financial input will be smaller and smaller, but it will be increasingly called upon for its advice.

What will count most, therefore, will be the depth and continuity of the Bank's involvement and the quality of the staff.

Looking at the regions, more diversity of situations can be expected in the future, which means that there should be a certain variety in the Bank's responses to these situations. Generally speaking, there will be a need to get closer to the governments, especially for the economic analysis and dialogue with the countries. How to achieve this must be addressed. Some specific functions of the Bank should be taken closer to the governments. Perhaps the Bank should be able to hire more local people for larger periods of time and make greater use of local institutions.

Even if the Bank lends proportionally less of the total borrowings of middle-income countries, its lending is still very important. It may require higher quality and selectivity. The development of sustained relationships with governments will be increasingly needed, and greater political sensitivity will be required from individuals.

The Bank must be more sensitive to the changes that have taken place in its borrowing member countries. There are now a number of newly educated people at the policy level in those countries, and the Bank must remain a step ahead. The strength of the Bank is in the combination of providing money and advice, and this strength must be preserved.

The Bank has gained the constituency of Part II countries, but the constituencies of Part I countries have been neglected. The balance must be redressed.

Through its project lending, the Bank's contribution is largely for the long term (a project takes from 5 to 8 years to be completed). This does not make it very effective in dealing with short-term problems which are foremost in the minds of governments. The question is whether they want or expect more from the Bank in that area and whether the Bank can deliver more. It may be that the Bank has more leverage than it thinks and it may not be using it. Changes in economic policies can be linked to the total lending program for a given country, rather than to each individual project.

The Bank generally produces good products. Yet this is not always perceived as such by the clients. Some Part II people argue that what the Bank perceives as benefits, they perceive as costs.

The Bank faces a difficult economic environment in the borrowing countries. In general, it is easier to make a diagnosis than to act. Many of the Bank's economists never have had an in-country policy formulation expertise. There is indeed the need for more country missions with better analytical abilities.

Perhaps there is a general decline of faith in economics as a science. As a result, the Bank's intellectual leadership may be more difficult to affirm and increasingly questioned.

2. Internal Efficiency and Processes

The Bank is a very effective development institution. But it has been very unconscious about costs. For a long time, there were no constraints both internally and externally.

The Bank has grown a lot in the last ten years, but the methods of management have not changed much. While a lot of good programming is being done, there is little strategic planning.

There is excessive quality control. More responsibility should go to the "production line." Several responsibilities in budgeting and accounting could be decentralized.

The Bank is terribly lacking in information technology; many things are still done manually. Too many highly paid people are doing menial tasks.

The whole relationship of management with the Board is becoming much more time-consuming. Within the institution, the focus is often more on the Board than on the task to be accomplished.

The Bank must also be careful not to fragment or polarize its dialogue with member countries, e.g., diverging views between projects and program staff. Different views, however, do not necessarily mean undermining each other's side in the dialogue with the clients.

On this issue of advice to governments, the Bank should learn much more, recognizing first that many people in the Bank do not know how governments work. This must lead to the question of what type of internal restructuring may be needed, e.g., programs/projects.

3. Conclusion

In conclusion, the key question which the Bank must answer is how to enhance its comparative advantage as a multilateral development institution. Certainly the Bank should concentrate its efforts in certain areas, for instance, in the intellectual work. It should also concentrate its lendable resources on areas less attractive to bilateral agencies. These will generally be more difficult areas, where interventions are also likely to be more costly. The Bank should extend the "umbrella" function which it has traditionally performed. Finally, it should provide information and advice to the donor community.

Second Session: How to Improve the Quality of Management/Employee Relations

Presentation: Martijn Paijmans

Mr. Paijmans focussed his remarks on what has been accomplished over the last months in the area of managing people in the Bank and on the areas which will require senior management's attention in the years ahead.

1. Present Situation

Until this year (1981), "good people management" in the Bank was totally undefined. Most managers saw this lack as a major hindrance to their ability to manage in the institution's best interests.

Since February 1981, the Bank has provided an institutional framework for the management and development of its employees. The "Managing People" booklet is the senior management's statement of principle about how people should be treated in the Bank. The question is whether there have been any differences over the last ten months, since the introduction of this statement.

Personnel Administration has already taken a number of steps, including organizational changes to provide more responsive client service. PMD has put in place managerial aids to help managers do their job, e.g., services of Personnel Officer team to assist each Vice President; management training programs, especially for new managers; new managerial performance appraisal and potential assessment system.

It is clear that Personnel Administration cannot and should not take over personnel management responsibilities from managers. It is ready to help them in carrying out these responsibilities.

2. Priorities for the Future

Four areas will merit particular attention in the years ahead:

(a) There is an increasing need for honest feedback on performance and honest assessments of potential. In a period of low growth, accurate data on performance and potential is even more critical to sound decisions on promotion and staff movements. The Bank cannot afford to make selection mistakes.

(b) There must be increasing focus on upgrading the quality of the communication with the staff. This means telling the "why" as well as the "what," which is especially critical in the case of decisions to restrict the growth of programs or resources. It also means communicating to all staff, not just managers, and using more sophisticated techniques of communication.

(c) There must be a clear establishment of new priorities. The Bank is made up of highly intelligent staff who need clear signals as to the rationale for the Bank moving in a new direction. By

and large, Bank managers are not much used to shifting limited resources to the most cost-effective activities. The Bank will need managers willing to make some hard choices and then be able to communicate their decisions to their staff.

(d) There is a need to delegate authority down the line. There should be a reduction of the need for successive controls and clearances, while increasing job satisfaction. There must be creativity to find less onerous alternatives to the series of safety nets which now exist.

Mr. Paijmans concluded in pointing out that, while the definition of the "what" is reasonably easy, the difficult questions come with respect to the "how," in the matter of improving management-employee relationships in the Bank.

Discussion

The general discussion which followed Mr. Paijmans' presentation focused on several elements which contribute to the unsatisfactory present situation, and on what could be done to improve this situation in the future. The following points were made.

1. Discussion of the Present Situation

The Bank has a very unusual concentration of talent. However, along with a great pride in their work, there is a lot of frustration in the staff. The Bank has not been very good at managing people and motivating them. One of the reasons for this situation has been the handling of the compensation issue in recent years. Staff felt that some issues were politicized and that senior managers were not presenting and defending the substantive facts. In addition, there is a general feeling that the views of managers are different from or do not represent those of the rank and file. These two perceptions have given strength to the Staff Association. In the past, some issues have been poorly handled by senior management which went to talk directly to the Staff Association, thus neglecting and undermining the management line. Some policy changes, e.g., travel policy, have been particularly damaging to the perceptions of staff. Furthermore, in some instances, e.g., travel, follow-up was promised and never delivered. As a result of all this, adversarial relationships have developed between management and employees.

In the Bank, incremental financial benefit comes mainly from promotion as manager. This tends to push many technicians into managerial positions. There is also the perception that promotion comes faster to operational staff. This creates imbalances in the distribution of talent among various parts of the Bank. In addition, there is so far little training in management. Since there are now increasingly limited opportunities for promotion, professional satisfaction in one's job becomes even more important.

The present salary structure is not sufficiently adapted for the Bank. The whole issue of grading and classification needs a full review

and there is no clear termination and demotion policy. All these issues, however, are now under consideration by Personnel Administration.

As far as managers are concerned, there are two basic issues: (a) on one side, there is excessive fragmentation of management, managers seeing themselves more as managers of processes rather than managers of the total scene (e.g., with respect to Personnel matters); and (b) on the other hand, there is a feeling among many managers that they are not sufficiently part of the target-setting process.

On the matter of communication, a lot of information is being sent upwards by the staff who do not receive the feedback on the whole picture. This forces them to seek information elsewhere (e.g., EDs, Staff Association).

In general what seems to be needed is a change in the style of management.

2. Outlook for the Future

It is true that internal communications have been poor, often because people talk to people rather than with them. The situation has, however, improved in the recent past.

After sustained efforts over the last two years, Division Chiefs now largely consider themselves as part of the senior management. The trend in communication is indeed positive. In general, staff expect more personalization in their work relationships, and more collegiality in the decision-making process. Bank staff are intelligent, motivated people who want to know and participate. The difficulty is how to reconcile the need for confidentiality and the need for information. In addition, it is also how to allow staff to participate in the decision-making process.

It is important to ensure that the right decisions are being taken at all levels in the institution rather than all members of the senior management making sure that they themselves take the right decisions. Senior managers must make sure that what they do is viewed by staff as being in the interest of the institution rather than for reasons of personal publicity or power.

Senior managers should focus on substantive accomplishments. They must have candor and openness in their dealings with the staff, but they must also be careful about timing and selectivity in the way they communicate with and inform their staff.

The Bank is quite backward in techniques of communication. There are now attempts to institutionalize a system of communication and a task force is working on this problem. However, it should be recognized that no technique is a substitute for personal communication among individuals.

In building trust, the duties of everyone must be laid out. It must also be accepted that senior management makes political decisions every day. Managers can be quite candid about this, whereas it is important not to give the impression that the decision-making process itself is politicized.

It is clear that staff think more in terms of entitlements than of duties. There should be a booklet outlining the rights and duties of all employees. This should be a code of conduct written in human relations terms and not in a legalistic jargon.

3. Conclusion

A great deal of the problems mentioned fall under the direct responsibility of the senior managers attending this retreat. Much blame is being put on the "system," but the system as a whole is made by them, and they have all the necessary powers to change it. For instance, the paper flow is very much under their control and they can train their staff to make papers shorter. Already many things are being worked on, e.g., management training and reassignment. However, senior managers do not always cooperate on implementing the policies that they agreed upon and decided.

The President's Council will be changed into a Senior Management Council. This Council will meet less frequently (once a month through lunch), but it will focus more on substantive macro issues so that a real dialogue among senior managers can be established. In essence each member of the Council must have a better understanding of the totality of the institution.

Policy matters are the responsibility of the Managing Committee. There is the need for better mechanisms to make the MC's decisions known. In the past, the documents sent to the MC have been treated very confidentially. Members of the MC have been hesitant to discuss them with their managers in the phase of elaboration and an intermediate step does not yet exist. As a result, the preparatory work for the Managing Committee now involves less participation than in the past. Perhaps there has been too strict an interpretation of the confidentiality issue.

The group discussed the merits of holding a management conference, a one-day session with all Department Directors and Division Chiefs. It was agreed that this would be a good vehicle for internal institution building, to identify and discuss priority issues. The main question would be one of timing and it was felt desirable to get first a certain momentum going since there are already many things in the making.

Third Session: Longer-Term Global Economic Issues

Presentation: Hollis Chenery

Mr. Chenery pointed first to the changing world environment. Energy is clearly a key element in the overall economic scene. How the world has been adjusting in recent years can be traced back to the oil shock of 1973. With respect to energy supply and demand, the general picture shows that most of the adjustment has taken place in the industrialized countries and will continue to do so.

On the financial front, it is clear that the capital surpluses of OPEC countries will come down resulting in reduced production and curtailment of the development plans of these countries. It does indeed make a difference whether industrial or OPEC countries get the surpluses in their current account balances. In the developing countries, deficits will probably come down but they will not disappear entirely. In the aggregate, the world can be expected to get over the adjustment process in this decade, although there will be wide differences among individual countries. The world inflation for the decade is likely to be lower than at present, about 6% annual rate.

In order to adjust, countries must change their pattern of trade or their pattern of growth. Most poor countries have limited scope for adjustment through trade (e.g., Africa) and therefore must adjust through changes in growth.

Turning then to the prospective changes in the Bank/IDA borrowers, Mr. Chenery explained that a number of new graduates can be expected by 1990 and there are several implications of the graduating process for the Bank. In particular, the Bank's portfolio in financial terms will look much less attractive without the graduating countries. Among the middle income countries not affected by graduation, all oil-exporting countries (e.g., Indonesia, Egypt, Nigeria) are now becoming large borrowers. They all have the same type of problems which the Bank needs to study.

As far as the Bank's lending strategy is concerned, the old argument since the Marshall Plan on the distribution between program and project lending is still valid today. It is the macro vs. micro issue. The Marshall Plan was 90% program lending and 10% project lending, and it was said then that this distribution in favor of program lending was due to the recipient countries being quite sophisticated. It should be recognized that many borrowing member countries of today are as sophisticated as European countries were then. At any rate, even when structural adjustment no longer has priority, lending of the same nature, i.e. non-project lending will still be useful in order to deal with overall country economic policies. An important question to be addressed is that of adjustments beyond those strictly

related to balance of payments aspects. Internal adjustments are much more difficult to deal with and the Bank has less expertise in this area.

In the 70's, the Bank put great emphasis on the poverty issue. It is sometimes alleged that there is a conflict between economic growth and focus on poverty. This issue should be studied in connection with lending for structural adjustment. In any case, the Bank should be careful not to be perceived as contributing to a worsening of the poverty situation.

Discussion

This discussion which followed Mr. Chenery's presentation touched on a number of issues related to the adjustment process and its impact on the Bank's financial situation and its lending strategies. The following comments were made.

On the financial side, the deficits of industrialized countries may not decrease as anticipated, depending on the strategies followed by the capital-surplus countries. If their growth rate is lower and global inflation is higher than 6% annually, then financial markets will not look much better than today. For the Bank, this means that the resource constraints would be worsened.

The sustainable level of lending is estimated at about \$13 billion in 1981 dollars. This level may now be coming by 1984 instead of 1986 as previously expected. This brings forward a host of financial issues such as the need for a further capital increase or a change in the gearing ratio. The official policy of the Bank at this time, however, is that it is not in favor of a change in the gearing ratio and it would prefer capital increases, with a smaller paid-in portion.

The adjustment process has implications for the Bank's lending strategy. The basic focus for the Bank should be on development strategies for the long term and not structural adjustment for the medium term. Structural adjustment lending therefore should be viewed in a longer-term perspective.

As the Bank moves into the 80's, the world comprises very different groups which the Bank will have to approach quite differently, with more differentiation in its work. In some areas, it will have to move more on sector and policy issues. Through project lending, the Bank gets to very broad segments of the economy, not only on technical but also on policy grounds. The question will be on how the Bank should equip itself for the new situations, with the recognition that changes will probably mean higher staff inputs.

The Bank will need to continue placing heavy emphasis on agriculture, especially in Africa. However, it is unlikely that agriculture will remain the driving force in the future. Therefore, in parallel, the Bank ought to look increasingly at other sectors of

activities for the longer term. In particular, the Bank should learn more about industrialization where it knows little and which is a weak area in terms of policy. In general, however, the Bank will need to use increasingly the total package of its lending for its policy dialogue with the countries. Emphasis will need to be placed on the overall programs in these countries.

A lot more thinking should take place on how to deal with countries which have large inflows of capital, such as Gabon, Nigeria and Mexico. It is the whole problem of assets management which needs to be studied.

As to the issue of project vs. non-project lending, Part II countries claim that the Bank does not finance enough non-project lending. Part I countries, however, argue that it is difficult to see where the money is going in non-project lending and raise the question of whether it is not possible to obtain policy changes from the governments without having to put this money. In addition, they may be afraid of losing business from the procurement side.

With respect to graduation from IBRD, it is clear that the implications are quite different among various groups of countries. Countries which could be graduated in Europe should have few problems as they may rely on other institutions such as the EEC. For others, e.g., Mexico, Brazil, graduation may represent a real loss. The Bank will have to find something which it can do with and for them. In particular, IFC could and should become increasingly active in countries after they graduate from IBRD.

The focus on poverty was established in the early part of the 1970's. At the same time, emphasis was also placed on the development of human resources. These have moved somewhat in the background in later years. A difficult question will be how to address the new priorities such as energy and SAL without losing sight of the need to focus on poverty and human resources.

In conclusion, the new changing environment makes it necessary for the Bank to recast some of its resources, especially human. For instance, agriculture's share of Bank lending in South Asia will be smaller because lower investments will go into agriculture (partly as a result of the successes of the past). This will have implications on staffing, e.g., possibility of redundancies. In this context, strategic planning for the Bank is increasingly necessary, and it has implications for staffing, organization, etc.

Concluding Session: Mr. Clausen

Mr. Clausen concluded the retreat, pointing to the value of such an event which already served a number of its intended purposes: a fun, enjoyable atmosphere allowing senior managers to get to know each other; and a good format for discussion leading to a broadening of everyone's perspective and understanding. The process now should be to digest the many issues which have been raised and discussed during the sessions and start the process of answering them.

The intellectual caliber of the senior management group of the Bank is clearly very high. Senior managers are very professional and talented. There are, however, some deficiencies in management skills. The word "management" needs to be emphasized in the institution.

It is reassuring to see that there is a broad consensus among senior managers on almost all the issues that have been discussed. Everyone realizes that there is the need for some changes in the institution, but these should be gradual, through evolution rather revolution. In the past, the institution has been very presidential. A process should be built which should be more independent of individuals. This has been the rationale for the creation of the Managing Committee. Decentralization is also an issue which should be addressed overtly, although there is far more of it in the Bank than people realize. In general, things are much better than may appear from outside, except in employee relations.

As far as people are concerned, it is clear that some are misplaced. There should be the adoption of strong standards and good performance reviews. There should also be the adoption of a system of performance by objectives. Such a system should start with the group of senior managers who should state their personal goals. Mr. Clausen stated that he would work with Martijn Paijmans to send out some guidelines on how to go about establishing a system of performance by objectives.

Mr. Clausen confirmed the decision to change the President's Council into a Senior Management Council. There will be no substitution of members so that over time the group will become more candid and more intimate. Meetings will take place on a monthly basis, and there may be someone invited, even from outside, to talk about a specific issue. Every member of the Council will be expected to contribute, however in letting all the other know what they should know.

In conclusion, Mr. Clausen stressed the need for strategic planning for the institution. The Bank does a good job in helping countries plan and it should be able to do it internally as well. In the end, people and planning, in that order, are the keys to effective and successful management.

Aspen Institute
- 12/21/81

December 21, 1981

Dear Mr. Tharp:

On behalf of my colleagues who attended the recent Management Retreat of the World Bank, I should like to extend to you our appreciation for your contribution in making our stay at the Wye Plantation a pleasant and enjoyable one. The very comfortable room accommodations, convenient conference room facilities and excellent food all contributed to the success of our meeting.

Please extend our thanks to your associates for their cooperation. Best wishes for a Happy New Year.

Sincerely,



Mr. Bill Tharp
Manager
Aspen Institute -- Wye Plantation
P.O. Box 222
Queenstown, Maryland 21658

OLafourcade:ct

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

December 4, 1981

Dear Sue:

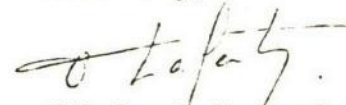
Attached as promised is the list of participants to the Seminar, along with the form showing their room assignments (I'll be going to the farmhouse myself).

Please note that the sessions will run from 9:00 a.m. until 12:30 p.m. and 2:30 p.m. to 5:30 p.m. (I think I gave you different hours last Tuesday.) Lunch should be served at 1:00 p.m.

I spoke with Bill Tharp about wine and he knows what to do.

I am planning to arrive at Wye no later than 6:00 p.m. on Thursday and look forward to seeing you there. Many thanks for your assistance.

Sincerely,



Olivier Lafourcade
Personal Assistant
to the President

Ms. Sue Turner
Aspen Institute for Humanistic
Studies
Post Office Box 222
Wye Plantation
Queenstown, Maryland 21658

World Bank Seminar, Wye Plantation, December 10-12, 1981

Participants:

A. W. Clausen, President, World Bank Group
Moeen A. Qureshi, Senior Vice President, Finance
Ernest Stern, Senior Vice President, Operations
Nicolas Ardito Barletta, Vice President, Latin America and the Caribbean Regional Office
Warren C. Baum, Vice President, Central Projects Staff
Munir P. Benjenk, Vice President, External Relations
Roger Chaufournier, Vice President, Europe, Middle East and North Africa Regional Office
Hollis B. Chenery, Vice President, Development Policy Staff
K. Georg Gabriel, Vice President, Programming and Budgeting
Heribert Golsong, Vice President and General Counsel
Masaya Hattori, Vice President and Controller
W. David Hopper, Vice President, South Asia Regional Office
S. Shahid Husain, Vice President, East Asia and Pacific Regional Office
A. David Knox, Vice President, Western Africa Regional Office
Martijn J.W.M. Paijmans, Vice President, Administration, Organization and Personnel Management
Timothy T. Thahane, Vice President and Secretary
Willi A. Wapenhans, Vice President, Eastern Africa Regional Office
Mervyn L. Weiner, Director-General, Operations Evaluation
Hans A. Wuttke, Executive Vice President, International Finance Corporation
Olivier Lafourcade, Personal Assistant to the President

Angels Office 301-758-2005
301-827-7168

Conference Center 301-827-7404

Room Assignments for

Meeting: _____

Date: _____

Stables No. 1 (827-7754)

Stables No. 2 (827-7997)

Stables No. 3 (827-8167)

Stables No. 4 (827-8201)

Stables No. 5 (827-8211)

Stables No. 6 (827-8301)

Stables No. 7 (827-8775)

Stables No. 8 (827-8893)

Pres. House (827-8395)

Farmhouse #1 (827-8763)

LAFOURCADE

Farmhouse #2 (827-6136)

Chester Lodge

27 A (827-6271) WUTTKE

B (827-6272) HATTORI

10 C (827-6273) HUSAIN

D (827-6274) BAUM

Corsica Lodge

A (827-6262) QURESHI

B (827-6263) CHAUFOURNIER

C (827-6264) WEINER

D (827-6265) BENJENK

Nanticoke Lodge

A (827-6275) CLAUSEN

B (827-6276) CHENERY

C (827-6277) KNOX

D (827-6278) GABRIEL

Sassafras Lodge

A (827-6267) STERN

B (827-6268) THAHANE

C (827-6269) WAPENHANS

D (827-6270) ARDITO - BARLETTA

BOARDWALK Rooms

#1 PAIJMANS

2 HOPPER

3 GOLSONG

TO: Participants to the Management Retreat

December 3, 1981

FROM: Olivier Lafourcade

Following on Mr. Clausen's invitation to attend a Management Retreat at the Wye Plantation in Queenstown, Maryland, December 10-12, this note is intended to give some additional information on the arrangements made for the retreat.

1. Driving time to the Wye Plantation is about 1½ hours from Bank Headquarters. You should plan to arrive at the Plantation at about 6:00 p.m., in order to have time to check in and settle in your room before the reception scheduled for 7:00 p.m. Please follow the directions presented separately.
2. Upon arrival at the Plantation, please proceed to the Registration Desk at the Conference Center (follow the signs on the road) where you will be greeted by Aspen Institute hosts who will give you an information kit on the Center and show you to your room.
3. Accommodation at the Plantation will be in single rooms, each with private bath and private telephone. All rooms are within walking distance of the Conference Center (the Center has a limited supply of umbrellas, therefore you may wish to take your own).
4. As indicated in Mr. Clausen's letter, the Retreat will start with a reception on Thursday, December 10, at 7:00 p.m. in the Conference Center Lounge. Dinner will follow at 8:00 p.m. in the Center's dining room. After dinner drinks will be available in the Lounge.
5. On Friday, December 11, breakfast will be served as of 8:00 a.m. in the dining room (buffet breakfast). The morning discussion session will start at 9:00 a.m. in the Center's Conference Room and will go until 12:30 p.m. (with breaks for coffee). Lunch will be served at 1:00 p.m. The afternoon session will run from 2:30 p.m. until 5:30 p.m. Cocktails will be served at 7:00 p.m. in the Lounge and dinner will follow at 8:00 p.m.
6. Saturday morning's schedule will be similar to that of Friday. The Retreat will end after lunch on Saturday.
7. Informal dress will be de rigueur during the day. Coat and tie will be expected for dinner.
8. Recreational facilities at the Wye Plantation include two tennis courts and a recreational room (pool table). Only one TV set is located in the Center's Lounge. The Washington Post (10 copies) will be available on Friday and Saturday.
9. Telephone number at Wye Plantation (Conference Center) is: (301) 827-7400 or 827-7404 (Ms. Sue Turner is coordinator).

Discussion:

10. As mentioned in Mr. Clausen's letter, there will be no formal agenda for the discussion. The three broad areas for discussion will be distributed as follows:

Friday morning: How to make The World Bank an even more effective institution than it presently is.

Friday afternoon: How to improve the quality of management-employee relations.

Saturday morning: i) What are the emerging issues coming over the horizon which will require longer-range attention?

ii) Summary and conclusions.

Directions

The Wye Plantation is approximately 65 miles from Bank Headquarters.

- Take Route 50 East from Washington. Easiest way from the Bank is to take New York Avenue all the way until Route 50 is indicated.
- Cross the Chesapeake Bay Bridge, continue on Route 50.
- After intersection of Route 50 and Route 301, count 3 miles on Route 50 until intersection with Carmichael Road. Watch out, since Carmichael Road is poorly indicated (it's a small semi-private road). The intersection with Route 50 is between the signs indicating mile 49 and mile 50.
- Take a right from Route 50 on Carmichael Road. Follow the signs indicating Aspen Institute and/or Wye Plantation. At the intersection of Carmichael Road and Cheston Lane, about $3\frac{1}{2}$ miles from intersection with Route 50, take a right on Cheston Lane and follow signs indicating Conference Center and/or Registration. Distance from Route 50 to Conference Center is about 5 miles.

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

Office of the President

October 15, 1981

Dear Olivier:

I am pleased to extend a personal invitation for you to join me and other senior officers of the Bank group in a Management Retreat at the Wye Plantation in Queenstown, Maryland, December 10-12.

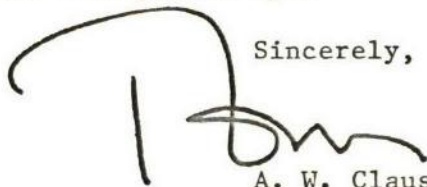
One of the objectives of the Retreat is to provide a relaxing, informal and "off-the-campus" setting for us to get to know each other and exchange views on some of the important management issues facing us in the period ahead.

There will be no rigid or precise agenda. Rather, we shall attempt to focus our discussions on three broad areas of management which are vital to our continued success and preeminence as a unique development institution: (1) How can we make The World Bank an even more effective institution than it presently is? (2) How can we improve the quality of management-employee relations? (3) What are the emerging issues coming over the horizon which will require longer range attention?

Our purpose for these two days will be to engage in a free-flowing discussion on the many aspects surrounding these questions. Candor and informality will be the design.

We shall start our deliberations with a reception on Thursday, December 10, at 7:00 p.m., followed by dinner at 8:00 p.m. The Retreat will conclude following lunch on Saturday, December 12. Further details on the logistics will be given to you later but I did want to give you advance notice to mark the date on your calendar. I am looking forward very much to spending this time with you at Wye.

Sincerely,



A. W. Clausen

Mr. Olivier Lafourcade
Personal Assistant to the President

THE WORLD BANK

Office of the President

December 3, 1981

TO: Members of the President's Council

FROM: Olivier Lafourcade O.L.

SUBJ: Agenda for PC Meeting, December 4, 1981

1. Mr. Clausen (and Mr. Wapenhans, if he is here) will report on their recent trip to East Africa.
2. Mr. Qureshi will report on his trip to Japan and the U.K.
3. Mr. Stern will report on the informal meeting with Executive Directors on cofinancing, held on November 23.
4. Mr. Golsong will report on the informal meeting with Executive Directors on the Multilateral Investment Insurance Scheme.
5. Other business.

THE WORLD BANK

CONFIDENTIAL

Office of the President

November 4, 1981

TO: President's Council

FROM: Olivier Lafourcade *O.L.*

SUBJ: President's Council Meeting--November 6, 1981

The President's Council will meet on Friday, November 6, 1981, at 9:30 a.m. in the President's Conference Room. The agenda for the meeting is as follows:

1. Mr. Clausen will brief the PC on his recent trips to the Middle East: Kuwait, Jordan, UAE and Saudi Arabia.
2. Mr. Qureshi will bring the PC up-to-date on the situation of IDA6.
3. Mr. Wuttke will report on his recent trip to Africa and IFC Activities.
4. Mr. Benjenk will brief the PC on the situation regarding the U.S. Treasury's report on MDB's.
5. Mr. Chenery will report on the Board Seminar on the outline for the 1982 World Development Report.
6. Mr. Paijmans will report on the Managing Committee's decision to create a new Senior Staff Resource Group.
7. Other business.

DECLASSIFIED

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