

BANK'S WORLD



Lewis T. Preston

Eighth President of the World Bank Group
1991 to 1995

Special Supplement, *following page 12*

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BANK'S WORLD

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Acronyms used in this issue:

(excluding those of Bank divisions or departments)

GATT General Agreement on Tariffs and Trade
ICC International Camera Club
IDF Institutional Development Fund
MGM Metro Goldwyn Mayer
NGO Non-government organization

World Bank President Lewis T. Preston died peacefully at his home in Washington May 4. He had been ill for several months and had announced his intention to retire from the Bank at the end of May. We pay tribute to him in a special supplement this month.

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Glass Ceilings— Bad for Business

by Sheila Reines

Recently the Bank's Senior Adviser on Women's Issues, Anette Pedersen, met with René Redwood, Executive Director of the US Glass Ceiling Commission, to discuss the findings of the Commission's four-year study. The Commission's report, *Good for Business: Making Full Use of the Nation's Human Capital*, is available from the US Government Printing Office, and on Internet (World Wide Web [<http://www.ilr.cornell.edu>], and GOPHER [128.253.61.155]).

During the 1960s, the United States initiated actions that changed the face of its work force. John F. Kennedy established a Committee on Equal Employment Opportunity, and Lyndon Johnson signed an Executive Order forbidding employers to discriminate on the grounds of sex. In the decades that followed, women and minorities entered and climbed the ranks of corporate America in record numbers. But by the mid-1980s, research began to confirm what female and minority managers already knew. Invisible barriers—"glass" ceilings and walls—were keeping them from reaching key decision-making and top executive positions.

Sheila Reines is a consultant in the Office of the Senior Adviser on Women's Issues.

In 1991, the US Congress created a bipartisan Glass Ceiling Commission, housed in the Department of Labor, to study and recommend ways to eliminate invisible barriers to women and minorities. This March, the Commission released the results of a fact-finding exercise which included 18 research papers, analysis of census data, a survey of CEOs, and national public hearings and focus groups. Its report, *Good for Business: Making Full Use of the Nation's Human Capital*, will provide the basis for recommendations due later this year.

According to Secretary of Labor Robert Reich, Chairman of the Commission, the report confirms the persistence of a glass ceiling and shows that "the world at the top of the corporate hierarchy does not yet look anything like America." White men constitute 43 percent of the US work force (1990 census data), but account for 95 to 97 percent of managers at the vice president level and above. In 1994, only two CEOs of Fortune 1000 companies were women.

The Commission's research showed that artificial barriers at the societal, governmental and internal corporate levels block women and minorities from getting in the door and into the executive suite. Perception is the root of most evils.

Prejudice and bias create preconceived notions about how certain groups will perform, and shape hiring and promotion decisions. But when stereotypes about women as managers are held up to research data, a gap between perception and reality emerges. For example, in contrast to the claim that women are not as committed to their careers, a 1992 Korn/Ferry survey of senior managers in Fortune 2000 industrial and service companies showed that women worked the same 56 hours per week as their male counterparts; controlling for maternity, women took fewer leaves of absence.

The research revealed opportunities as well as constraints. Women seem to have the greatest potential for advancement to senior and strategic positions in

- *Growth industries*, especially business services. The highest concentration of women managers is in female-intensive areas of the service sector, including finance, insurance and real estate; transportation, communications and public utilities; wholesale and retail trade. However, women may have executive titles without authority, strategic control or salary (for example, the lowest ratio of male to female earnings cited in the study, 50 percent, is in banking).

- *Industries experiencing rapid change through deregulation or restructuring.* Research on downsizing and restructuring showed that women are not always losers; in nine companies studied, the representation of women in management increased in absolute and relative terms between 1990 and 1994. White male managers with seniority were more likely to take advantage of generous early retirement and severance offers, opening up executive positions.

- *Competitive industries dependent on flexibility and the ability to respond to changes in the marketplace.* Most of the corporate leaders interviewed for the study agreed that barriers which exclude women and minorities from decision-making create obstacles to pursuing opportunities, which is bad for business.

According to Glass Ceiling Commission Executive Director René Redwood, US corporations increasingly are realizing that diversity is "a business issue, a competitiveness issue with economic underpinnings," a matter of attracting and utilizing the best talent and not simply filling affirmative action goals to meet legal or moral obligations. The Commission has become aware of many examples where failure to fully utilize human assets translated into losses of market share. As Asian/Pacific-Americans began hitting the glass ceiling at IBM in the early 1980s, they left to start their own companies or work for others, taking along the know-how that unleashed a flood of IBM "clones." Market research at General Motors showed that contrary to assumptions, women were buying pickup trucks rather than used cars. The company brought female engineers into its truck department, who redesigned features that made the GM pickups competitive in the women's market.

René Redwood observes that the Glass Ceiling Commission's report just as easily could have been called "Making Full Use of the *World's Human Capital*," since rapid globalization of the marketplace is one of the main reasons why it makes good business sense to break glass ceiling barriers. And in this age of globalization, the World Bank is positioned to lead by example. "The name 'World Bank' says it all," notes Ms. Redwood. "The World Bank has the opportunity to change the way the world does business. It already embodies global representation, and can show that such representation does not come in only one gender."

The Commission's research supports anecdotal evidence that success in leveraging diversity translates into improved financial performance. In a Covenant Investment Management Study, which rated the performance of Standard and Poor's 500 companies on equal-opportunity issues, the top 100 performers had an average return on investment of 18.3 percent, compared to a 7.9 percent return for the bottom 100. Operative factors may include increased ability to reach untapped markets, or reduction of turnover costs related to the departure of dissatisfied staff (Ortho Pharmaceuticals reported an annual savings of \$500,000, attributed mainly to lowered turnover among women). Ms. Redwood noted that companies which have been proactive on diversity market their accomplishments as a comparative advantage.

At IBM and General Motors, experience inspired a strong commitment to diversity from top management and a program of initiatives to change the staffing mix at all levels. The Glass Ceiling Report profiles companies which

have taken steps to eliminate barriers, and best practices from 82 US corporations. Characteristics common to all of the programs include:

- CEO support
- Integration of diversity into the overall strategic business plan
- Identification of barriers specific to the organization and corporate culture
- Inclusion of all employees in diversity initiatives
- Diversity training to address preconceptions and stereotypes
- Emphasis on accountability at all levels
- A tracking system to monitor progress
- A comprehensive strategy to remove structural barriers *and* to change structures.

According to Ms. Redwood, the essential ingredient is creativity, finding new ways to do business. She cites recruitment as a classic example. Myriad groups, including "progressive women's organizations," claim that qualified women and minority management candidates are hard to find. But invariably, they go back to the same sources, and consequently get the same references. Ms. Redwood refers them to databases, professional organizations for women and minorities, and specialized sororities. She emphasizes the importance of networking, noting that "affirmative action means casting a wider net" to find the best resources, not just filling slots.

NOTE: "Women and the Bank" will once again appear on a regular basis. The Office of the Senior Adviser on Women's Issues is coordinating submissions for this column, and would welcome articles by staff about women's issues or organizational innovations to achieve a gender balance.

On April 27, hundreds of very young professionals (well, future professionals) — the majority female, were seen all around the Bank. They were here as part of the third annual Take Our Daughters to Work Day, a national event sponsored by the Ms. Foundation. The Bank's centrally-organized activities, which the Vice Presidency was asked to run, included its own program (and in the interest of equal opportunity, several included boys). Organizers took to heart last year's requests for more chances to "have fun and learn at the same time," and the

Who's Reading the Policy Research Bulletin?

by Heather Imboden

“You seldom know how the Bank is reaching people,” says Evelyn Alfaro, production manager for the Bank's *Policy Research Bulletin*, which goes out from the Research Dissemination Center to 23,000 people five times a year. “But the 2,300 responses to our reader survey suddenly made the connections very personal.”

Letters, faxes, and express mail came from locations as varied as Brazzaville, Guangzhou, New Delhi, and Syracuse. A month after the survey was released, Ms. Alfaro was receiving an average of 75 letters a day.

Overall, the results were 90 percent positive. But readers were quick to provide suggestions for improving the *Bulletin*. Requests included more graphs, charts, and tables, access on the Internet, a “letters to the editor” section, a yearly index of articles, and a simpler ordering process. Suggestions were often practical: “shift the contents page from page 2 to page 1.” “Summarize the most important articles in other languages,” asked other readers. Several were interested in French and Spanish translations.

Readers in developing countries were especially interested in Bank research. Most thought that the *Bulletin* helped them stay current in the fields of international development and economics. The *Bulletin* “helps prevent isolation in work” a reader wrote, “by keeping readers informed about other current research.”

One respondent, Wang Wen of Hunan, China wrote: “Thank you very much for sending the *Bulletin* to my husband, who's now in Australia studying...I am not sure all the things that my husband likes and dislikes, but I am certain he loves the *Bulletin*.” Another said simply, “don't change a winning formula.”

Many people wanted more information on their own regions. “Research should not be limited to the Anglo-American perspective. The World Bank, after all, is an international institution.” Readers also asked that maps be included with regional articles.

More than half the respondents were in academia. Many professors have recommended the *Bulletin* to their students as an information source. One reader wrote: “I would have liked many of the technical terms to be broken down or

explained in simpler terms because some of my children and relatives enjoy reading the *Bulletin*...they find it very useful in their academic work.” Another wrote: “As an MBA student, some of the numerical and statistical presentations seem to be very advanced.” Yet another asked for “a technical appendix for nontechnical readers.” Although the readers come from varied backgrounds and different levels of education, all found the *Bulletin* informative.

As a way of saying thank you, Ms. Alfaro prepared a four-page wraparound cover for a recent issue, listing all the survey respondents' names in alphabetical order, including their cities and countries.

In response to reader requests, several changes are planned. The editors hope to include more country case studies and more practical examples from the development field, as well as more hard data in the form of charts and tables. They will publish a yearly index of cover stories and Development Briefs. The *Bulletin* already has a new order form for Bank publications, to make ordering easier. And it will soon be available on the Internet.

While some departments focused on how the Bank works, others talked about how people work together. Hiromi Nakano

Heather Imboden is a consultant in the Policy Research Dissemination Center.

And Who's Reading Bank's World?

by Jill Roessner

Compared to *Policy Research Bulletin's* survey response rate of 10 percent, we did rather poorly with just a little more than 1 percent of our readership responding; about 168 forms were returned in time to be tallied. Nevertheless, we were particularly gratified to hear from readers outside the institution, both in the United States and overseas, who took the time and trouble to mail back their forms. And we were rather charmed by those who chose to photocopy the page, rather than rip their copies of the magazine.

Not everyone answered every single item, so results were figured as percentages of those answering that particular question. Eighty-six percent said they always read *Bank's World*, 13 percent said they sometimes do, and 1 percent said never—which made us wonder how they managed to fill out the rest of the survey.

If our respondents are typical, we now know that the majority of you would like to see us devote more space to humor (57 percent), human interest stories (58 percent) and the brief features in the Around the Bank section (55 percent).

Respondents also asked for more space to be given to Answerline (58 percent), although one reader, who was quite generous in his remarks otherwise, implored us to “reduce the inanity of the Answerline—there are normal people in the Bank! Most of us, in fact!” (But only 3 percent opted for less space to be given to Answerline.)

The majority would like to see us devote less space to On the Record speeches (55 percent, with just 9 percent wanting more space used for that purpose). In every other category, most respondents checked the “same” [amount of space] category.

Comments were generally helpful. A few uncharitable readers labeled us “redundant” or suggested we be “terminated” and the words “boring” and “self-serving” appeared more than once. Seven percent of the comments could be described as unfavorable, whereas 17 percent were extremely encouraging: “On the whole, a good publication that needs a little more irreverence...”; “...a very well balanced magazine. The present format should be kept as is”; and “At least this info keeps me informed on all fronts. Keep up the good work.”

Most of the comments were in the form of suggestions and ideas, all of which will be discussed with the Editorial Board, and many of which are likely to be adopted. For example, several readers asked for photos to accompany the “In Memoriam” notices (and this has been suggested in the past). We can do this in the case of current staff, but not for retirees.

We were asked for “more history and stories to generate a sense of community in these difficult times” and “less Bank rhetoric [and] an immediate interview with the new President on his vision, downsizing, challenges facing the Bank, etc.” (We’ll try.)

Of those who chose to let us know, 46 percent of our respondents are male, 54 percent female; 66 percent are staff, 10 percent consultants and temps, 23 percent are retirees, and 1 percent are “others” (such as surviving spouses).

We are grateful to everyone who responded and we’ll keep trying to adapt. We’re also looking at other house magazines for good ideas we might use. And we’re always eager to hear from readers. Don’t wait for another survey; we welcome your suggestions.

On April 27, hundreds of *very* young professionals (well, future professionals), the majority female, were seen all around the Bank. They were here as part of the third annual Take Our Daughters to Work Day, a national event sponsored by the Ms. Foundation. Unlike last year's centrally-organized activities, each Vice-Presidency was asked to plan its own program (and in the interest of equal opportunity, several included boys). Organizers took to heart last year's requests for more chances to "have fun and learn at the same time," and the result was a dizzying array of action-packed programs. We were able to catch only a fraction of the goings-on, and bring you this sample with apologies for all we missed.

The day began with welcomes throughout the Bank. Minhchau Nguyen, Chief, Gender Analysis and Policy Division, ESP, described the Gender and Development Group's work on educating girls. Barbara Travis started the MPS group with a discussion about the Bank, women and work, pointing out that "it's important to enjoy your work because you're going to spend a lot of time doing it." Vice Presidents Kim Jaycox, AFR, and Ismail Serageldin, ESD, hosted breakfasts and took questions from their young guests. Mr. Jaycox was asked questions on everything from changes in the Africa Region ("it's a very long story"), to whether he liked to come to work every day (yes, but he likes visiting Africa better).

Many children already knew that the Bank lends to poor countries, but they got a better idea of the details—and mechanics—of the cash flow. Hovsep Melkonian (LOAAF) explained that the money is used to help create a better life, and described how the Bank makes sure that funds are used properly.

Paru Desai and Sheila Reines are consultants in the Office of the Senior Adviser on Women's Issues.

Take Our Daughters to Work Day

by Paru Desai and Sheila Reines



US Executive Director Jan Piercy with daughter Alissa.
Photo by Deborah Campos

Morag van Praag (CTR) took a group from ECA to the Cash Management Office. She showed them currency notes from around the world, and followed with a quiz which rewarded each right answer with a quarter. The winner went home with \$1.50 and a definite interest in working in the Bank!

The group also got to see what loan agreements and borrowers' bills look like, and watched the action in the Investments Department trading room.

While some departments focused on how the Bank works, others talked about how people work together. Hiromi Nakano

Jennifer Cosbert (MPS) organized a program for children from several departments, including a tour of the construction site. It was the highlight of the day for her daughter, who filed this report:

Mr. Coplestone, Mr. Rivers and Mr. Hatch assisted us on the trip. Before we left for the site, we were all given construction hats to wear with the Bank logo on it—to keep! Then we walked across the street to the site and Mr. Coplestone discussed different jobs that had to deal with construction and engineer-

ing. We walked around a bit, while dust was flying in our faces and the noise of drills and hammers sounded. We viewed the 200-foot crane and then went on with the tour.

The three gentlemen led us to the center of the site where we had to climb a ladder to get to the lower level. One by one, each girl went down, and then the workers. We continued walking between pillars of wood and steel, until we came to mud puddles and nails. Later on we came to a place where a big slab of wood was facing us. Mr. Coplestone explained that where we were standing used to be soil

and rock, and we were about 60 feet below the ground.

After walking, we came near the base of the crane and peered at the long way up and the short way down. Then we found out that the tour was coming to an end. We began to head back where we came from. Some girls and I were worrying about how they were going to climb back *up* the ladder, but we went down a steep ramp, made a turn, and we were in the parking lot ready to board the elevator! So, we didn't have to climb the ladder. What a relief! *Yumi D. Cosbert, 14*

(MPS) helped break the ice in the CTR group with a session on "Let's Get Along with Each Other." Pairs of children took some time to find out about each other and what they did on Sundays, and were surprised at how many did and liked a lot of the same things. Anette Pedersen (MPS) introduced a video on teamwork with "broken squares," a game that gets participants to work together on a puzzle without talking to each other, to show the importance of communication. In the CAP Library, Helen Frick (MPS) led an activity that focused on individuals, taking a group from ECA through an interest identification exercise.

A very environmentally-aware generation was

treated to a surprise briefing by several new ESD officials. Peter Panda (a.k.a. Andrew Steer) explained that, "We used to have a human in charge of the Environment Department but sometimes human beings only worry about other humans." He, Baby Panda and Tessie Tiger (Cristy

Tumale and Kerstin Canby, ESD) showed slides and talked about what the Bank is doing to help protect the environment.

Youngsters got hands-on experience with the technologies that make the Bank work, and a chance to show off their computer



Environment Department Director Andrew Steer was transformed into Peter Panda for the occasion.

Photo by Michael Spilotro

skills. Chit Tharnthong (HRO) showed how art is used to create educational videos, and demonstrated with an interactive video on frog dissection that inspired groans, queasy looks—and correct answers. Barry Tevelow (ECA) taught a group of girls from ECA how to schedule appointments, access games, and switch out of them “in case someone walks by and you need to look like you’re working.” Katia Izmary showed children from CTR how their parents communicate by setting up All-in-One accounts from which they could send messages. The idea of sending an instant “letter” was exciting, and many dads and moms were told, “see you at lunch.” The ESD Information and Technology Unit was kept busy all day, scanning photos and palmprints, and logging kids onto the Internet. Trung Nguyen (CTR) thrilled his audience with a multimedia demonstration

that included taking pictures and instantly displaying them on the computer screen. Clips from “Snow White” drew “ooh’s” from all but one viewer, who closed his eyes until one scene was over (“Yuck, not the kiss!”).

Tours figured prominently in the day’s activities, and included the Children’s Center, Food Services and the WBVS Book Project. A visit to the Fitness Center for the HRO group included an aerobics workout with volunteer instructor Leo Malca (HRO). At 1 p.m., an adventurous group donned hard hats, and toured the construction site.

The Boardroom was a popular stop on the tour circuit. In the afternoon, Nordic ED Ruth Jacoby led a question-and-answer session on topics ranging from how money gets to poor countries, to whether Board members ever disagree (sometimes, on how to do things). Before their tour, the group from

South Asia heard from US ED Jan Piercy about her recent South Asia trip with First Lady Hillary Clinton and daughter Chelsea. Ms. Piercy asked the group to guess how many women were on the Board, and after several wildly optimistic tries (20, 15, 10), Alissa Piercy, perched on her mother’s lap, could no longer wait to give the group the right answer (three).

At the end of the day, there were goodbye parties and a lot of tired but happy faces, on children and program organizers alike. Guests left bearing mementos including mugs from ESD and goodie bags with signed certificates from HRO. Reviews were thumbs-up, and critics said they learned *and* had fun. For the second year in a row, 13 year-old Tonia Tzannatos came all the way from Athens, Greece, for the event (and to visit her family). This year, she thought there was more to do, and

“really learned” what Dad (Zafiris Tzannatos) did. She thought that boys should be included, but maybe on a separate day. Her feelings were echoed throughout the Bank. The creativity, energy and variety that marked this year’s program suggest that the Bank may have hit upon a successful model for decentralization in Bring Our Daughters to Work Day ’95.



Vice President Jules Muis (center) greets some of the visitors to Controller's.

Photo by Michele Iannacci

*On the
record*

Rethinking the World Bank's Business

Following are excerpts from a presentation made by Robert Picciotto, Director General, Operations Evaluation, to the "Innovation Forum" of the Organization and Business Practices Department on April 18, 1995. The full text (and/or the transparencies) may be obtained from Rosa Maria Wiemann, Ext. 84572.

Even before taking the helm, Mr. Wolfensohn dared World Bank managers and staff "to dream." He asked, "What drives you to come in to work every day?" The response has been electric: the President Elect has been swamped with responses from all over the Bank, reflecting the complex mixture of loyalty, anticipation and concern prevalent among the staff. On the one hand, the World Bank has become a major player in the global economy. On the other, unprecedented outside criticism of the Bank has fuelled uncertainty and dampened morale. Some Bank critics disdain the poverty reduction and environmental protection aspects of the Bank's agenda. Others deplore that the Bank is not a super NGO or a global welfare agency. Still others are suspicious of the surveillance and advisory roles the Bank (and Fund) play in the global economy.

The Bank's operational agenda was forged to strike a sound balance among diverse interests. It is serviceable precisely because it shuns the extremes. But senior Bank managers need to do a better job in articulating the Bank's evolving strategies to their staff and the outside public. And, as they begin to draw a road map toward a more vital and effective organization, they need to take explicit account of external factors and objective trends: vision without reality is hallucination.

The Diminishing State

As our VP and General Counsel likes to remind us, the World Bank is an organization owned and controlled by governments: we live in a world of states; not in a world state. The states remain uniquely powerful and influential institutions. Their command over resources has increased relentlessly in developed and developing countries alike over the past century.

Yet, no one can deny that a global revolution is taking place regarding the role of the state. In developed and developing countries alike, we are witnessing widespread devolution of national government authority from the state to the market but also other levels of governance, upwards to supranational institutions; downwards to state and local agencies; and "sideways" to the civil society—knowledge institutions; professional

bodies; private voluntary organizations and sundry advocacy groups. It is this diffusion of authority that the Bank's products and processes will need to accommodate. Hence, the pressures on the Bank to adjust and change.

The dissolution of the Soviet Union is emblematic of this new trend but weakening governance has also emerged as a significant development constraint in a developing world weakened by the debt crisis and a deteriorating physical environment. With the unfreezing of history created by the end of the cold war and the concomitant rise in domestic strife and ethnic conflict, a new category of failed and failing states now exists. Out of necessity, the Bank's reconstruction role is being reshaped.

Of even greater significance is the massive shift of authority from the state to the market. It is linked to loss of government controls over capital flows combined with the deliberate liberalization of trade promoted by GATT and supported by Bank adjustment lending. But the fundamental forces behind this evolution are technological and, hence, irreversible.

Fundamentally, the new order created by the new transportation, information and telecommunications technologies marks "the end of geography." These technologies are making it possible to plan and coordinate production on a global scale. A whole range of products and services have become tradable and subject to international competition—perishables and seasonal products; components of integrated production processes; intellectual products; etc.

We have only begun to appreciate the impact of this new wave. According to Jeff Sachs, former economic adviser to Bolivia, Estonia, Poland and Russia and Professor of International Trade at Harvard University, "countries with a population of roughly 3.5 billion people have undertaken radical economic reforms to adopt the institutions of the capitalist system. These core reforms include six common

points: (i) open international trade; (ii) currency convertibility; (iii) private ownership as the main engine of economic growth; (iv) corporate ownership as the dominant organizational form for large enterprises; (v) openness to foreign investment; and (vi) membership in key international economic institutions," including the World Bank.

Another trend which the Bank has so far failed to factor into its operations is the rise of multinational companies. They have emerged as a major force in the global economy. There are 35,000 large multinationals with 150,000 affiliates and a total stock of foreign investment worth some \$1,700 billion. International trade, which has grown faster than output throughout the postwar period (6 percent per annum versus 3 percent per annum), should continue to act as an engine of growth given the successful Uruguay Round and the advent of the International Trade Organization.

To help avoid policy reversals, the Bank will need to help its member countries deal with the dark side of globalization—instability and economic triage. According to Stanley Hoffman, Chairman of the Center for European Studies at Harvard, globalization involves two major risks: "One is the creation of a huge zone of irresponsibility. The global economy...is not subject to the rules of accountability and principles of legitimacy that apply to relations between individuals and the state... The other...is the frequent domestic backlash against the constraints imposed by interdependence [so that]...one can...fear a discrediting of international organizations comparable to that which submerged the League of Nations in the 1930s."

These are among the considerations which underlie the need to articulate and project (i) the benefits of the Bank's work for developed and developing countries alike; and (ii) a balanced development agenda covering both efficiency and equity objectives. In particular, as highlighted in the 1995 *World Development Report*, increased attention to employment and

labor issues has become mandatory. Equally, popular participation in Bank-sponsored programs and projects has become a prerequisite of their sustainability if only because, with spreading democracy, citizens are in a position to abort development initiatives if they feel locked out of decision making.

Implications of Globalization

A fundamental operational challenge lies in the fact that capital has become highly mobile across borders. Spread banking is being replaced by portfolio investments and direct foreign investment in emerging markets. This has reduced the attractiveness of World Bank intermediation, at least for countries able to connect to the private capital markets. On the other hand, it has created a huge demand for services aimed at making laggard developing and transition economies more attractive to private flows. Thus, the growing importance of the guarantee and policy analysis roles of the Bank and of its catalytic non lending services.

The same external factors also suggest that improvements in the lending product itself are urgently needed. There is no going back to the simpler days and happier times when the Bank could afford to concentrate on the financing of straightforward public investment projects. Other multilateral agencies have moved into this market and today's more sophisticated development system implies a more ambitious and distinctive role for the World Bank.

Accordingly, new financial products are being designed and Regions are experimenting with innovative approaches to lending (especially sector lending) reflecting the comparative advantage of the Bank as a global, knowledge-based, policy-driven institution. Equally, a more demanding stance towards development assistance has highlighted the importance of country accountability for results on the ground. Deregulation, decentralization, and a more assertive civil society have generated new kinds of interventions emphasizing economic management oversight and advisory functions; capacity building and institutional development.

With respect to non lending services, the Bank, as in the past, should not seek to compete with the private consultancy industry. Instead it should position itself in a distinctive fashion—and act as a shunting yard for ideas, a connector of institutions and a source of development advice and “best practices.” Here too substantial economies can be achieved. “Back office” functions; information products; advisory services and intellectual products have become marketable across borders. The Bank is a wholesaler of ideas and skills—not a direct competitor in the market for advisory and consultancy services.

At the same time, a need has arisen for the Bank to collaborate with other development agencies to deal

with the growing interdependence of the global system. Control of public health problems, stability of global finances, management of scarce natural resources, settlement of investment disputes, prevention and management of local conflicts, refugee assistance and rehabilitation, postwar reconstruction, coordination of economic policies are inducing new forms of multilateral action which often transcend the “country focus” and call for coordinated action at the local, national and international levels.

Institutional Response

Where does the Bank stand in rising to these challenges? The momentum of change has picked up considerably over the past three years. The organizational structure has been decentralized. The development record has been examined. A vision of the Bank's future role has been set. A downsizing program is underway to conserve administrative resources. The external affairs function has been revitalized.

The country-focused organization of the regions has improved the administration of country relations. And it has enhanced the Bank's impact on the economic management practices of its developing member countries. Bank global transfer of development experience requires an equally strong role for the central vice presidencies especially since the demand for specialized professional skills has grown exponentially due to more demanding development standards and more sophisticated borrowers. Accordingly, cross support arrangements need review and work is underway to enhance personnel management, enrich training and reconsider the location of work.

These far reaching initiatives will need to be complemented by measures aimed at retooling the institution in terms of lending products; unbundling its non lending services (instead of treating them as inputs into lending) and building partnerships with other development agencies in order to improve the efficiency of the overall development system.

Hence, the basic project cycle will have to be reengineered to deal with the increasingly diverse requirements of the new operational agenda while minimizing transaction costs which today are onerous, especially for relatively small operations. To this end, fundamental business process improvements being piloted in the Regions will have to be mainstreamed. Such improvements will help improve the delivery of advisory, aid coordination, cofinancing and aid coordination services which already account for almost half of the Bank's budget and are in high demand among the Bank's membership.

To be sure, there are significant risks involved in the process of organizational change which has begun. But the risks of not changing are even greater.



BANK'S WORLD

The World Bank Group

Resolution No. 95-2

Resolution No. I.F.C. 95-14

Resolution No. I.D.A. 95-1

Resolution No. M.I.G.A. 95-1

In Remembrance of Lewis T. Preston



Resolved: That the Executive Directors of the

International Bank for Reconstruction and Development and the

International Development Association

and the Boards of Directors of the International Finance Corporation

and the Multilateral Investment Guarantee Agency

render tribute to Lewis T. Preston and express appreciation for

the outstanding leadership he provided to the World Bank Group

from September 1, 1991, until his untimely death on May 4, 1995.

During that period the Bank's membership became nearly universal, and the challenges facing the Bank Group were greater than ever. They acknowledge in particular Mr. Preston's role in making the reduction of poverty in the developing world the Bank's central objective, in promoting investment in people, in enhancing the quality of the Bank Group's assistance to its member countries, in developing partnerships with the public and the private sectors and in making the Bank a more open, flexible institution, better equipped to respond to the vast challenges its diverse membership will face in the years to come. They extend their deepest and heartfelt sympathy to Mrs. Preston and the family on this sad occasion.

Bank Group Staff Bid Farewell to Lew Preston

The Bank's Memorial Service for Mr. Preston touched a responsive chord with staff. The President's Office and the External Affairs Department were deluged with EMs and letters expressing appreciation for the opportunity to say farewell to Mr. Preston, and affirming that the Bank Group is indeed a community of people who care about the institution and each other. Excerpts from these letters are included on pages 19 and 20 of this supplement.

At 10:15 on the morning of May 18, the doors to George Washington University's Lisner Auditorium were opened and members of the World Bank family, as well as friends and colleagues, thronged in. Soon every seat was taken, and still more people arrived. They sat on the stairs, and they stood in the aisles until, eventually, doors had to be closed and hundreds of people turned away.

Though described as a Memorial Service for Lewis Thompson Preston, the event was not so much a service as a blend of music and memories, even laughter at some of the anecdotes. Those who spoke were, naturally, those who had worked closely with the late World Bank President, and they knew him well. They illustrated to those of us who had not had the same opportunity that this seemingly distant and somewhat aloof man was funny, kind, caring and considerate, as well as being a distinguished banker and respected leader.

And looking up at the sea of faces, knowing they represented perhaps one-quarter of the total number at Headquarters, it was easy to understand why he had seemed a little remote. Most of us don't know each other; how could he know us all?

Despite the sadness of the occasion, there was a feeling of informality. The stage was abloom with white, spring flowers and, after the Alexandrian Trio played "Andante Expressivo," the sweet, fresh voices of the World Children's Choir rang out joyously, with a Zulu and a Gaelic song, followed by "Heal the World."

Managing Director Richard Frank confided his own hesitation at being named to replace Ernie Stern, and told us how Lew Preston convinced him: "...There is a big job to be done and major challenges facing the Bank. We will make mistakes together, but have fun together and can get something done."

And, who could fail to be moved at seeing Mrs. Preston bravely go up on stage and tell us of her husband's great affection for us, and for the Bank. She reiterated his commitment to the Bank's work, emphasizing the importance of education for girls. When US Executive Director Jan Piercy joined Richard Frank in telling Mrs. Preston that a special program has been established to further girls' education in developing countries, as a memorial tribute to Mr. Preston, her pleasure was evident: "Nothing could have pleased Lew more."

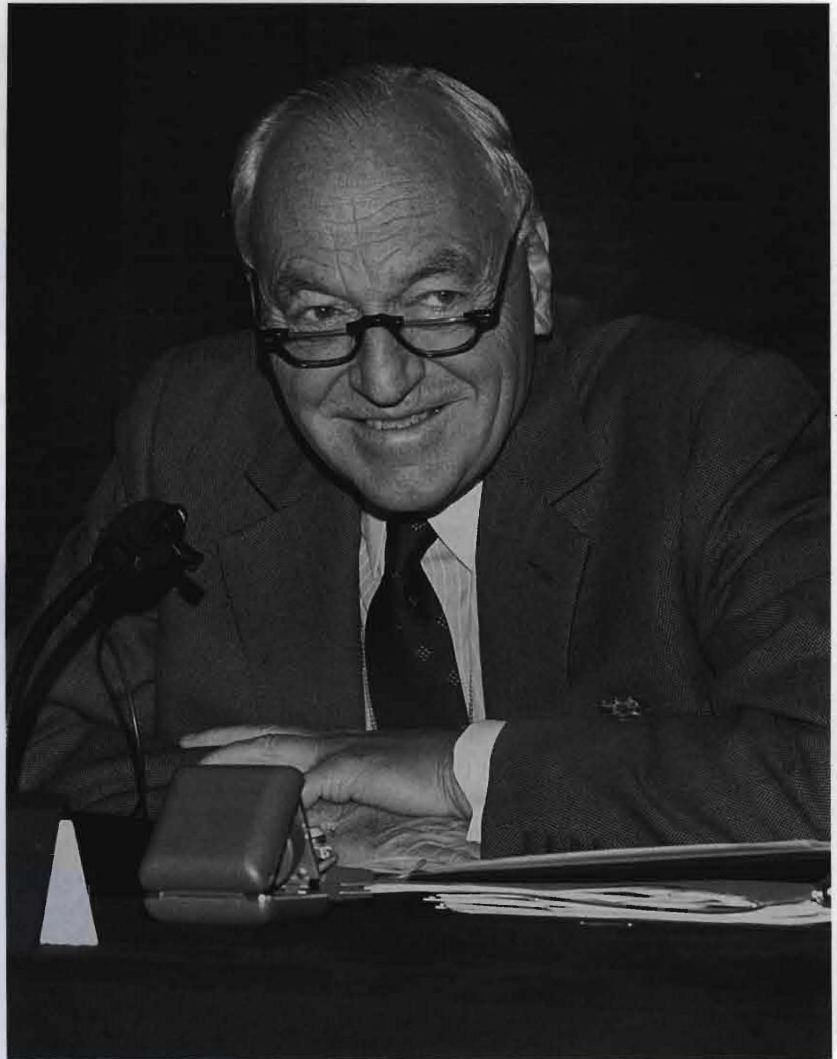
This is a **special supplement** to the June issue of *Bank's World*, by the External Affairs Department of the World Bank Group, 1818 H Street, N.W., Room T-8044, Washington, D.C. 20433. Fax 202-676-0648.
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The auditorium in the new Main Complex will also be named in his honor (while either the H or the J auditorium is to be renamed in memory of an earlier Bank President, Eugene Black). Mrs. Preston was given a plaque, a replica of the name that will go over the door in the new building, along with an artist's rendition of the planned facility. Community Relations Officer Yosef Hadar assisted in this ceremony, and although the arrangements were a team effort, he must get considerable credit for booking the Lisner. It is not easy to find a large hall, at short notice, at graduation time.

The speeches were interspersed with music. The beautiful voices of the Bank/Fund Choral Society gave us "Jesu, Joy of Man's Desiring" and "Lift Up Thine Eyes to the Mountains," and the Alexandrian Trio returned with "Air Tendre."

The text of all the speakers' remarks is reprinted in this special supplement, along with the eulogy delivered at the memorial service for Mr. Preston on May 10, in New York City by his friend and longtime colleague at J. P. Morgan, Dennis Weatherstone. We are also including the text of Ernest Stern's remarks commemorating Mr. Preston, at the 25th anniversary of the Overseas Development Council on May 17, the night before the Bank's Service. At the Bank's Memorial, Managing Director Sven Sandström spoke too, as did Indian Executive Director Bimal Jalan and AF4CO Division Chief Ngozi Okonjo-Iweala. Gerry Rice, who enjoyed an especially close relationship with Mr. Preston as his speechwriter, made us laugh—and made us cry. We discovered how much time the two of them spent discussing politics, history and poetry. We also learned about Mr. Preston's idea of a compliment. "You know Rice, you're not as dumb as you look," Then, peering over his specs, "*Not quite!*" But it was a very poignant moment when Gerry went on to recite Robert Frost's "The Road Not Taken."

Both choirs joined together—and we were invited to sing along—concluding the Memorial with "We are the World"; two thousand Bank staff under one roof, some singing, some humming, many discreetly dabbing their eyes. Many staff must also have been remembering our other colleagues who have died tragically in the last few weeks. This has been a



particularly sad time for the institution with Sheila Geraghty and Vanessa Cabana, both from IFC, tragically killed in separate accidents, and PSC's Ross Marcou succumbing to cancer.

There were many references to Mr. Preston's legacies to the institution. Mrs. Preston noted that "His legacy to you—and to the world—is that he headed the Bank in the right direction. Now it's up to you to continue his efforts—and to build on them."

But one legacy that wasn't mentioned, was nonetheless evident. We were gathered together and the spirit of community was palpable. Scattered as we are, in offices all over town, indeed all over the world, this was an opportunity for a large number of staff to assemble. Sadly our assembly was to mark the end of an era. But perhaps we can foster that sense of community in the months and years ahead. Mr. Preston would have liked that.

Jill Roessner, Editor

Why We are Here

Remarks by Managing Director Richard Frank

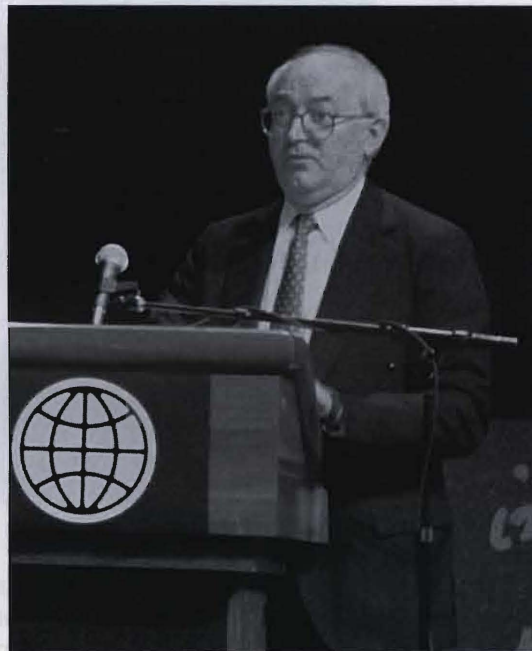
We are here today to honor Lew Preston and his leadership of the Bank.

As many of you know, Mrs. Preston's family held a moving and magnificent memorial service in New York last week, at which the Bank was represented. But we felt it important that all staff should have an opportunity to pay their respects to Lew.

We are especially pleased that Mrs. Preston (Patsy) is with us. And we are delighted that Patsy and Lew's daughters are also here: Victoria, Linda, Electra, and Pansy.

Lew was the Bank's eighth President. He answered the call from President George Bush to serve, not just his country, but the world. Like each of his predecessors, he brought to the Bank a special set of qualities and experiences. In Lew's case, he came with a strong suit: he had created and managed the premier bank in the United States. He had acquired a broad and deep international background; he possessed a powerful combination of intuition and insight that led him quickly to the core of any issue. His Marine officer background equipped him to face difficulties and make tough decisions when needed.

At his first meeting with senior staff, Lew reminded us that the client comes first. That was, in



many respects, his motto. And in this motto, he revealed what he saw as the key to the Bank's future: changing our products and, indeed, the way we do business, to meet the changing needs of the people we serve.

In his quiet way, Lew was a visionary. He saw clearly that the Bank needed to be flexible enough to adapt to a rapidly changing world. He did believe in objectives and strategies but he discarded the notion that a grand design could be followed to build the economies of over 100 countries. Rather than

supply us with a blueprint, he pressed us to come up with responses that met the special needs and circumstances our members faced.

Early in his tenure, Lew received a report pointing to performance problems on Bank projects, he did not set it aside; he did not ask for it to be rewritten or polished so that gloss would obscure the true messages. After a close study he accepted the findings, challenged the institution to improve quality, concentrate on results on the ground, bring real benefits to our

clients. He truly valued deeds over words.

As an internationalist, he subscribed to the fundamental importance of understanding and respecting the values and cultures of our member countries. He was pained at reports of Bank arrogance because he knew that such an attitude would block us from making our full contribution.

It was during Lew's Presidency that the Bank became truly global—178 member countries, representing almost the entire population of the world. The

integration of 23 new members, including 15 from the former Soviet Union, gave the Bank the full dimension envisaged by the founders at Bretton Woods 50 years ago. He took a close interest in ensuring that our work was responsive to the historic challenge of the countries in transition. Even in the depth of winter last year, he was to be found traveling with Patsy to remote parts of the Kyrgyz Republic and Kazakhstan to offer the Bank's assistance.

Coming from the financial world, Lew knew the value and power of markets. He believed that liberalizing trade and unleashing the private sector were keys to economic progress. He also knew that a market economy approach could be neither successful nor meaningful unless there was social development and a reduction of poverty. And he backed this conviction with action: our support for education and health has tripled over the last four years.

He liked to say that education for girls, in particular, was the very best investment that a country could make or, indeed, that the Bank could make.

In many ways, Lew also changed the culture of the Bank: making us more open, is one example. He felt that if we were unable to stand public scrutiny, we had more serious problems than one of public image. And if you consider the concepts that are now driving the Bank, you can see where Lew has made the difference: "implementation," "results," "client-focus," "partnership," "cost-effectiveness." These words were not in the Bank's active vocabulary four years ago. They are today.

In my time in the IFC, I can say that we greatly appreciated the interest and pride he took in the Corporation's expansion and success. At the same time, his own business savvy and prudence kept us from strutting too much, or getting carried away by ballooning the balance sheet.

In MIGA he also saw how a new institution with a new instrument could be the critical catalyst for private investment and self-sustaining development.

It was last November when Lew tracked me down to a hotel room in Melbourne to offer me the position of Managing Director to succeed Ernie Stern. He brushed aside my hesitation by declaring: "Come join me at the Bank, there is a big job to be done and major challenges facing the Bank. We will make mistakes together, but have fun together and can get something done."

It was this combination of charm, grace and strength that endeared Lew to so many of us. The Bank's job is not finished but Lew Preston gave us the principles and path to follow. His legacy is still in the making.



The World Children's Choir



“He Really Loved the Bank”

Remarks by Mrs. Lewis T. Preston

I would like to thank each and every one of you for honoring Lew's memory in this way. My family and I deeply appreciate it.

I wanted to take this opportunity to say something about the great affection my husband felt for you—and for the Bank. He took the job knowing that it would be complex and demanding. But he wanted to “give something back” through public service and in service of the world. He knew it would be a great challenge. But that only made it all the more attractive to him.

Lew was very idealistic about the Bank's objectives. And he was committed to them. He believed the Bank was the lifeline for so many of the world's poorest people.

The thing he talked about most was education. He saw that as the key to helping people lift themselves out of poverty. And particularly education for girls. The more we traveled, the clearer it became to both of us that, without education for girls, the vicious cycle of poverty can never be broken. And he felt so deeply about that.

He wanted to ensure that he would leave the Bank better able to do something about those issues—and better able to face the future. Right up to the end, his mind was on the future—calling up the Managing Directors and requesting

updates on various things. And at the end, this was usually done against doctor's orders.

His goal was always to make sure the Bank would be strong enough to face whatever the future might bring. And he achieved that goal.

Everyone here—and all your colleagues—gave him incredible support. Support which Lew and I appreciated so much. He was always tremendously impressed by your professionalism and your dedication to the Bank's mission. Nothing gave him greater satisfaction than traveling to see the staff in action and the great work that you were doing on the ground. What he really cared about was results. And you delivered them.

He was so proud of you. One of his favorite lines was that staff never worked “for” him, they always worked “with” him. He was always especially fond of the young people—asking their views, bringing them along. Again, always with his eyes on the future.

I see so many friends here this morning—the people who helped to share Lew's burden of responsibility, who went the extra mile for him, who laughed with him, and gave him the joy and satisfaction he found in his work.

He really loved the Bank and admired you.

As you know, he always preferred results to words. While many talked, he listened and acted. He was not interested in glory or credit. He was only interested in getting the job done. In his typical modest way, he would have been the first to say that he had only just begun to take the Bank where he thought it should go. But by anyone else's standard, that would already be considered a very long way.

He came to the Bank at an extraordinary time of change. And he met the challenge courageously—just as he met every challenge in his life. He said that working at the Bank was “the most interesting job in the world.” And that was because of the high caliber of the staff. To him, you were the Bank.

His legacy to you—and to the world—is that he headed the Bank in the right direction. Now it's up to you to continue his efforts and to build on them.

That's the memorial he would have wanted.

This is a wonderful institution. We had such very happy times here. I want to thank you all for your kindness and support. And most of all, to thank you for your friendship to both of us.

May you enjoy the future. And may you carry the Bank to even greater heights under new leadership in the years ahead.

“His Commitment to the Institution”

Remarks by Jan Piercy, US Executive Director

I will in a moment have the honor of presenting to Patsy a proclamation from the Executive Directors of the World Bank Group titled: “In Remembrance of Lewis T. Preston.” Although this resolution carries the signatures of the 24 current Executive Directors, we signed as well for the many Directors before us who also had the privilege of serving during Lew’s leadership of the Bank. They share the respect and gratitude which inspired this statement.

As one who joined the Bank only recently, during Lew’s last year as President, I can testify to his continued openness, until the very conclusion of his life, to new colleagues, his willingness to guide and to listen, and, above all, his deep commitment to the institution and to the individuals who give it life. I talked to Lew just before his final trip to Spain—and how reflective it is of his and Patsy’s avid interest in all of the world that he traveled so near the end—when he called eager to hear about the First Lady’s trip to South Asia and her response to the World Bank projects we visited.

Despite the brevity of our association, I, like so many others before me, learned much from Lew. I was inspired by his belief in the Bank’s mission and most of all by his conviction that we can achieve this mission though radical changes in the global economy challenge us to rethink strategy and programs.



Yosef Hadar hands the proclamation to Mrs. Preston. Jan Piercy is at the podium.

I would like to conclude with the final words of the Proclamation itself: “[We] acknowledge in particular Mr. Preston’s role in making the reduction of poverty in the developing world the Bank’s central objective, in promoting investment in people, in enhancing the quality of the Bank Group’s assistance to its member countries,

in developing partnerships with the public and the private sectors and in making the Bank a more open, flexible institution, better equipped to respond to the vast challenges its diverse membership will face in the years to come. We extend our deepest and heartfelt sympathy to Mrs. Preston and the family....”



“A Sincere and Genuine Man”

*Remarks by Ngozi Okonjo-Iweala,
Chief, Country Operations, AF4*

It is a privilege for me to be here today to honor Mr. Preston on behalf of Bank staff. I find it particularly fitting that this act of remembrance is today—one of the two days that Mr. and Mrs. Preston had set aside to receive Bank staff and bid them farewell. It makes me feel that Mr. Preston is indeed with us and proceeding with his plans for the day.

When I was thinking of what to say today, my first thoughts were frankly thoughts of bewilderment, because, as they say in my country, how can one ever find the words to describe the life and impact of a great man. My second thoughts were of Bank staff; what had Mr. Preston meant to them, especially the vast majority who did not have the privilege of firsthand contact with him? As I cast my mind back to comments on Mr. Preston's actions over the four years that he spent at the Bank, I remember that these ranged from puzzlement—Does he really understand the Bank? Does he have a vision for the institution? To dismay—Where does this 6 percent per year budget cut come from anyway? To respect and admiration—My goodness, that man really knows how to take a decision and make sure it is carried out.

In my own personal contacts with him, one impression stands out clearly in my mind, and that is

Mr. Preston's uncanny ability to throw out a seemingly innocent question and in turn elicit a gold mine of information from staff. I remember one of the very first lunches with him that I participated in. We were a group of about ten staff, and Mr. Preston asked: “How is it that in this institution close to 98 percent of staff are deemed to be satisfactory performers; and even the few found to be unsatisfactory never seem to leave? In J.P. Morgan we used to fire them outright.” With this mini bombshell, he then sat back quietly and listened to a torrent of information including the frustrations of many managers. This seemingly innocent questioning, of course, led to a small revolution in the way that performance evaluations are now done in the institution. On another occasion, he asked: “Why do Bank staff seem to spend so much time and resources on economic and sector work?” That also seemingly innocent question again elicited a ton of criticism about the Bank's incentive system which gives, in the minds of many, undue weight to publication. We are now going through substantial changes in the way we think about and do economic sector work, and that, I am sure, is not unrelated to his questions. But even as Mr. Preston is remembered for issues on which he

took the Bank in a new direction: i.e, the focus on implementation and results; the opening up to the outside world; the emphasis on the client; and yes, cost-effectiveness, it is these personal memories of the man that stay in many of our minds.

I have searched for a word or words to capture the way that many staff feel about him and the best ones come from a summing-up of my 14-year-old daughter's feelings after listening to Mr. Preston speak last year at the Take Your Daughters to Work Day celebration. And let me emphasize, he did take the time to speak to our daughters; which in itself speaks volumes about the man. When I asked my daughter, Onyi: “Well, what do you think of Mr. Preston?” She said, “Mummy, first of all, he doesn't seem to like public speaking, but second of all, in spite of that, he sounded like he really meant what he said to us, and he really liked being with us—he sounded sincere and genuine.” These are the two words that to me capture some of the essence of the man. He was a sincere and straightforward man, a genuine believer in doing the right thing, a man who, unlike many of us, had the courage of his convictions. Thank you Mrs. Preston and thanks to your family for having shared him with us. We shall miss him.

The "Preston Mystique"

Remarks by Managing Director Sven Sandström



Mr. Sandström escorts Mrs. Preston after the Memorial Service.

In thinking of Lew, I find myself returning again and again to those unique characteristics that contributed to what I would describe as the "Preston mystique":

First, his modesty and his down-to-earth manner. I remember that in the few months before he joined the Bank officially, he was upset with me because I would insist on giving him my office to use whenever he came to town. Here was the Chairman of J.P. Morgan, the premier banker of his time and all he wanted was a small, back room, windowless office. This lack of pretension translated into a graciousness which was extended to everyone who came into contact with him. He was a gentleman in the truest sense of the word.

The second quintessential "Prestonism" was his capacity to listen—something we at the Bank are not always very good at. "I never learned anything from hearing myself talk," he would say. He had his own words-to-results ratio by which he measured himself and others. And just as he was an excellent listener, we all found that we had to become better listeners, too. Even when he said nothing, a look from Lew—peering at you over the top of his specs—could tell you all that you needed to know. That is, of course, if you were listening hard enough. I remember after one meeting in particular, one manager telling another that, obviously, he was going to have to rework the

strategy paper that he had just presented. "Why?" asked the other manager in puzzlement, "Lew didn't say anything." "Exactly," said the first fellow. If you knew Lew, the tone of his silence made his meaning crystal clear.

Another of Lew's characteristics which we all either enjoyed or were on the receiving end of, was his sharp wit and wonderful sense of humor. Even in making the toughest decisions, he could always find a lighter side, even if just for a moment. "We should take our work very seriously," he would say, "but we shouldn't take ourselves too seriously." Even the most senior of Vice Presidents found themselves being referred to by Lew as "kids." Even the most somber moment was likely to be punctuated by a tease. At the 1993 Annual Meetings, Lew had just returned to the Bank after by-pass surgery. Some of us tried to persuade him to delegate his major speech to someone else. "Absolutely not," he said, although we wondered how he would get through it. His ad-libbed introduction to the speech gave us the answer. "It might just be euphoria brought on by the by-pass," he began, "but I feel 20 years younger." Then he added: "But I don't recommend the procedure." As ever, his sense of humor carried him, and us, through.

In addition to all these assets, of course, was his wisdom. I found out the hard way—as did many

others—that when Lew asked a question, the obvious answer was usually the wrong answer. And he would look pained that you had assumed he didn't already know the obvious answer. He was always looking beyond the obvious, beyond the immediate issue—to the heart of the matter and to the broader dimensions. That was

certainly his approach to managing the Bank—not just concerned about how we handled the crisis that we could see right in front of us today, but the crises we could not see that would be emerging next year or in five or ten years' time. He was always looking to the future, always taking the long view.

The Bank is a much stronger institution today because of that perspective.

As the future unfolds, the results of Lew's stewardship will emerge ever more clearly. And he will be seen ever more clearly as the leader who took the Bank into a new era—with modesty, wisdom and, always, with a smile.

The Lewis T. Preston Education Program for Girls

In honor of its late president, the World Bank is establishing a special program to promote education for poor girls in the developing countries. A nonprofit foundation, with its own Board of Directors, has been established to oversee the Program. Mrs. Preston agreed to serve on its Board, saying "Nothing would have pleased Lew more than the setting up of a program to support this vital cause."

The Program will be financed by income from an endowment fund which will accept contributions from governments, corporations and individuals. To launch the endowment, the Boards of the World Bank Group have agreed to contribute \$2.5 million. The Government of the Netherlands has committed \$0.5 million; J.P. Morgan has also committed \$0.5 million. And pledges from other donors are anticipated.

Individual contributions may be made by check to the order of "IBRD for the Lewis T. Preston Education Program for Girls," sent to the Bank's Cash Management Department, Rm. MC-4345, or by payroll deduction. Payroll deduction forms are available from the Payroll Service Desk, Rm. E-6036, Ext. 84191. Staff concerned with the tax deductibility of their contribution should make it directly to the Foundation.



The combined choirs



“The Five Graces of a Leader”

Remarks by Indian Executive Director Bimal Jalan

I am privileged to say a few words in honor of Lew Preston. Jan [Piercy] has already presented the formal resolution on behalf of the Board. I shall speak a little more personally.

Before coming to the Bank, I had of course heard of the formidable reputation of Lew Preston as a banker and a financial genius. I expected to find a rather stern and remote figure at the head of the Board table. And, at first, he did not disappoint me. He seemed to listen quietly and patiently, but there was a look about him which suggested that he would rather be elsewhere.

But soon, as some important policy and institutional issues came up for discussion, we had the privilege of getting to know the real Lew Preston. During his altogether too brief a stay at the helm of the Bank, he brought about some remarkable changes in the Bank's focus as well as in the Bank's mandate. Within a space of a few months, he set in motion plans to improve the Bank's implementation record, to make the Bank more open to the public, to make it more accountable and responsive, to focus the Bank's work on poverty, and to redefine its vision. He was successful in getting all this done because of his deep commitment, his openness, and his

ability to persuade and cajole. Over time, the bond between him and the Board became very close and, I believe, very rewarding.

During this process, what came as a bit of a surprise to me was his humanity, humility and personal warmth—attributes which one does not generally associate with Wall Street and its eminent graduates. I remember, for example, the initiative he took to get in touch with the Prime Minister of India within a few hours of a very bad earthquake in the Maharashtra State. He offered and delivered help to rebuild several villages and hundreds and thousands of homes within a remarkably short period.

This was not an isolated example of his concern. If there was an acute human problem anywhere in the world, you could be sure to find Lewis Preston's Bank trying to help—whether it was in Somalia, or in Rwanda, or in Palestine or, more recently, in Haiti. I can think of no other period in Bank history when the Bank has done so much to help so many of the worst-affected people around the world.

In a person of such great accomplishments, his humility was striking. I remember, for example, an informal meeting of the Executive Directors where he was asked why he did not intervene more

aggressively in the Board discussions. It required remarkable modesty for him to say that he wanted to listen to those who had a more direct experience than he of the development business. This was flattering to us, but one knew that he was only being kind. From where he sat, it must have been difficult to resist the temptation to preach or lecture to the borrowing countries. But he scrupulously avoided this in his public speeches as well as in bilateral meetings.

His personal warmth came through on every occasion that one met him. He was always courteous, always smiling, always accessible, always with something nice to say.

As I end, I am reminded of the advice given by Confucius to his disciples on the five graces of a leader:

“A leader is kind, but not wasteful;

He burdens, but does not embitter;

He is covetous, but not sordid;
He is high-minded, but not proud;

He inspires awe, but not fear.”

This about sums up how we will think of Lew. The Board and I will sorely miss his presence, warmth, courtesy and guidance.

Thank you Patsy for being with us. Our thoughts and hearts will always be with you and your family.

...asked a question, the obvious answer was simply the wrong answer. And he would look pinned that you had won't believe it or didn't already know the obvious answer. He was always looking toward the obvious.

next year or in five or ten years

The Road Not Taken

Remarks by Gerry Rice, Assistant and Speechwriter, EXC



I had the privilege to work at close quarters with Lew Preston. For those who did not, he might have seemed a somewhat remote—even a forbidding—presence on the 12th floor of the E building. But as we have heard this morning, for those of us who were fortunate enough to get to know him, we found a man of immense wisdom, charm, concern for others, and always—always—fun.

For those who knew him well, a deadpan one-liner was never far away. And you soon discovered that if he wasn't kidding you, you were in trouble. I count myself in that exclusive group of staff for whom he reserved his ultimate compliment if you had excelled in a piece of work and done something he really liked.

"You know, Rice," he would say, "you're not as dumb as you look." And then he would add—peering over his spectacles in his own inimitable way—"Not quite."

I met with him in the context of helping him to prepare his speeches and remarks. But the truth is—and this was the secret we shared—we actually spent most of our time talking about politics, or history, or poetry. One of his favorite poets was Robert Frost; and one of his favorite poems was *The Road Not Taken*—which I know also holds special meaning for Mrs. Preston. It's about being your own man; about not shying away from the difficult things in life, but taking them on—with grace, good humor and courage.

In many ways, it's about Lew Preston.

The Road Not Taken

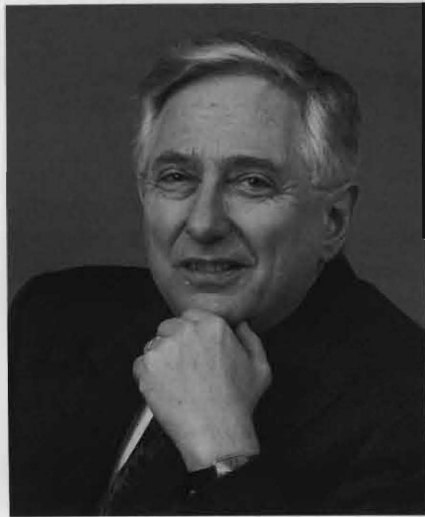
by Robert Frost

*Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth;*

*Then took the other, as just as fair,
And having perhaps the better claim,
Because it was grassy and wanted wear,
Though as for that the passing there
Had worn them really about the same,*

*And both that morning equally lay
In leaves no step had trodden black.
Oh, I kept the first for another day!
Yet knowing how way leads on to way,
I doubted if I should ever come back.*

*I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I—
I took the one less traveled by,
And that has made all the difference.*



“A Man of Vision”

Remarks by Ernest Stern at the 25th Anniversary Dinner of the Overseas Development Council, Washington, D.C., May 17, 1995

I am very pleased that the organizers of tonight's dinner provided an opportunity for us to pay tribute to Lew Preston—a man of great vision, a valued colleague, and a dear friend.

Lew was a man who preferred action and results to words and his rule of public speaking was: keep it short. I will follow that golden rule.

During the turbulent years of the first half of this decade, Lew Preston was the right man in the right place. With his strong sense of history, his penetrating insight into international affairs and his ability to distinguish idle promises from realistic prospects for action, he was very much attuned to the scope and complexity of the global changes taking place—political, financial and technological. His primary objective was to ensure that the World Bank would be well equipped to respond to these changes—and to those yet to come.

One of our honorees tonight, Bob McNamara, was responsible for managing the first great transition of the World Bank. During his presidency, the Bank was transformed into a major development institution—greatly expanding the scope of services to its members, increasing its financial capacity manifold, and establishing its influence as the premier adviser on development to all its members and the international community.

Lew Preston managed the second major transformation. During his presidency, the Bank became a truly global institution—as its founders had always hoped it would be. Twenty-three new members joined the Bank over the last four years; including the 15 states of the former Soviet Union. Meeting their needs involved one of the greatest efforts in the Bank's history in terms of staff redeployment and resource mobilization, of learning about new cultures and of understanding the problems posed by a rapid transformation from centrally-planned to market-based economies by countries with little or no recent experience of markets.

And other new tasks faced the Bank—assistance in the West Bank and Gaza; the environmental cleanups of unprecedented scale in East Europe and Central Asia such as the Aral Sea; support for development in newly-democratic South Africa; the identification of alternatives to unsafe nuclear power plants in East Europe and Central Asia and restructuring of the GEF to provide a broadbased international framework for protecting the global environment.

Also during this period the adjustment efforts of the developing countries reached fruition—as economies became more open, the role of government was redefined, and greater reliance placed on private investment and managerial ability. Many developing countries were transformed into emerging markets as global capital markets grew. This posed fundamental questions for the Bank on how best to serve those clients with access to capital markets and private advisory services—as well as those who did not yet have such access.

Without fanfare, but with superb management skill, Lew guided the Bank into these broader responsibilities and new challenges—taking great care to ensure that services to our traditional clients did not suffer—and that the emphasis on the social sectors, so fundamental in the battle against poverty, was enhanced. In his quiet, unpretentious but determined way, Lew also changed the culture of the institution.

Today, the composition of the Bank lending program is very different from four years ago—with a dramatically increased emphasis on human resource development, the environment and support for the private sector. The lending programs are more differentiated between countries reflecting better the needs of different borrowers. There is much greater emphasis on results—in terms of effective response to the needs of the clients—and on the quality of the Bank's operational work. And the Bank today is

much more responsive to the changing needs of its different clients and more open to the many participants in the development process.

These changes reflected Lew's fundamental values. He believed that the World Bank Group was an immensely powerful instrument to promote sustainable growth in its member countries; but he also believed that the Bank had to recognize and adapt better to the rapid changes in the global economy; and that we owed not only to our shareholders, but also to their people, an efficient and responsive organization.

Lew changed the institution in fundamental ways. And he did it with grace and a wonderful sense of humor. He lived by the principle that he loved to invoke—let's take our work seriously, but let's not take ourselves too seriously.

Lew saw the path he put the Bank Group on—of greater attention to its clients and more timely responses to their needs; emphasis on efficiency and relevance; the importance of partnership since the Bank is but one, albeit a very important, institution serving the needs of its members—as essential for the Bank to remain a responsive and relevant institution in a rapidly changing world. And he would be the first to say that in the Bank too the process of change must continue. Lew leaves us an institution that is flexible and well-placed to face the challenges of today and tomorrow—whatever they may be. That is a legacy of immeasurable worth.

The Bank was extraordinarily fortunate to have had Lew Preston as its President—and so were the millions of people around the world, who the Bank can serve more effectively in their quest for a better life.

A Real Team Effort

Many have asked how the memorial service was put together so quickly, yet with such elegance and professionalism. The truth is that it was a real team effort. Staff from all over the Bank volunteered to help and the occasion brought out their many skills and talents.

The special role of those who actually participated in the service is evident in the other pages of this supplement. Among those who also worked behind the scenes, Gerry Rice orchestrated the program, closely coordinating with Yossi Hadar; together, they worked day and night to ensure that every detail was just right. Patricia O'Hara, Executive Assistant to Mr. Preston, played an absolutely indispensable role; her close relationship with the Preston family was particularly key. Orsalia Kalantzopoulos helped with creative ideas for the program and with the honors in Mr. Preston's name; and Lucie Iacono did a simply perfect job with the flower arrangements, on which so many people remarked. Nonna Ponferrada created an exquisite program booklet, including lovely poetry selections. Joyce Petruzzelli designed and produced the document (reprinted on the cover of this supplement) which was presented by the Executive Directors to Mrs. Preston. Louis Forget did yeoman work in helping to establish the Lewis T. Preston Program for Girls' Education. Mark Malloch Brown and others in EXT volunteered their time and, even more importantly, their ideas. John Radan and the Print Shop responded quickly to sometimes impossible deadlines. Staff in Audio Visual and Office Movers also went above and beyond the call of duty. Francis Robinson in Security ensured that everything ran smoothly at the Lisner Auditorium, and many other colleagues around the Bank played a part. And, of course, there was the truly inspirational contribution of our very own Bank/Fund Choral Society.

For about a week prior to the event, team members met every day—and sometimes several times a day—with Sven Sandström, who ensured that everything ran smoothly throughout. It was an intense effort, but highly rewarding in every respect. Most of all, Sven stressed, the service showed just what can be accomplished when Bank staff work as a team and in a highly participatory manner. "This was the Bank at its best," he said.



Eulogy to a Great Man and a Friend

by Dennis Weatherstone, May 10, 1995, Memorial Service at the Church of the Heavenly Rest, New York City

The great accomplishments of Lew Preston, international financial statesman, have been covered in the world press. I have the honor and privilege this afternoon of saying a few words on behalf of many of you about Lew—my friend, your friend—and his family.

One of Lew's favorite comments when you had done something useful and a little surprising was to say, "You're a great man." There is not one of us who didn't then feel lifted and whose day didn't seem brighter. But it was Lew, of course, who really and truly was the great man. Not just because of his many achievements in the world of finance—his brilliant leadership of J.P. Morgan and in later years the World Bank—but for the quiet, unpretentious way in which he achieved it all.

Over the weekend I spoke to Ian Baldwin, Lew's Uncle Mike, to see if Lew's early childhood gave a clue to what lay ahead. Not much—he was "cherubic and mischievous," he said. Much of that childhood mischief took the form of teasing in the family, which over time spread to good friends. If you didn't get an occasional tweak, Lew was either preoccupied or a touch unhappy about something. He certainly kept that mischievous quality, along with a wonderful sense of humor, all his life. I've no doubt that, after childhood and St. Paul's School, it was the Marine Corps experience that added a sense of purpose, a toughness and courage to do what was right and fair, that he learned and carried right to the very end.

Lew was an avid reader and a great listener. It was all part of his quiet, thoughtful style of leadership, which made his advice and counsel so sought after and his accomplishments so extraordinary. Simply to have Lew at a meeting, even if he said nothing, was reassuring. You knew he would see through to the heart of the matter, whether or not anyone else did.

When he said nothing, of course, that might mean you had covered everything, so why should he spoil it? Or—horror—that you were so bad he wouldn't embarrass you by saying so in front of everyone. But if you knew Lew the tone of the silence would make his meaning plain.

This management and communication style, which was quite special, reminded me somewhat of that attributed to Governors of the Bank of England, who were supposed to raise their eyebrows to indicate an opinion of surprise or concern. Lew would look at you over the top of his specs. For some this was a question, for others a severe reprimand. You knew which—if you didn't, you were not going far.

The talent for good listening and absolute discretion concerning what he heard left him extraordinarily well informed. People told him things because they knew he could be trusted. And we all learned, sometimes to our embarrassment, that when he asked a question the obvious answer was the wrong one. Lew was always far beyond the obvious and would look quite hurt if you appeared to assume he did not know the obvious. This knowledge left us alert and thinking ahead. He always made the point that advances in technology emphasized ever more the need to think—to ensure that technology helped us to manage and did not simply end up managing us. For Lew this was elementary. He never really trusted technology much beyond his telephone.

In spite of a quiet demeanor and avoidance of personal publicity, he had enormous presence. And when it was time to act Lew did so decisively and with an eye not on form but on substance. Results were what counted. As I mentioned earlier, his economy with words was legendary—a quality rare in the world today. If we added to financial ratios (or others) the ratio of words to results, Lew had no peer. This really

showed up in times of crisis. I worked with him directly through several, including the 1967 sterling devaluation, Herstatt, Continental Illinois, the Bunker Hunt silver fiasco, and LDC debt. He was a tower of strength in every case: knew the detail of immediate issues but never failed to consider answers in the context of wider horizons and longer time frames. When the decision called for was no action, he never compromised with expedient choices to avoid criticism for doing nothing.

He will be missed in future crises as they come along, which they will inevitably, but hopefully many or some of us at least will have learned from Lew and follow as best we can his example. There's no doubt in my mind about one factor that helped him, and those of us lucky enough to be working with him, through some of the problem times. That again was Lew's great sense of humor. Even calls at three in the morning could get a laugh as the details of a crisis were unfolding.

When Lew retired from J.P. Morgan to become President of the World Bank, it was no real surprise. There was no one better qualified than Lew Preston with financial skills and a genuine interest in doing something for the good of people worldwide. It was fascinating for me to see him quietly working there on his ratio of words to results, with great success. I know that he developed a tremendous affection for the World Bank and his colleagues there. He led them through a period of historic change—launching the major effort in the former Soviet Union, for example. He also greatly increased the Bank's emphasis on "people programs" for education and health. And he focused them—as he had focused Morgan—on results and on the needs of their primary clients: in this case, the world's poorest people. There is no doubt that he changed the World Bank for the better in fundamental ways. In the process, he helped to change the world.

If I could say something now that I know Lew would have said much earlier, it is that, without the love and support of Patsy and his family, his career, his enjoyment of life, and his happiness simply would not have been. The family was the core of his life. Lew was a very private man and liked to keep his family and business separate. He felt that other people who worked with or for him were entitled to do the same—"none of our business what they do outside the office," he would say. On the other hand, anyone who chose to confide in him on a personal or family problem would get a ready, sympathetic, and always discreet ear. Lew somehow had time for everyone. And it was Patsy who supported him, listened to problems, received urgent business calls on Mother's Day, helped preside over the IMF/World Bank and

other official functions which were all very much part of Lew's business duties. High standards of trust and responsibility were the cornerstones of their lives at work and at home. He was devoted to her and she to him.

Some of those who did not know Lew thought he was aloof, gruff, and unapproachable. Not so. He was somewhat shy and could be tough, but was often warm and responsive. He regularly charmed visitors who expected a far more forbidding figure. He had a great love for Morgan and an appreciation of its heritage. On occasions that called for it, he would speak about the firm in terms that were extremely moving. And he had enormous pride in those who were part of the support team—such as his secretary, driver, and the dining room staff. They shared his moods, enjoyed the teases, and knew he was genuinely interested in them and their families. Some were included in the "buttercup greeting" reserved for his very good friends on sunny days.

I first met Lew in New York in 1961 when we both had responsibility for the commodities business, he in New York and I in London. When I explained what I was doing in London he just listened. I couldn't understand why he didn't seem impressed or fascinated by the story of this 31-year-old from the City of London. The next morning on my desk was a note from him—he had understood everything and had several good suggestions on how to do things better. This was the beginning of our friendship and his generous efforts to give me confidence and steer me in the right direction. He did this for me and many other young people throughout his career.

One special courtesy from Lew and Patsy was the invitation to Marion and me to visit their home in 1971 when we were looking for a house at the beginning of our New York assignment. We arrived at their home via the railway and taxi. They were horrified that we had no car and both insisted we borrow Patsy's new one, which Lew had given her as a Christmas present. I had never driven in the States, on the wrong side of the road, so our successful undamaged arrival in Manhattan in the boss's wife's car was a huge relief. This was either a test, or an example of trust with a tease, in the extreme.

Just about now I was thinking, "I wonder what Lew would like to hear, what message he might give?" and I realized it would probably be, "Just get on with it, you're not doing very well on that ratio thing!" Or he might have said, with a touch of that old mischief, "Tell them I'll miss the markets." Some of you may not know that he loved the trading business: the battle of wits, the speed of the action, and the wonderful mechanism that brought so many elements together to make a price. But, above all, I really believe he might

expect that those of us who learned so much from his leadership would give something back in some way to others. He gave many of us the guidance and encouragement to succeed and a set of values to follow, for which we owe him one. We should take that obligation seriously, but remember—as he would have said—not to take ourselves too seriously.

These then are my few words, on behalf of many, about Lew Preston. For Patsy he was a wonderful and loving husband, a partner in everything that mattered; for his children a father to love and look up to; for many of those here today a respected colleague or a great friend; and to the wide world out there, in his favorite words, he was truly a great man.

My dear Richard,

I cannot begin to tell you how much the magnificent service at the Bank meant to me. My daughters and I were deeply moved by the words, music and, of course, the wonderful honors. Lew would have been so proud of the Bank yesterday—as I was.

In recent days, I feel we have all gained a much clearer perspective on Lew's contribution to the Bank—as articulated so beautifully in your own remarks. I attempted to express what the Bank meant to him—and how he admired all of you so.

I would like to ask you to convey my profound appreciation to everyone associated with organizing yesterday's service, which I understand was a real team effort. Perhaps you would also somehow tell all the staff who attended how much their presence meant to me. I felt very much that I was part of one very large family—the World Bank family.

All the honors—the wonderful Board resolution, the naming of the Auditorium in Lew's honor, and the establishment of the program for girls' education in Lew's name—will have a special place in my heart. I meant what I said about being actively involved in serving on the Board of the new foundation—and I look forward to getting together with you soon to discuss how we can get this going very quickly. Please let me know how I can help.

Finally and again, I would like to say a simple thank you—to everyone at the Bank. In the recent days of sadness, yesterday's service was a bright, shining moment infused with Lew's own spirit—full of style, modesty and always very, very human.

Everything was the way he would have wanted it.

Thank you and I look forward to seeing you, Sven and Gautam in the very near future.

I am gratefully yours,

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Mr. and Mrs. Preston and their daughter, Linda, in 1993

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Mr. and Mrs. Preston and their daughter, Linda, in 1993



The Momentum for Change

Lewis T. Preston at the World Bank, 1991-1995

His enduring legacy is his achievement in shaping a changing institution that responds effectively to a changing world. To honor that legacy, the Executive Directors of the World Bank have commissioned a collection of Lew Preston's speeches and statements made during his term as president of the World Bank. The following is the Introduction from the book entitled, "The Momentum for Change."

Lewis T. Preston guided the World Bank through a series of changes that helped to position it to face the global challenges of the post-Cold War era. Above all, he worked to make the Bank more flexible, more cost-effective, and more sharply focused on results to meet the rapidly changing needs of its 178 member countries. "The pace of global

change in the 1990s is probably faster than at any time since the creation of the Bretton Woods institutions," he once said. "The Bank's success depends on its capacity to respond to that change—and to manage it."

Shortly after coming to the Bank in September 1991, Lew Preston traveled to Moscow to meet then-Soviet President Gorbachev of the Soviet Union, and Russian President Yeltsin, and to lay the groundwork for a comprehensive Bank effort to help the new states make the transition to market economies. Thus began one of the greatest efforts in the Bank's history in terms of redeployment of staff and mobilization of financing. By the time of his death in May 1995, the Bank was at work in all 15 states of the former Soviet Union, and its direct commitments to them exceeded \$5 billion.

In addition to meeting the challenges of the former Soviet Union, Lew Preston led the Bank into other new areas. Twenty-three countries joined the Bank between 1991 and 1994, a time of some of the most rapid membership growth in the Bank's history. Of particular note, the Bank began to provide support for the peace process and for economic development in the West Bank and Gaza, initiated a

program with the newly democratic South Africa, and resumed lending to Viet Nam after a 15-year hiatus.

In all of this, Lew Preston reinforced the Bank's core mandate: to strengthen economies and expand markets in order to improve the quality of life for people everywhere, especially the poorest. He saw as the Bank's real genius its capacity to borrow on the world's capital markets and thus fund development in emerging economies.

Under his leadership, the composition of the Bank's lending changed dramatically. Commitments for education and health tripled between 1991 and 1994. Lending for environmental protection also grew rapidly, reaching \$2.4 billion in 1994 alone. Support for the private sector, too, was given greater emphasis: the Bank's guarantee powers were expanded to leverage additional private financing for infrastructure and other projects; and the loan and equity commitments of the Bank's private-sector affiliate, the International Finance Corporation increased to \$2.5 billion in 1994.

To reflect these operational priorities, Lew Preston reshaped the Bank's organizational structure, creating new units for the private sector activities, human resource

development, and the environment. Other important institutional changes were designed to make the Bank:

- More open—by expanding information available to the public about the projects that the Bank supports and by establishing an independent Inspection Panel, the first such body created by a multilateral organization, to investigate complaints that the Bank may not have adhered to its own policies;
- More cost-effective—by introducing dollar budgeting and a cost-accounting system;
- And leaner—by removing various layers of bureaucracy.

From the beginning of his presidency, Lew Preston emphasized that it is results that count. He refocused the Bank's attention

more on the impact of projects already underway rather than expansion of the volume of new lending for its own sake. This change in the institutional culture "from initiation to implementation" led to a significant restructuring of the Bank's portfolio in a large number of countries. As part of this effort, country ownership of Bank-supported projects, and local participation in them, received much higher priority.

Also under Lew Preston's leadership, the Bank moved from a project-by-project operational approach to countrywide strategies, with assistance programs tailored to the specific needs of different clients. "We must be as effective in helping with privatization as in helping to

increase education for girls; as good at assisting with structural change in the former Soviet Union as at fighting hunger and disease in Sub-Saharan Africa," he said.

As he guided the Bank through its 50th anniversary in 1994, Lew Preston returned again and again to the theme of change. "The institution's founders did not foresee the scale of the demands that would be placed upon it today—and it cannot be predicted with any certainty what might be required in five or ten years' time," he wrote. "Just as the capacity to adjust quickly to changing circumstances is the key to future progress by the Bank Group's clients, flexibility is also the key to its own future effectiveness."

Tributes From Staff

"The speeches and music, all of which emphasized the human character of Mr. Preston and the moral purpose of the institution, deepened our sense of mission."

"It was a wonderful blend of music and tribute to an exceptional man, made even more meaningful by the presence of Mrs. Preston. For most of us, it was the only glimpse we ever had of the real Mr. Preston, and I want to thank all those who organized this event for giving the staff this opportunity to truly appreciate how special he was."

"I think it was a fitting way to remember Mr. Preston and for the staff to express their sympathy to Mrs. Preston and family. At a time when the Bank is going through so much turbulence, it is sad that it took something like this to bring staff together and afford us the opportunity not only to reflect on Mr. Preston's contribution to the Bank, but to remind us of what the institution stands for."

"Yesterday, Mr. Preston brought together the Bank Group, Board members, management and the staff as a family.... It was quite a sight—hard-nosed risk managers crying together."

"I was truly impressed by the simplicity, modesty and warmth of the proceedings and remarks—qualities not frequently encountered in the Bank, but certainly appropriate for the individual in whose memory it was held."

"The overwhelmingly positive reaction of staff and managers to the service yesterday...the Bank could be proud of itself...the Bank pulling itself together was a good sign for staff."

"The whole memorial service was very dignified, restrained yet moving.... The Fund for Educating Girls is an excellent idea."

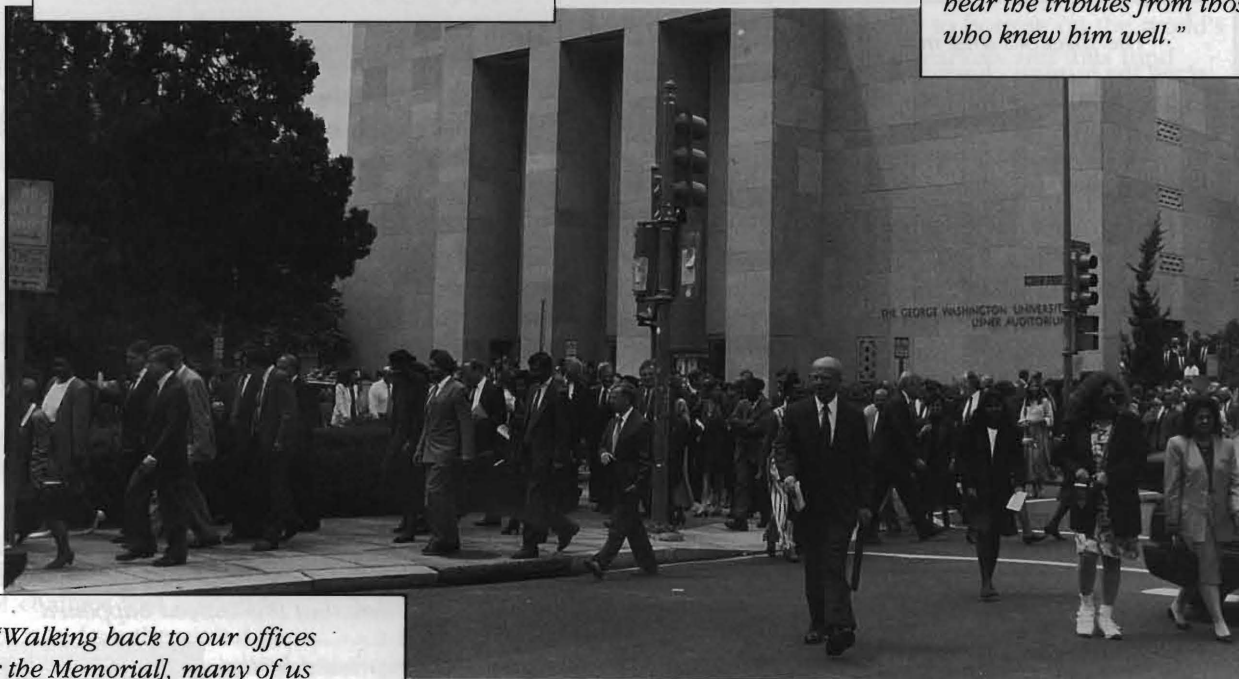
"I personally felt it was one of those occasions where we could reaffirm the collective spirit of the institution, and am sure that this indeed happened."



"I believe today's turnout may indicate not only affection for Mr. Preston but also the need for a sense of belonging to the 'community' of the Bank."

"I'm very glad I attended. Apart from the gratifying and somewhat rare opportunity of participating in an institutional Bank event, I felt I learned a lot more about Mr. Preston and how he was seen by people close to him."

"It was quite moving to hear the tributes from those who knew him well."



"Walking back to our offices [after the Memorial], many of us noticed in ourselves a renewed and genuine feeling of dedication to our work as we grieved for Mr. Preston and his family."



The Passing of Leadership

by Eric V. Swanson

The Bank has bade farewell to one President, and is about to welcome a new one. Perhaps this is the appropriate time to reflect on the meaning and importance of leadership. Leadership comes in many styles and adapts to fit the situation. In Mr. Preston we have lost a style with which we have become familiar. We look forward to learning more of Mr. Wolfensohn's.

As Mr. Preston was taking on the job of President of the World Bank, he said almost as an aside that he had no intention of going to Washington to get his name into the headlines. We soon learned that Mr. Preston did not make this statement as a declaration of personal modesty, but as a statement of his priority: the Bank and its work was to be the focus of his time, energy and commitment here.

And so it was. Mr. Preston took the Bank very seriously indeed. He understood that the Bank needed to be more alert and responsive and that it needed to focus more on delivering results to its clients. These were not necessarily new

ideas—they were the stated purpose of the 1987 reorganization—but Mr. Preston, in his quiet way, gave them content. He listened to the Wapenhans report and refocused the Bank away from quantity toward quality and sustainability in its project work. The breadth and depth of his experience in the private sector meant that he was at ease in directing the Bank's resources toward strengthening client economies both large and small.

Not a natural public speaker, he nevertheless recognized the need for the Bank to strengthen its external posture, and he took the first steps to reinvigorating the Bank's public image.

In our meetings with him, the SA was unfailingly taken by his personal charm, his graciousness, and his ability to put guests at ease. We knew he heard us when we spoke. His fundamental integrity sustained our high regard for him regardless of our agreement or disagreement with his choices.

He made a difference. That his time with us was overshadowed by illness for him and his family meant

that he saw only the beginnings of the results of his work here. But he did make a difference—a difference that can easily be underestimated because he worked so quietly.

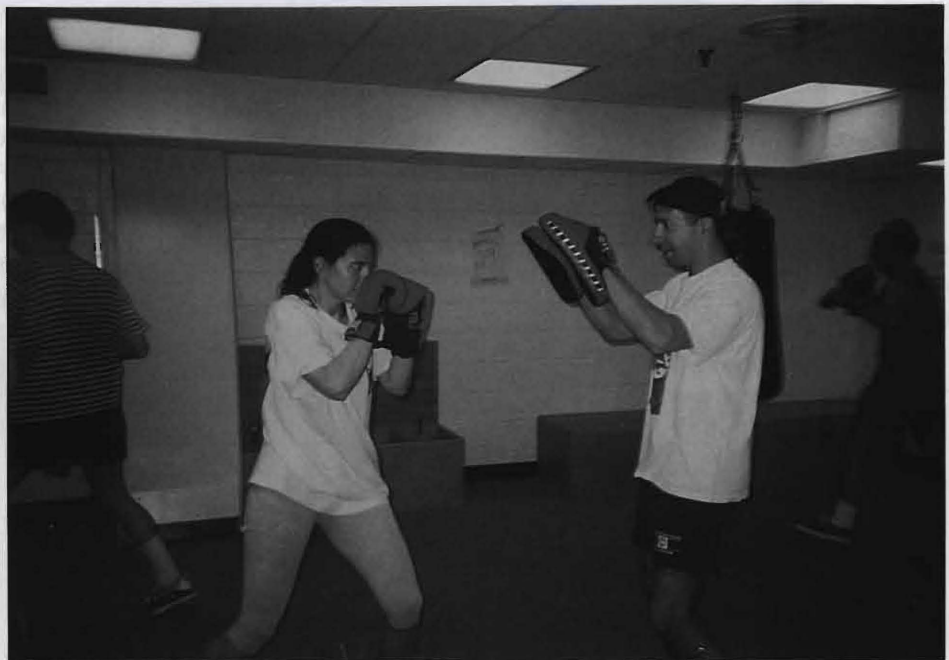
We've lost a leader, but we are gaining a leader. A leader with a different style and, possibly, a different perception of the Bank and the world. We sense that Mr. Wolfensohn is a man who takes the responsibilities of leadership seriously. He should be a vigorous public spokesman for the Bank and, we hope, the catalyst of an open and equally vigorous internal dialogue. We know that he has already met with several hundreds of us to find out what's on our minds. Over the coming months we will learn more about what's on his.

As he comes to know the scope of the Bank's work and the depth and capability of its staff, he will find that he has taken over an institution of great strength and versatility. The Bank needs a good leader to realize its full potential. We look forward to joining with him in taking the Bank into the twenty-first century.

"I believe today's turnout may indicate not only affection for Mr. Preston but also the need for a sense of belonging to the 'community' of the Bank."

Why Are They Punching?

by Brigitte Aflalo



Take that! It's not just a guy thing any more.
Photos by Michael James

Tuesday, 6 p.m. It's boxing night for Ellen, Maria, Diane and 15 other women who regularly attend the co-ed boxacise class in the I building's gym. "Hi!" says Ellen to Diane who is practicing jabs. "Look, I just bought a pair of new gloves. Want to pair with me?" What are these women doing here? What can

attract them to the most masculine sport of all, where the only object is to hit and get hit?

First of all, is it a sport? Nobody ever plays at boxing as one plays soccer or volleyball. "True," admits Mike James, Fitness Center manager, who teaches the class with Abner Figueroa. "Boxing, traditionally, does not have good press. But, boxacise might change that."

Brigitte Aflalo works in AF4 and is also a free-lance writer.



So what exactly is boxacise? "Let's start with what it's *not*. I'm not teaching people how to box or to defend themselves. This class won't make you fit for the ring. My goal is to improve fitness by using traditional boxing methods without the aggressive aspect."

The hour-long class starts with a 15-minute warm-up which reviews basic moves. Then, at Abner's roaring call, everybody pulls on a pair of bright red gloves—supplied by the gym—and gets ready for the circuit training. That's not for the faint of heart. Participants rotate among 20 stations that include speed-ball, jump ropes, push-ups, shadow boxing, punching bags, lifting weights, and pulverizing the thick mitts the instructors wear on each hand, all while Roy Orbison songs pulsate through the room. "Two minutes per station, that's the goal. Now, we're at 1 minute-and-a-half. No pause allowed," explains Mike. For 30 minutes he and Abner dance from student to student, cajoling, baiting, irritating them into taking their best shot. "You should see

these women," smiles Abner. They are so determined. Man, you fire them up and they really come at you."

POW! "This is for my boss!" POW! "This is for my date who just stood me up!" POW! POW! "I just get a charge at pounding away at a punching bag," beams Diane. "There is nothing more exhilarating."

Sounds like these women are enjoying the same adrenaline rush that professional boxers get addicted to. Her blue eyes glazed over with a look of fierce determination, Ellen is practicing upper cuts. "There is something cathartic about this. I love it. By the time I leave the class, if I survive, I have absolutely no frustration or energy. It's so intensive and so much more fun than a step or slide class."

"Some of these women can really hit," exclaims Marcello, another boxaciser, who is more cautious when he pairs up with a female participant. Like Marcello, Joe had expected more men around. "But, having women is good. It makes the class less competitive, less macho," he

concedes. As for instructor Mike, teaching 18 women in a class of 25 was no surprise. "You can challenge them to anything. They are better learners than some men who, constrained by their egos, are afraid to try anything new. Women love doing things they aren't used to."

Indeed, boxing has bounced from dingy gyms into modern fitness centers, drawing crowds of female enthusiasts. "This is a top workout. It has enhanced my upper body endurance and I am learning a motor skill," notes Maria. As for punching, it looks like a great way to express big-time aggression, an instinct wrongly viewed as the province of men only. By lacing up their gloves, women are knocking out the image of boxing as a male sport. And many, far from being intimidated, are just getting a kick out of it.

Boxacise is offered twice a week in the I building exercise facility: Tuesdays from 6 to 7 p.m., and Thursdays from 1 to 2 p.m.

Around the Bank

Brazil's First Lady Visits the Bank



Brazil's First Lady, Ruth Cardoso, and (then) Acting LAC Vice President Gobind T. Nankani.
Photo by Michele Iannacci

by Richard H. Hoffman

A Brazilian delegation headed by Brazil's First Lady Ruth Cardoso visited the Bank April 21. Mrs. Cardoso, who is also Chairperson of the "Comunidade Solidaria" (Community Solidarity) Program was accompanied by Robert Jaguaribe, Adviser for International Affairs, Ministry of Planning and Budget, along with three members of the Comunidade Solidaria Consultative Council, Dr. Malak Poppovic, Miguel Darcy de Oliveira and Joaquim Falcao, and representatives from the Brazilian Embassy.

As Chairperson, Mrs. Cardoso has a high-profile advocacy role in

the Brazilian Government's flagship poverty alleviation program. Overseen by a 20-member Consultative Council of concerned Brazilians drawn from all segments of society, the Comunidade Solidaria Program seeks to catalyze poverty alleviation activities in the five key areas of maternal-child health and nutrition, municipal services (particularly housing and sanitation), rural development (emphasizing support for family farms and rural worker settlement programs), support for micro-enterprises and support for programs of benefit to children and adolescents in situations of high social risk. Rather than

assume direct responsibility for these priority programs, the Program plans to work alongside existing government agencies to improve ongoing operations by stimulating communities to take a more active role in the design and implementation of assistance activities. Nationwide in scope, the Program will operate in areas with high concentrations of poverty, as currently being identified with the assistance of the Institute of Geography and Statistics, the Institute for Research and

Applied Economics and state governments. An IDF grant of US\$500,000 has been recently approved to enable the Comunidade Solidaria Program to design a Social Policy Information System to monitor activities.

The Brazilian delegation was greeted by Acting Vice President of the Latin America and the Caribbean Region Gobind T. Nankani. A brief presentation by Mrs. Cardoso on the Program's objectives was followed by a multi-departmental presentation by Homi Kharas, Hans Binswanger, Fitz Ford, Jayshree Balachander and Margaret Grosh.

Communications Award

This year, the Bank was selected first place winner of the United Way Campaign Communications Contest in the Best Special Event Category. The award was given specifically to the Bank's Health Services Department for its innovative Fit-'n-Fun-Draiser. HSD raised over \$3,200 from this effort. Together, special events throughout the Bank raised \$53,000.

In addition, Lilian Kew, our UW Chairperson, also received the Gold Award on behalf of the Bank Group employees for their generous contribution to the campaign. The total amount of \$427,421 was an all-time high with 63.2 percent of staff participating. The awards ceremony was held April 10 at the Washington Hilton.

These and other awards received by the Bank are on display in the E lobby.



HSD's Cherilynn Bennett (center) receiving the Award flanked by Lilian Kew (left) and Elena Arevalo (right) also from HSD.



Forty-two delegates from the Russian Federation came to Washington, D.C., in March to negotiate the US\$329 million Russia Urban Transport loan. Half of the group is pictured here, along with Bank staff, on the last day of negotiations, during the signing of declarations of commitments from the Mayors and Deputy Mayors of 14 self-selected cities. The Urban Transport loan is the second loan to the Russian Federation which provides funding through Subsidiary Loan Agreements with the Ministry of Finance directly to cities in the Russian Federation—Russia Housing was the first. The delegation may be one of the largest ever to negotiate a Bank project.

Photo by Michele Iannacci.

Laissez-Faire and Papier-Mâché: The Architecture of Las Vegas

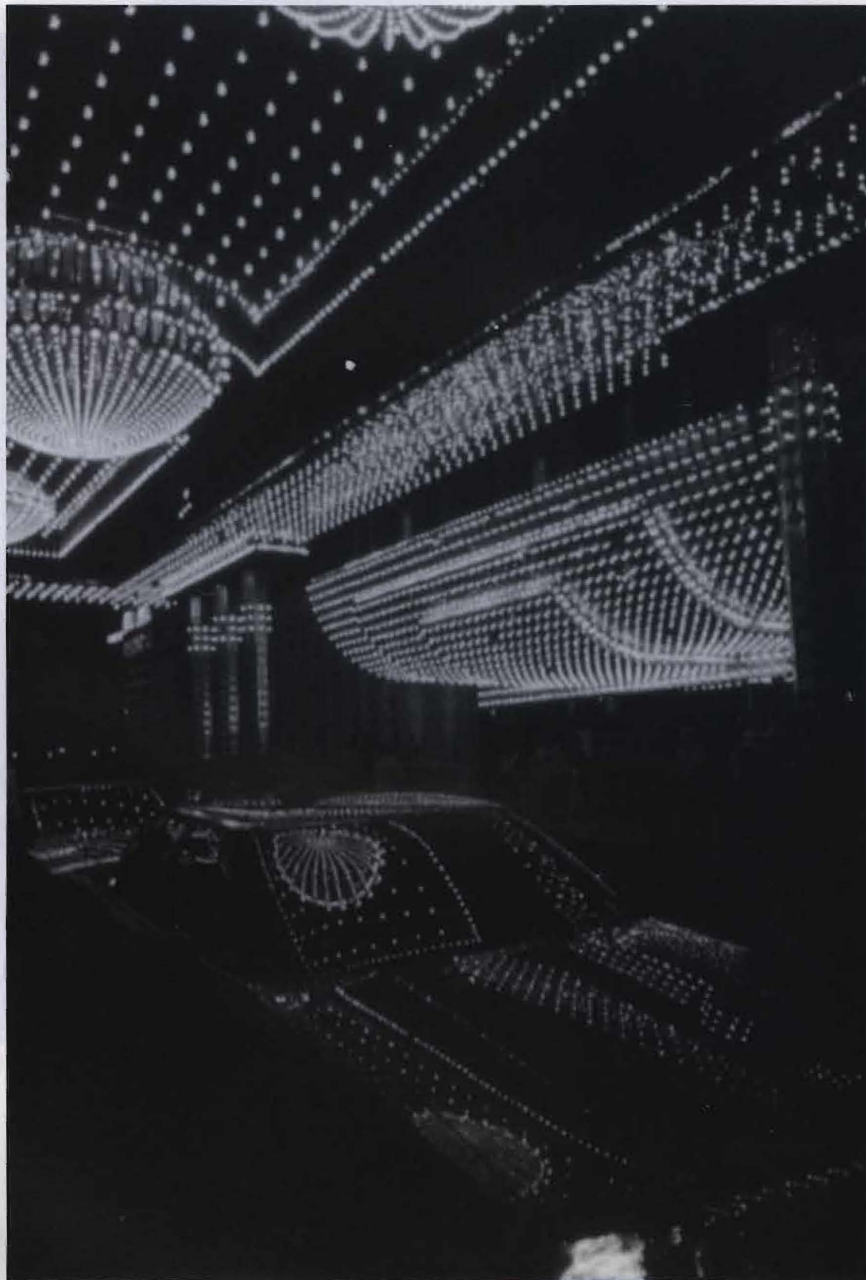
by Michael
Wishart

On mission all over the world, Maurice Asseo carries his camera. To his regular duties—and on vacation—the Senior Agricultural Economist adds a keen photographic eye. His pictures can be seen on walls throughout the Bank, and in many Bank publications. A member of the Bank/Fund International Camera Club (ICC) since 1977, Mr. Asseo has been the club's Photographer of the Year five times.

Mr. Asseo is known also for his personally-produced slide/sound shows, and in April the latest of these, "Laissez-Faire and Papier-Mâché," debuted at the ICC. This is his eleventh such show. Like the first, "Bouillon de Cultures," it casts a gently ironic light on an aspect of our culture.

Hotel and casino architecture, particularly after dark, are the focus of "Laissez-Faire...." "Enter the Las Vegas night," Mr. Asseo says, "and, along with it, enter an architecture made out of neon—gas, or, in other words, an architecture made out of nothing."

For two days and nights, he strolled the Las Vegas "strip,"



The glitter in front of the Aladdin Casino.

recording on film his impressions of a town which began officially with the Union Pacific Railroad in 1905 (one bath-house, with one bath) and now boasts nine of the ten largest hotels in the world (the billion dollar MGM Grand has 6,000 rooms and—presumably—baths).

Twenty million visitors annually flock to this neon-lit desert metropolis and its casinos. "That," Mr. Asseo adds, "proves without the shadow of a doubt that people will gladly pay to have their money taken away from them."

Charity Soccer



(Front row left to right) Andre Russo, Stuart Turille, Daryoush Kianpour, Mario Buisan, Klaus Moeltner.
 (Back row left to right) Matthew Vogel, Gustavo DeLucio, Ingo Wiederhofer, Mehran Tamami, Michel Van Beneden.
 Photo by Tiffany Hopkins

On April 28 and 29, the World Bank Soccer Club (WBSC), in collaboration with the Community Relations Office, hosted the World Bank Cup—an indoor soccer tournament to benefit disadvantaged children.

Twelve teams representing embassies and international financial institutions participated in the competition held at the Corner Kick in Gaithersburg, Maryland. "The

matches were very competitive," says Matthew Vogel, the Club's President. After a series of round robins the first night, semi-finals followed the second night, including the final which pitted the World Bank against the Embassy of Ireland. The World Bank won 3 to 1.

The tournament and a Happy Hour held in March jointly raised \$3,000. Part of the proceeds will help establish a local chapter of "Soccer in the Streets," a non-profit

program that sponsors soccer camps and other activities for inner-city children. And a portion of it will go to "Football Friends," a program through which the Club will send soccer balls and other athletic supplies to orphanages and schools in developing countries. This year's recipient countries will include Albania, Turkey, Cameroon, Côte d'Ivoire, Mozambique, Paraguay, Ecuador, and more to be added as the program takes off.

If you are interested in becoming a Football Friend, or would like more information on activities of the WBSC, contact Matthew Vogel, Ext. 85501. The WBSC also plays in one of the area's more competitive leagues, the Washington International Soccer League.

GRANTLAND®



Senior Staff



James Adams
U.S. national
Director, Country
Department II, Africa Region,
effective July 1.



Sadiq Ahmed
Bangladeshi
Chief, World Bank's Resident
Mission in Islamabad, Pakistan,
effective May 1.



Myrna Alexander
Canadian
Director, Operations Policy
Department, effective July 1.



Jean-Paul Chausse
French
Chief, Agriculture and
Environment Division,
Southern Africa Department,
effective April 1.



Francis X. Colaco
Indian
Senior Adviser to the Vice
President, East Asia and Pacific
Region, effective April 1.



Abdallah El Maaroufi
Moroccan
Director, European Office,
External Affairs Department,
effective July 1.



Dr. Richard G.A. Feachem
British
Senior Adviser to the Director,
Population, Health and
Nutrition Department,
effective May 1.



Eduardo A. Hernandorena
Argentine
Chief Counsel, IFC Legal
Department, effective May 1.



Ishrat Husain
Pakistani
Director, Poverty and Social
Policy Department,
effective July 1.



Bahadurali Jetha
British
Manager, Capital Markets, Sub-
Saharan Africa Department,
IFC, effective July 1.



Barbara Kafka
Brazilian
Country Operations Manager,
Office of the Director,
Southern Africa Department,
effective May 22.



Adil Kanaan
Lebanese
Chief, Country Operations
Division, Country
Department II, MNA Region,
effective May 29.



Shigeo Katsu
Japanese
Chief, Regional Mission,
Western Africa in Abidjan, Côte
d'Ivoire, effective April 25.



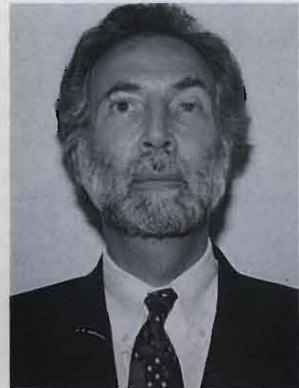
Millard Long
U.S. national
Manager, Central European
Office, Budapest, Hungary,
effective May 1.



Jules W. Muis
Dutch
Vice President and Controller,
effective February 15.



Richard R. Pearson
Australian
IFC Regional Manager, South
Pacific Project Facility, Sydney,
Australia, effective July 1.



Jeffrey S. Rackl
South African
Chief, Energy and Infrastruc-
ture Division, Southern Africa
Department, Africa Region,
effective April 1.



Robert J. Saunders
U.S. national
Adviser, Internal Auditing
Department, effective May 4.



Jennifer Sullivan
U.S. national
Deputy General Counsel, IFC,
effective April 17.

Senior Staff



Robert M. Voight
U.S. national
Chief Administrative Officer,
East Asia and Pacific Region,
effective July 1.



Brian Wilson
Irish
Senior Adviser, Finance and
Private Sector Development
and Management and
Personnel Services Vice
Presidencies, effective May 1.



Mark Wilson
British
Chief, Natural Resources and
Environment Division, Country
Department I, MNA Region,
effective July 1.

In Memoriam

*We extend our condolences to
the families of the following:*

Staff members



Karla Vanessa Cabana, May 7



Sheila A. Geraghty, May 14



Ross A. Marcou, April 21



Abdallah El Maaroufi
Moroccan
Director, European Office,
International Affairs Department,
effective July 1.

Photo Unavailable

Raymond Vanheusden,
March 31

Retirees

- Lars Henry Bengston,
December 15, 1994
- Jean L. Niesley, January 4
- Mary Rapko, February 7
- Eugenia S. Tufts, March 21
- Kalyan G. Vaidya, March 31

Question: The FYI announcement (FYI/94/029) that the Bank will pay part of a staff's pension to an eligible former spouse, pursuant to a court order as part of a divorce or legal separation, may increase the sense of economic security of these former spouses, but still appears to leave them without an income on the death of the staff member, which could be a very serious problem. Has any thought been given to entitling such spouses to receive a survivor benefit? For example, a staff member might be able, on retirement or subsequent divorce, to name a former spouse as his/her "designated survivor." (An agreement to do so might be part of the divorce settlement.) This would not necessarily increase the cost to the Pension Plan—indeed it might save money in many cases since often the former spouse will be older than a current spouse, and therefore likely to enjoy the survivor's benefit for a shorter period of time.

Answer: Designated survivor benefit has been available as an option under the Staff Retirement Plan (Plan), even prior to incorporation of the "Support Payment to Former Spouse" amendment. The following paragraph provides an explanation of the death benefits and designated survivor option.

Under the Plan there is an automatic death benefit which is provided without additional cost to the participant, and an optional death benefit, that reduces the

participant's pension if elected. The automatic benefit provides a lifetime pension to an eligible spouse. An eligible surviving spouse is one who was married to the participant on both the last day of service and on the date of death. If there is no eligible spouse (at the time of a participant's death), a lump sum benefit is paid to the designated beneficiary, which could be anyone, including the former spouse. The optional death benefit is totally independent of the automatic benefit and has no impact on the amounts of either the automatic or lump sum benefit. Designated survivor option enables a participant to reduce his or her own pension in order to provide a survivor pension to anyone he or she designates, which could be a former spouse. Thus, the benefit you are asking about already exists in the Plan. The amount of reduction in the participant's pension is based on the age difference between the participant and the designated survivor. *Charles C.K. Chih, Chief, PENAB.*

Question: I sometimes come to work before 7 a.m. and I'm surprised to see that all the lights are burning in I, N and J buildings even though no one is visible in any of the offices. I would think we could save some money by turning out a few more of the lights when staff are not at work. Further, doesn't this give the easily-avoided impression of profligate waste to those who drive past our Headquarters? After all, the only nearby building that shines as

brightly is the PEPCO building, and we all know what their excuse is.

Answer: The system for turning off lights at night varies from building to building and in each case must accommodate the evening cleaning crews. Of the buildings you mention, the J building has a computerized system which malfunctioned for a short period but was corrected in mid-March. The I building employs a manual "master sweep" system which involves security personnel turning off the lights. We have brought your concerns to their attention and they have agreed to redouble their efforts to ensure that lights are turned off at night. The N building also employs a manual system which involves the cleaning crew turning off the lights on a room-by-room basis. Because the N building is leased, it is outside the direct control of the Bank. However, we have advised the building management of this problem and asked them to raise the issue with the cleaning contractor.

It should be noted that in severely cold weather the Bank may leave the lights on deliberately to help maintain heat, particularly in the H and I buildings. This practice is not uncommon in buildings which are heated electrically. In fact, the PEPCO building you mention is specifically designed to be heated by the lights, so you will always see their lights on overnight in winter. *John Pivik, Chief, Operations and Maintenance Section, GSD.*

AnswerLine

The purpose of this column is to answer questions of broad interest concerning the World Bank Group's policies and procedures. Please include your name and room number so we can send you the answer to your question, even if it is not selected to appear in the magazine. Your confidentiality will be protected and your name will not be submitted to the manager from whom the answer is sought. An anonymous question can be answered only if it is of sufficiently broad interest to be included in the magazine. Send your questions to: AnswerLine, Bank's World, Rm. T-8038.

Question: Why do we still receive Operational Manual supplements on paper? Given that the additions are on-line, it seems to be a waste of paper and precious shelf space.

Answer: Implementation of Operational Policies (OPs) and Bank Procedures (BPs) is mandatory in the Bank. The main reason for distributing paper copies is to ensure that all operational staff have ready access to these statements. Many staff, particularly those who have not yet adjusted to the on-line (All-in-1) technology, continue to prefer the hard copy. Also, resident missions and staff on mission do not always have access to the Bank's on-line systems. In addition, procedures presented in matrix or table format are easier to follow in hard copy than in their on-line versions.

User records indicate that increasing numbers of staff are referring to the on-line manual. It has several advantages, including the capability of searching the

database of OPS, BPs and GPs (Good Practices) by document, date, key word and cross-referencing. OPRPG plans to up-load OPs and BPs to the Internet (where the presentation will be in the same double-column format as the hard copy) by the end of this calendar year.

We expect that eventually staff will be fully conversant with the on-line capability, and that the technology will enable ready access from the field as well as in Headquarters. At that time, we should be able to do away with the hard copy distributions. In the meantime, OPRPG does try to minimize paper: GPs, which are advisory as opposed to mandatory, are issued only on-line; and when small amendments are made to the OPs and BPs, only the relevant pages are distributed, rather than a new issue of the whole document. *Ralph Hanan, Directives Manager, OPRPG.*

Question: Please give us some information about the Bank's recycling scheme. What kinds of paper are we supposed to put in the grey bins? White paper only? Newspaper? Sticky Post-It notes? Glossy magazines? Are we supposed to remove staples, etc.? What about bound reports? I understand that yellow paper from the writing pads we use causes problems for white paper-only schemes. If that's the case, are we doing anything to discourage divisions buying the yellow paper pads? What is the Bank doing to encourage us to buy writing blocks made of recycled paper? What about the glass bottles for

the red bins? Do we need to remove the lids and other metal objects? You may well have covered this before, but I see many people doing many different things and believe we could all benefit from a little clarification.

Answer: Staff in Bank-owned buildings and the R building are to place recyclable paper materials in the grey receptacles as follows: white and colored paper, photo copy paper, computer print-outs, manila folders, white envelopes, booklets and bulletins, carbonless forms, writing and post-it pads and magazines and newspapers. Previously, cardboard could not be recycled but may now also be placed in the grey receptacles. Recycling stickers will be modified to reflect this change.

There is no need to remove staples from material and as the Bank has a mixed, not white paper-only program, yellow pad and paper does not pose a problem. Bound reports may be recycled and do not require separation from the binding unless metal other than staples is used.

The recent outsourcing of supplies provides staff with the option of purchasing writing blocks made of recycled paper.

Bottle caps should be removed.

Staff in leased buildings, with the exception of the R, should follow the guidelines established by the management of their specific building.

Weekly Bulletin announcements will continue to be used to inform staff about recycling at the Bank. *John Pivik, Chief, Operations and Maintenance, GSDFM.*

Continued on page 23