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Overheard...

Why do they
call it "Change
Management?"

I don't know;
they never change
management,
they just change
everything else!

March D-Day for 21st Century Bank

MARCH 13 IS D-DAY WHEN THE Board will begin formal discussions on James Wolfensohn's ambitious Strategic Compact which seeks, through institutional reform, to turn the Bank into the leading global development institution for the 21st century. The net cost of the compact is \$250 million over two years and it may lead to redundancies of between 500 and 700 staff as the Bank re-vamps to devote more of its resources to front-line development tasks and new products and services.

Wolfensohn impassionately warned senior managers last week that if the compact did not go ahead, "Frankly, we're going to get eaten up." On the other hand, he presented the plan as "an opportunity to be historic... a responsibility that's not just social and moral. I think it is a difference between a stable and an unstable world. And I think for our kids we have that responsibility. The compact is about quality. It's about focus. It's about rewarding the people who do good work. It's about being sensitive to each other. It's about a future. It's about an exciting life. It's about cutting edge. It's about being the best, and it's about being effective."

He guessed that "perhaps as many as 500-700 people would leave under the redundancy program," but added that he hoped it would be less, stressing that retraining was his priority. "But what we do need to do is ensure that we get a place which is just the best. And anybody that wants to be part of it should have a real opportunity to be part of it." If, indeed, the estimates prove correct, the redundancies would cost \$100 mil-

lion to \$150 million. The Board is being asked for \$60 million to be set aside initially for the first redundancy packages.

Having spoken to senior managers, Wolfensohn presented his plans to Staff Association delegates. He repeated the message of reform, for which he received broad support. One of those present commented afterwards: "It's not the Staff Association or the ordinary members of the Bank who will block things. We accept the need for reform. It is the middle managers who are scared for their jobs who will stand in the way." Wolfensohn himself acknowledged this when he quoted Sir William Purves, chairman of HSBC Holdings, and other business leaders with whom he had recently spoken: "They all talked about how movement in an organization occurs at the top and at the bottom, but there is what Willie Purves called a 'marshmallow middle' or some of them called 'a bloated middle.' They all said that your biggest problem is the middle, and what you've got to do is just keep talking. Some suggested public hangings, but I thought that was a bit excessive."

The total restructuring cost for the compact is \$420 million over the next two financial years. This does not include the cost of redundancies. \$170 million will come from institutional redeployment from back-line services to the front line. \$250 million is new money that the Board will be asked to approve, adding 11 percent to the existing World Bank budget. But the Bank will return to a budget level, in real terms, of about what it is today: Wolfensohn stressed that by fiscal year 2001 administrative costs would be only 3 percent higher than today. On the other hand, the compact aims to get more bang for the buck, so senior executives say it would more than pay for itself in increased efficiency.

In mid-February Wolfensohn explained to the Board that the strategic compact is needed to cope with rapid changes in the world the Bank has to deal with. Some countries have grown rapidly and are on the fringe of fully developed status, but others have lagged and have large numbers of poor people. The total population of all developing countries will grow from 4.7 billion to

8 billion in the next generation. Private sector funds have also been growing rapidly and are now five times greater than all official development assistance, but 75 percent of the private capital goes to just 12 developing countries. At the same time, NGOs and other local players are seen as potentially efficient partners in helping to bring change and economic development.

Wolfensohn has stressed that the core idea of this restructuring is devel-

opment effectiveness. But unless the Bank can restore its relevance, both in terms of impact and as a partner to the new players in development, it faces a future of growing marginalization. As Bank spokesmen stressed in early public comments on the plan, an extensive restructuring will make the Bank the most effective and relevant development institution for the next century, thus strengthening the case for a continued IDA. ■

Dreams Come True AFR's Mamadou Dia honored by African-American Institute

MAMADOU DIA, COUNTRY DIRECTOR for Guinea, Sierra Leone, and Liberia, this month joined internationally famous figures such as South African President Nelson Mandela, former US President Jimmy Carter, former President Nicéphore Soglo of Benin, President Kenneth Kaunda of Zambia, Archbishop Desmond Tutu, former UN Secretary-General Boutros Boutros-Ghali, and entertainer Harry Belafonte as an African-American Institute award winner. Dia received an Arthur A. Houghton, Jr. Star Crystal Award for Excellence at the Institute's thirteenth annual award dinner. His co-honorees at the event, held at the Sheraton New York Hotel and emceed by Lesley Stahl of CBS News' "60

Minutes" fame, were Senator Nancy Kassebaum, Senator Paul Simon, and Congressman Charles Rangel. Following greetings by Stahl, a video showing, an invocation by the Talking Drums of Ghana, and a dinner of lamb, onion, and chickpea stew with couscous, UN Secretary-General Kofi Annan opened the awards ceremony. Invited Guest of Honor Bill Clinton was represented by Susan Rice, White House Director for African Affairs.

"I am thankful for, humbled, and gratified by this award. What a journey for an African from a small

Toucouleur village in Senegal, to come from a rustic and remote rural school to the imposing walls of this impressive hotel in the heart of Manhattan," said Dia in his acceptance speech. "This experience goes to show that investing in education and disciplined hard work can not only expand one's range of choices and opportunities, but can most of all make childhood dreams come true."

Dia, a native of Senegal and an alumnus of the African Graduate Program (funded by USAID and administered by the AAI), was honored for his ground-breaking work on culture and management in Africa as published in "Africa's Management in the 1990s and Beyond." According

to the Institute's brochure, it is with the publication of this study that "his influence on the international development community and beyond has been recognized and acclaimed."

The African-American Institute, founded in 1953, is a non-profit, multi-racial, multi-ethnic organization whose mission is to promote and sustain African development by encouraging greater understanding of Africa among a wide spectrum of Americans and bringing American and African policy-makers together to focus on issues of mutual concern. ■

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Finance Network Launched with Party Spirit



PHOTO: BRIGITTE AFLALO

BY BRIGITTE AFLALO

THE GRAND HYATT HOTEL WAS BUZZING earlier this month when about 1,000 people attended a two-day retreat to launch the Finance, Private Sector, and Infrastructure (FPSI) network. "This is striking. I've never seen such a crowd at an event organized by the Bank," commented a participant, "except maybe at the Christmas parties under McNamara." Skeptical, confused, curious or enthusiastic, they came to understand the network better, argue against it, learn about it, or simply support it.

Staff working in the finance, energy and mining, infrastructure, and private sectors Bankwide exchanged views with members of their "family" on topics

ranging from identifying a budget for an innovation fund, to road financing, to creating mentoring programs for staff new to the Bank.

Long after the group discussions had officially adjourned, some staff kept up passionate debates about the why, what and how of the "net," while others happily mingled with their newfound "relatives." Networking was happening.

The excitement generated by the retreat might signal staff's readiness to break down existing walls around themselves and create a flatter organization. This culture shift, which has networking at its core, favors a work mode based on strong knowledge management.

"We need to move away from the POPO generation—passed over and pissed off; the generation where all that matters is advancement ... What we want to create is a system that makes us become a learning and learned organization," said General Electric's Chief Learning Officer, Steve Kerr, at the retreat's plenary session. Fellow keynote speaker Marc Demarets, Chief Knowledge Officer of Sequent Computer Systems, sees this happening already: "In 1975, the credo was 'stop talking and get to work.' In 1997 it's 'get busy and have a conversation.' In the new economy—the knowledge economy—knowledge is power and networks are what works."

Kerr and Demarets agreed that today, in order to survive, a firm must conduct business on the basis of a knowledge management system without boundaries that relies on four principles: identifying best practices, isolating generic

elements, developing an educational framework, and devising a method to transfer knowledge. The key feature of this structure is that information is organized in a way that makes it more acces-



Family reunion: network staff get to know their newfound relatives.

sible to all who rely on it, thus allowing them to improve their productivity and effectiveness. In this respect, networks will become critical instruments in disseminating information inside and outside the Bank. But not everyone was convinced, as the following selection of quotable quotes shows ... ■

"Frankly, they find us arrogant"

"The great benefit of these networks is that they are teaching Bank staff how to share among themselves and with their clients. Our clients need us, but many of them resent our way of presenting our views and imparting knowledge. Frankly, they find us arrogant."

"These events are like a wedding or a funeral ... They are a passage in someone's life ... Then life continues and only God knows what will happen next."

"Networks are an incentive to make changes. But will the Bank accept change?"

"Aren't we running the risk of having two bosses, a division chief as well as a network leader? How are we to respond to the demands of both if their views collide?"

"The idea of a parallel structure that bypasses the hierarchy is appealing... Some of us have innovative ideas that are not always shared by a superior. We cannot bypass him or her because we'll be in trouble. In this environment many good ideas die before seeing the light of day. I see the network as a support system that can validate worthwhile ideas. That's very important in an organization expected to bring about change."

"How can we think about joining a network when we are going to be reorganized and don't know where we will be in six months or whether or not we'll even have a job?"

"Contributing to a network should not be a criterion for promotion. Some of us who are generalists have less to bring to a network than, say, experts in road construction."

"Access and speed will be key to the success of networks: access to necessary information, speed in locating and disseminating it, and more reliability in providing advice to one's clients in the Bank. It's so difficult today, for example, to find model terms of reference for consultants or even locate consultants with specific skills. It can take weeks. Also, in the current environment, staff are possessive of the information they have and control access to it carefully." ■

QUOTE OF THE MONTH

New VP Nishimizu's Statement of Mission: "No game-playing, no apple-polishing"

"WE WORK AT THE WORLD BANK BECAUSE we identify with its mission—to alleviate poverty in this world. Many of us have come across something in our lives that triggered us to share this mission. Some of us may have grown up poor and know the debilitating misery of going without food or having no money for school books. Some of us felt that desperate feeling, perhaps, when we witnessed a child die of starvation or simple disease. Some of us may have choked with anger seeing the subhuman existence of illiterate women in rural villages or city slums. Whatever the experience, there must have been something in our lives that touched our heart and soul—our very inner being. I value such *personal feelings, emotions, or passion for our mission* that we harbor deep within ourselves..."

"I also value *intellectual rigor*. I see that work of a high standard always comes from those who are not only rigorous in their analyses, but are also intellectually curious—constantly asking questions, challenging orthodoxy, and always on the lookout for innovation and better ways of solving problems.

"I equally value *integrity and honesty*. I have the highest respect for those who express their personal or professional conviction and views honestly—no matter who they are speaking to, and no matter what the personal consequences might be. No second-guessing, no game-playing, no apple-polishing. These are the colleagues I trust.

"But, we are all human beings and none of us is perfect. Each and every one of us has personal and professional weaknesses and faults. So I value those who know their own limits, are *modest, and have the courage to be so*. It is always

refreshing to hear colleagues say 'I don't know, but I'll find out' or 'I've made a mistake and have learned from it.'

"Last, but not at all least, I value *true team spirit and teamwork*—the kind that makes us say, 'united we stand and divided we fall.' I value it not just because each of us has relative strengths and weaknesses and teamwork can turn one plus one into ten, but also because teamwork is a lot of fun—making us get up each morning and look forward to coming to work..." ■



PHOTO: KEVIN RAFFERTY

CLARIFICATION

THE PREVIOUS ISSUE OF *BANK'S WORLD* featured an article which included a description of the new PMP process ("A Survival Guide to 1997," Vol. I/ No. 3, January 1997). Although the article correctly stated that the new PMP will include a Behavioral Assessment based on multi-source feedback, readers should note that a standard Bankwide multi-source mechanism will not be implemented immediately. It will be piloted in certain departments and initially used for staff development rather than evaluation. ■



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"God Must Be With These People"

Bank staff live and learn with Balochi villagers



The desolate landscape of southern Balochistan

BY KEVIN RAFFERTY

THE WOMAN WAS MORE THAN NINE months pregnant and ailing; her primitive home was two miles by stony desert track from the nearest road—and three miles from the nearest water supply—then another 100 miles to the nearest city where doctors could examine her properly; and she had no money to get there, let alone to pay for treatment. Without immediate action, two people would certainly die—the woman and her baby—and probably a third: her youngest child. Saving these lives would cost the equivalent of \$125.

This grim situation posed a heart-aching dilemma for Susan Hirshberg and her colleagues from SA1: should they follow the advice of training manuals and not try to relieve individual cases of human misery—and see three people die? Or should they save the lives, but at the price of continuing deprivation? Compassion won: They dug into their pockets for the cash to send her to Balochistan's capital, Quetta, for life-saving treatment and safe birth.

"We went to villages where no one had ever gone to school, no man, no woman, no kid, ever," said Fakhruddin Ahmed, acting director of the department and one of the group of ten World Bank staff who spent more than two weeks living in villages of Balochistan and the northern areas of Pakistan late last year. To some people, it might have seemed like development tourism.

But this was no holiday. It also brought unavoidably close to heart and health the grinding poverty, the constant search for sustenance, the dependence on the seasons and the goodness of Nature that is everyday life in a poor area of a poor country. "The only luxury we had was bottled water," explains Ahmed. "We lived the ordinary lives of the people whose villages we were staying in. We lived in their houses—or slept on a *charpoy* [simple homemade cot of wood and rope] under the open sky. We ate their food cooked as they cooked it. In some places this meant living among the goats, chickens, and donkeys. The idea was to get total immersion in village life and to feel what poverty is really like."

It's fortunate that the World Bank

team did not have to drink the local water. In one place, the village supply came from a "tank dark green with algae," adds Ahmed. "So slimy that it still makes me ill to see it again in my mind," chips in one of his colleagues. Or as Ahmed humbly comments, "God must be with these people that they drink the water and do not die in larger numbers."

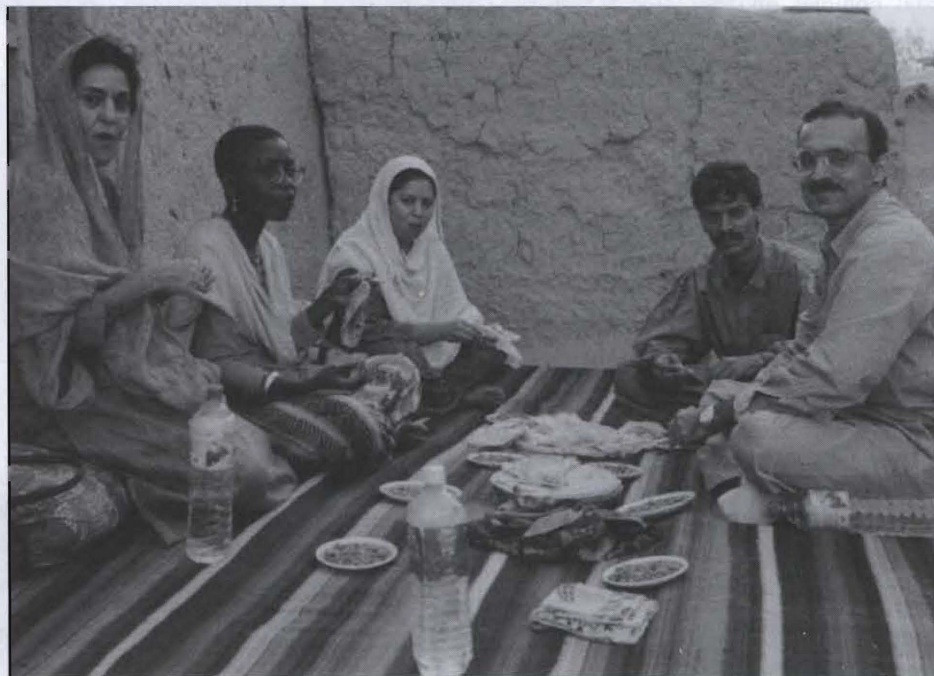
The lucky villages had regular water supplies. But in southern Balochistan, where the terrain is desert and scrub, villagers commonly have to walk for several miles carrying pitchers to collect the precious liquid. If drought visits the area they uproot themselves, their families, possessions and livestock and move closer to a fresh source of water, then make the trek back again when the rains return.

The World Bank team consisted of five women and five men, nine from Washington and one from the Islamabad resident mission. Having women in the party was ironically vital because they were welcomed into the women's quarters of villages where Muslim tradition is so entrenched that the shadow of a man's presence makes the local women not merely reach for their veils to cover themselves but cower in fear.

Even for Hirshberg, an education specialist who has made frequent trips to rural schools, the two weeks provided an eye-opening experience.

"Field trips tend to be fairly singly focused and short," she comments, "but this time we had constant exposure to poverty with no government officials around." The hosts of the group were two non-governmental organizations, the Balochistan Rural Support Program and the Aga Khan Rural Support Program.

The object of the rural immersion was not just to allow office-dwelling Bank staff to appreciate the debilitating and demoralizing effects of poverty. The trip also allowed them to examine "what to do about it and how the NGOs are doing it. It was a humbling experience for me," says Ahmed, a Bangladeshi national who was himself brought up in a village. The experience illustrated how development must be a team effort. The villages making most progress show



SA1 staff share an alfresco meal with Pakistani villagers.

strong community spirit, a thirst for education, and a leader with vision and a commitment to improving their lot, for example by building a road to get their produce to a local market.

Ahmed says that the experiences in Pakistan reinforced for him the value of the NGOs and he urges governments to look to the organizations as a way of reaching local communities. Trying to decide everything from Washington or Islamabad or even from Quetta will not work. Using NGOs to help encourage and build on the local community spirit "can mean that one plus one does not equal two, but adds up to four," asserts Ahmed. NGOs can encourage savings and offer a channel of funds, and are also better attuned to the local conditions, such as feudalism, tribalism, restrictions on the role of women as well as the topography and climate, which can all curb the scope of development.

Though the poverty may be grinding, the World Bank visitors quickly learned that it does not mean that people cannot make rational choices. In Rehanzai village a young man offered a series of penetrating questions, asking why the Bank supported devaluation which tended to hurt poor people—like him and his young family—because it led to inflation and also caused cutbacks in government programs. He asked why the Bank lent money to corrupt governments which wasted the aid. A surprised Marylou Uy, who is chief of private sector development and finance in the department, told him that sometimes devaluation was the painful medicine to restore an economy to long-term health and that the World Bank was doing its utmost to improve governance and curb corruption. He nodded satisfaction, but urged the Bank to remember that without a clean government, aid can easily be wasted.

Hirshberg was anxious to know how the young man got his information, let alone understood economics in this isolated part of Balochistan. "I listen to the news," he replied. What news, they wondered, could he receive here, a difficult journey from even a small town. "The Urdu Service of the BBC," he responded, referring to perhaps the most powerful promoter of the world as a global village.

The visitors also saw evidence that poverty could be defeated with imagination, determination, NGO help, and funds. In the northern areas near Hunza, a hidden valley in the Karakoram mountains that was the inspiration for books and films about mythical Shangri-La, there are signs of prosperity, the daily school bell is music summoning healthy-looking children, and the women play their important part in the community. Even in remote Balochistan, where children of two often look half their age and where almost every woman between 13 and 30 is either carrying or nursing a child, and sometimes both, the local NGO is helping villagers realize that they do not have to be slaves to tradition and the desert.

Susan Hirshberg took a photograph of a young woman of 19 clad from top to toe in a black *burqua* who was about to take her first timid step outside her village to attend a craft show in Quetta at which she would display the village women's colorful embroidery, thanks to the help of the NGO. Two days later, she met the woman again, no longer timid but confident that the embroidery was valuable and taking her first steps to a new life. Their experiences gave Hirshberg and her colleagues hope that in sending the pregnant woman to a safe birth they were not merely condemning her and her baby to a fresh cycle of misery. ■



Young woman of Rehanzai takes her first steps outside her home village.

No Absent-Minded Professor

Bank's World Interviews Joseph Stiglitz

JOSEPH STIGLITZ LAUGHS: "NOW THAT we have got the United States on the right economic course, I felt confident to take on the rest of the world." Coming from anyone else, that statement might seem—as Stiglitz concedes—arrogant, but the World Bank's new (as of February 11) chief economist and senior vice president has a track record that justifies some arrogance.

His statement about the similarity of aims and ambitions of the White House and of the World Bank gives a good measure of the man: the question triggers an eloquent torrent of words, but the listener has to interject periods and commas and occasional verbs to contain and guide the current: "Much of what we were trying to do in the Clinton Administration is parallel to the way the Bank is trying to move. We were trying to develop an economic philosophy between the New Deal of the 1930s, where the government has a very strong responsibility for running everything and Reagonomics or Thatcherism, which is the philosophy of rugged individuals, a Panglossian view that individuals can take care of themselves.

"We were trying to develop a philosophy with many different dimensions, where individuals are at the core but draw strength from the communities in which they live; in which collective action through government plays an important role, but it is a limited role; in which the core of the economy is markets but government action complements and in some cases strengthens markets rather than replacing them. [There can be] market failures, instances where markets when left to themselves will produce too much of some goods and too little of others, or produce too much pollution and too little basic research. So it helps to identify specific areas where governments can play this vital complementary role. Governments themselves can make more use of market-like mechanisms. In the United States we talked about auctions as a way of efficiently allocating spectrum, tradable permits as mechanisms for attempting to control pollution, and generally working to bring in a customer-oriented, market-oriented philosophy into government itself.

"These were themes I worked on a great deal at the White House, and they are themes that are becoming more important not only in the United States but throughout the world. It is a good time to be coming to the World Bank because there is recognition that development is possible. The East Asian miracle proves that countries can go from less developed to more developed. Chile and other countries show that this is not just limited to East Asia and the principles of development can extend to other regions. [This means that], one, development is possible and, two, we have an understanding of some of the principles that are necessary or at least facilitate development. The examples of success have been cases that show this complementarity."

Stiglitz is not as well known to the outside world as either his previous job in the White House or his outstanding reputation as an economist would merit. As a member of President Bill Clinton's

Council of Economic Advisers from 1993 and as its chairman from June 1995, he was at the heart of White House policy-making—and enjoying a "daily smorgasbord feast of exciting issues, such as macro policy, balanced budget, inflation, unemployment, financial reform, telecommunications, reinventing government, health and welfare issues, pollution"—but attracted less publicity than some of the junior figures around the US President. He attributes this to the fact that his role was to give advice and help formulate policy, not to market it.

There's no doubt of Stiglitz's front rank as an economist. Having gained his BA from Amherst College, he collected his doctorate from the Massachusetts Institute of Technology and became a professor of economics at Yale in 1969 at the tender age of 26. He held the Drummond chair in political economy at All Souls, Oxford, and was a professor of economics at Princeton from 1979 to 1988 before moving to Stanford, from which he is currently on leave. In between, he lectured in 30 developing countries, including extended spells in India and Africa—which "helped to stimulate my fountain of ideas."

It would be slightly unfair to say that he looks like the archtypical absent-minded professor, although his tendency to peer through his glasses suggests that he is cultivating the image for later life. Stiglitz denies scurrilous rumors that he used to wander around the Old Executive Office Building with his tie askew or shoelaces untied, but he does look uncomfortable in his formal dark suit—and freely admits that in his old days as a university professor the only time he put on a suit was to visit the World Bank. His avuncular manner cannot hide a mind that is not only sharp but is equally at home at the cutting edge of economic theory and in practice; in abstract mathematical theories and in the tougher task of understanding why the practical world doesn't always behave as theoretically it should.

Stiglitz also has a stiletto sense of humor. He draws a neat distinction between economic research, which offers a repository of fact and knowledge, and mere anecdotal evidence as beloved of popular books. He cites a management book (which he won't name) which hit the best-seller lists with its guide to the 11 principles which lifted a company above its rivals and made it great. "The authors argued that they had figured out the keys to success. But 10 years later the success rate of these companies, the fraction of them that were still viewed as highly profitable, was not significantly different from what you would have had if you had taken a random sample," notes Stiglitz, demanding higher standards from economic research than from management books.

He also has a good perspective on where he fits into the research tradition of the World Bank. "This knowledge component becomes more and more important as part of the defining mission of the Bank at a time of change... The first well-known head of the research department was Hollis Chenery under [Robert] McNamara, and they were very good at developing these planning models, engineering models, that were consistent with the mode of thought at the time that governments were involved in directing resources.

development—these are all areas where Bank research can help governments in understanding of its micro policies in the same way in it has helped on macro policies."

He shies away from predictions that the department will ever unearth all the necessary and the sufficient conditions for economic growth. "We may say that we know the pieces that, when put together in a certain way, make it more likely that economies will grow. But I don't think that anybody thinks that there is or ever will be a simple formula,



PHOTO: KEVIN RAFFERTY

We don't believe that today. You can have visions of where you want to go, but that is very different from old-style planning.

"[Under] Anne Kruger, the Bank focused on issues of trade liberalization, important ideas, but only one part of the story. We then went on to three vice presidents who really focused on macro-stabilization policies, Stan Fischer, Larry Summers, Michael Bruno. It is clear that if countries do not have good macro policies, it is very hard to have successful economic growth. But one of the lessons is that countries have liberalized their trade and had good macroeconomic policies and still not grown. So they are almost necessary but clearly not sufficient conditions.

"Now more and more people are thinking of infrastructure [as an important conductor of economic growth]. If you went back to the Chenery view, infrastructure was part of the central purview of the government. If you look at the next few stages, infrastructure was not even mentioned. Today, we are thinking of government and markets being complementary and we recognize that much of infrastructure can be provided by the private sector, but we have to have government in there setting the right regulatory framework. That is a key area I see the research department moving into [linking macro and micro]—what kinds of framework can facilitate infrastructure, competition, development of financial markets, what kinds of legal structure are conducive to

a recipe, that if you follow the doctor's prescription, you will have guaranteed success."

Stiglitz stresses that the goal of developing countries should be to increase living standards, not every aspect of which can be measured solely by gross domestic product, though rapid growth is a platform on which to build better living standards. "I believe very strongly in the importance of democracy as a basic value," asserts the chief economist, "just as I argue for educational opportunity. As an economist I push for it for promoting economic growth, but I also view it as [a test of] society and its values because society should offer [educational] opportunity for everyone no matter where they come from."

"There are very interesting relations between good economic policies and those that are very strongly democratic and fight corruption. Typically, there is evidence that countries with more corrupt governments grow more slowly. Major causes of corruption are government regulations that give enormous amounts of power and discretion to government officials. With high customs tariffs, you are giving temptation to officials. As you liberalize trade, you get rid of quotas, you lower tariffs, you reduce the temptation for corruption, and you stimulate economic growth and jobs, while stimulating good government, which in turn stimulates growth, so there is a common democracy and growth agenda."■

—by Kevin Rafferty

Typically, evidence is that countries with more corrupt governments grow more slowly.

COMMUNITY CONNECTION

The Meaning of Ramadhan

MUSLIMS ALL OVER THE WORLD HAVE just celebrated the fasting month of Ramadhan, one of the five pillars of Islam. The others are belief in Allah (swt); that Mohammed (saas) was the messenger; daily prayers (five); Zakat (charity); and Hajj (pilgrimage). Ramadhan is the most blessed month for the Muslim people, commemorating the revelation of the Quran (the holy book of Muslims) to the Prophet Mohammed (peace be upon him). Ramadhan goes by the lunar schedule, which means when the full moon is sighted, the next day begins Ramadhan; and when the crescent is sighted, it is the end of Ramadhan.

During Ramadhan, we learn piety, patience, and try to resist temptation. We try to become more spiritual from within ourselves and closer to Allah (swt). Fasting helps our health by allowing our systems to rest during the day. The last 10 days of Ramadhan are the "Nights of Power." On these nights Muslims read the Quran throughout the night because the prayers are worth a thousand fold.

On this blessed month, Muslims:

- Fast from before sunrise until sunset;
- Abstain from any intimate relations during the day;
- Read the Quran from beginning to end.

Islam in its wisdom exempts the following people from fasting:

- Women who are pregnant;
- Old and feeble men and women;
- Men, women, and young adults who are ill, for example with diabetes, heart problems, etc.;
- Women who are menstruating, although they must make up the fasting days missed after Ramadhan;
- Very young children (until they reach puberty);
- Those traveling on long, arduous journeys.

At the end of Ramadhan, Muslims celebrate Eid-ul-Fitr. At this time, we have a special congregational prayer to celebrate the blessings of this month. Before its end, we should provide a charity equal to \$7.00 per household member to someone in need. Many countries celebrate for three days to end

the month of Ramadhan. After Eid-ul-Fitr is Eid-ul-Adha (another story). This past Ramadhan ended for most people on either February 8 or 9, 1997. So you now have a better understanding of why you saw your Muslim colleague abstaining from eating or drinking liquids.

Thank you for allowing us to share this small glimpse of Islam.

—Muslim Staff Society

PHOTO: MICHELE IANNACCI

How about a little sax during lunch hour?



Gong Xi Fa Cai

GOOD LUCK AND PROSPERITY FOR THE Year of the Ox! On Friday, February 7, the Chinese celebrated the beginning of a new year, 4695. The Chinese calendar uses twelve-year cycles, often referred to as the Chinese Zodiac, with each year named for an animal (Rat, Ox, Tiger, Hare, Dragon, Snake, Horse, Sheep, Monkey, Rooster, Dog, and Boar) to commemorate the order in which they arrived in a race to reach the Buddha.

According to Chinese legend, the ox is a born leader, patient, responsible, methodical, and generally cheerful, but given toward stubbornness. Oxen are compatible with Roosters and Snakes, but not with Sheep. Famous oxen include Napoleon, Van Gogh, Walt Disney, Clark Gable, and Richard Nixon.

Chinese New Year, also known as the Spring Festival, is based on the lunar calendar and is celebrated in late January or early February. Besides the parades and floats seen in Chinese com-

munities worldwide, traditional celebrations include giving children money wrapped in red paper for good luck, lighting firecrackers to scare away demons and bring good luck, and eating dumplings. The Chinese community often starts celebrating several weeks in advance and continues celebrating past the actual New Year, for a total of six weeks.

Interested in China? The Bank/Fund Chinese Staff Association works to promote communication and understanding among Chinese staff and between Chinese and non-Chinese staff. The Association hosts seminars, lectures, and social activities open to both members and non-members. This year's Chinese New Year celebration took place at a local high school and attracted about 200 participants. All Chinese staff, even those at the Bank on a short-term basis, are encouraged to join. For more information, call Jun Zhang, x31366. ■

Jazz Up Your Lunch Hour

THE RECENTLY ESTABLISHED WORLD Bank Jazz Society is livening up lunchtime with concerts and lectures. The Jazz Society exposes Bank staff to the art form of jazz, arranges group activities for jazz lovers, informs members about upcoming jazz events in Washington, and sets up musical events with staff members. Future events include the organization of a "Jazz Under the Stars" Happy Hour Program and

"Jazz Appreciation Days" featuring local musicians. The Jazz Society is actively seeking members to participate in the events. For more information, please contact Aledra Allen at x82838.

The World Bank Jazz Connection combo, which plays regularly in the Bank, is interested in recruiting Bank jazz musicians. For more information, please contact P. Werbrouck, x34494.

Job Club Facilitators Wanted

THOUSANDS OF HIGHLY TRAINED people are looking for work. If you can spend eight volunteer hours a month facilitating a job club, you can help them learn ways and means to reach their goals, and give them some hope to spur them on.

The Employment Support Center sponsors weekly job clubs nationwide to provide motivation, self-esteem, job-search information, contacts, and friends to job seekers. The Washington

center—on 8th St., NW—offers an extensive job bank, networking meetings, job consultations, a library, and more.

Volunteers should enjoy working with people, understand the needs of the unemployed, be willing to keep abreast of the job climate and career opportunities, and be committed to sustaining a weekly job club as part of a team. Three two-hour training sessions will be provided. For more information call Ellie Wegener, (202) 628-2919. ■

IFC: Sowing the Seeds of Private Enterprise on Russian Farms

BY MARY MCNEIL

WINTERS ON FARMS IN RURAL RUSSIA are bleakly cold, tough, and unrelenting, especially when hot water and hot food are in short supply. But the young staff working with the International Finance Corporation's land privatization project in Nizhny Novgorod *oblast* (province) have the satisfaction of knowing that they are contributing not just to the rescue of Russian agriculture but to giving individual farmers hope for the first time of taking charge of their own lives and livelihoods.

Farms where IFC is involved are between twice and four times as profitable per worker as non-reorganized land, and the success of agricultural reform is being felt across Russia. Just recently, a "Black Earth Association" fund was created to coordinate land privatizations throughout six regions, and Boris Nemstov, governor of Nizhny Novgorod, has pledged more than half a million dollars for training officials and disseminating information about IFC's privatization model.

"We got sick and tired of the old system," says Yuri Nikolevich, a farmer who now owns and works his own farm, "where people didn't do anything but give orders." In 1990 Russia's farms were on the brink of disaster. Many farms were effectively bankrupt, and labor productivity was only 10 percent of that in the US or Canada. Farmers themselves, forced into collectivization by Josef Stalin, had suffered decades of oppression. The financial strain of maintaining the inefficient system was beginning to tell and was contributing heavily to the instability of the Russian economy.

In 1993 the Russian Government granted individuals the right to own land. That same year, Natasha Shagaida, an agricultural specialist at Moscow's Agrarian Institute, agreed to lead a team of Russian and international experts brought together by IFC to develop a model for land privatization in Nizhny Novgorod, a region 250 miles east of Moscow. Three and a half years later, the "Nizhny Model" has been used to privatize more than 180 farms throughout the country and nearly 80,000 Russian farm residents have gained land entitlements under the system. IFC's work has since spread to Ukraine, where the model is being implemented on 15 farms in Donetsk *oblast*.

"Russians have a deep aversion to breaking up the farms," says Dafna Tapiero, Washington-based manager of the Russian Land Project, "so we knew that there had to be support at the grassroots level for our model of reorganization to work." Media coverage, public meetings and individual consultations help explain the process to farmers—

and help ensure that the privatization will be fair and transparent.

The system was also created by Russians for Russians. Shagaida and other Russian staff were the driving force behind its development; today 90 percent of IFC staff working on the project are Russian nationals. They range in profession from journalists to agro-economists. Staff are not required to speak English (rather, foreign staff must speak Russian). What is required, according to Tapiero, is commitment, energy, and the ability to get things done.

It takes a certain kind of person," says Catherine Gorodentsev, the Project Manager in Moscow, "to spend the winter on farms where there is often no hot water or hot food." Most staff are young—in their late 20s and early 30s—and they literally live side-by-side with farmers during the privatization process, attending community meetings, answering questions, posting notices, organizing auctions, and generally building trust among the farm's population. "What we look for," continues Gorodentsev, "are people with an adventurous spirit who are willing to rise to meet a challenge." Gorodentsev knows: she has been based in Russia for three years and has hiked from village to village in the depths of Russian winter.

Konstantin Mescherekov, a former member of Badaev collective farm in Oryol province south of Moscow, attests to the commitment of IFC staff. Before IFC came, according to Mescherekov, "we were in a legal vacuum, yet the state was still demanding a strong output from us." Today Mescherekov heads up the largest new enterprise on the reorganized Badaev farm, which contains 60 percent of the property from the former enterprise. During the reorganization process, Badaev residents were informed of their rights to land and property and chose to use their entitlements to form eleven new enterprises, establishing legal, enforceable contracts with the new enterprises chosen.

As more and more farms are privatized under the Nizhny model, attention has turned to devising a method for transferring its implementation to Russian institutions and government officials. To prepare officials to take responsibility for reorganization, IFC has designed interactive training that simulates the entire process. To date, more than 5,000 Russian officials have participated. How-to manuals guide offi-



Above: Milkmaid at work on a privatized farm
Right: Auction at "60 Years of October" farm in Nizhny Novgorod



cial in implementing the program's more technical aspects. In the future, local administrations will take responsibility for reorganization at the farm level, while state and federal institutions are being developed to guide the process.

IFC staff are now measuring the success of the country's newly privatized farms. Marina Garadzha and Kingsley Bash, both based in Moscow, are examining changes in productivity and labor management since reorganization. Their research shows that managers are responding to profit incentives by enforcing greater discipline and increasing work loads, while raising salaries to reward workers. An analysis conducted in July 1996 comparing reorganized and non-reorganized farms in Nizhny Novgorod found that on average reorganized farms react more quickly to changes in the market, and are better prepared for future growth. Typically, newly privatized farms face difficulty in the first season after reorganization, as managers and workers adjust to the system and their new roles. However, those with more assets and liquidity at the time of reorganization have shown a higher success rate than those struggling before reorganization occurred.

"Basically," says Chris Williams, the team's Deputy Project Manager, "we don't want to raise expectations too high. The land, the people, and the equipment are the same after privatization. What changes is people's attitudes. If their approach to their work doesn't change, nothing will happen."

"Reorganization has a profound effect because it transforms the community and the enterprise sociologically," says the Russian land project's Bash. "Former directors had the responsibility to care for people from cradle to grave. Now the enterprise exists in a market environment, and the responsibility for social care is shifting to local administrations."

A farm's success often depends on the commitment of new farm leaders. Vladimir Saraikin, an agricultural economist, is looking at characteristics of new leaders to be able to better recognize and encourage potential managers on farms soon to be reorganized. In general, the best leaders already hold informal authority among the community and—perhaps most important—have a desire to find new approaches to developing business. In the end, according to Bash, those most interested in improving farm productivity are the managers; if they are good the new enterprise has a much higher chance of succeeding.

"Opponents of land reform," says Shagaida, "say that our program is directed only to socially active and, therefore, socially adventurous people. Active people are threatening only to those who do not want to make any effort." She believes that the hopes of those working on reorganization are pinned on the farmers who are energized by the challenge of developing new enterprises and confident in their ability to be successful. IFC's efforts are dedicated to these entrepreneurs who hold the key to improving the agricultural sector in the former Soviet Union. ■

The team braves the cold for a group photo.



Got Film?

EXT's Media Team is working to increase cooperation between departments that produce film and video products. By depositing your high-quality footage in the EXTME Film and Video Library, you will help the production efforts of other departments while ensuring additional use of your material and therefore increased exposure of your project. And by making master copies of your programs accessible to others, you will be contributing to EXT's efforts to increase broadcast coverage of the Bank.

For additional information, contact Craig Hobbs in EXTME's Film and Video Unit at x32149. ■

ILLUSTRATION: DOREEN KIBLER

ANSWERLINE

ANSWERLINE IS A REGULAR COLUMN which answers questions about the World Bank Group's policies and procedures. Your question will be sent to the appropriate manager and the reply forwarded to you. Questions and answers of broad interest will be printed in Bank's World. Confidentiality is assured, but anonymous questions will not be answered.

Send your questions (including your name and room number) to Morallina F. George, AnswerLine, Rm. U-11-028, using an envelope sealed with a "CONFIDENTIAL" sticker. Non-confidential questions may be sent as an e-m to BanksWorld, using "AnswerLine" as the subject line.

Q: Some time has passed since the introduction of the personal security measures like the open display of staff IDs and the entrance stiles in our buildings. Does management have data comparing, for example, the incidence and severity of thefts of Bank and personal property before and after the introduction of the new measures?

The questions comes to mind because carrying the ID is a bit of a nuisance, and it is not a particularly pretty sight. At the end of the workday, perhaps each of us has at least once noticed a fellow Bank staff on the street or in the subway still wearing a Bank ID—in times of random crime, not a reassuring aspect either. One hopes that the trade-off, i.e., a safer environment within the Bank is panning out as expected.

ANSWER:

The display of identification cards is intended to improve the overall security posture of the Bank. It supplements our electronic access control program;

makes us all more security conscious; and decreases the probability of having unauthorized persons in our buildings. The requirement to display identification cards was recommended during a comprehensive review of the Bank's security program conducted in 1995. The recommendation was approved by Senior Management.

There are too many variables and disrelated factors to accurately measure the effectiveness of any particular security or crime prevention measure. Losses of Bank and personal property have decreased for the last two fiscal years. However, we fear that with the massive office moves and on-going construction activities in two complexes these figures will increase in fiscal year 1997.

The display of identification cards is an industry standard for higher levels of security. It is recommended by the US Department of Justice and is done at the UN, IMF, INTELSAT, airport authorities, all Federal departments, and many corporations. It has been required at our Annual Meetings for years. This notwithstanding, it is not recommended that cards be displayed outside of our premises. Putting your ID card away when you depart the Bank reduces the chance of loss and subsequent misuse of the card and prevents others from knowing your name and place of employment.

The practice of wearing ID cards has been adopted by many staff, but it can be truly successful only if it gains widespread acceptance and the person not wearing a card becomes the obvious exception. We appreciate those who have made the effort to improve the safety and security of our work environment by displaying their ID cards. ■

—David Reed, Chief, Security Operations

STAFF ASSOCIATION FORUM

Listening Skills

A MAIN THEME FROM BANK GROUP management over the past few years has been that we need to get closer to our clients and listen to them better. We think it's time for the rubber to meet the road here inside the Bank Group.

Bank Group staff can be considered internal clients of Bank Group strategy, environment, and the resources to deliver Bank Group products and services. It follows that management's exhortations about listening to our external clients can rightfully be applied inside the Bank Group as well.

So how well is management listening to staff? From our vantage point, it comes and goes: management's willingness to do surveys on the change "pilots" in AFR and LAC and to openly share the results are steps in the right direction. Management's retreat from doing the long overdue Bank Group-wide staff attitude survey is a step in the wrong direction.

The Staff Association has been a barometer for management's listening skills over the 25 years of our existence. It's pretty simple: The less staff believe management is listening to them, the busier we are. Many staff grievances arise out of failures in listening.



When the Staff Association pressed for an Appeals Committee and a Tribunal, the Bank Group listened. When we pressed for a better compensation system to de-politicize the annual compensation review process, the Bank Group and the Board listened, eventually. It cost them a one-time 17 percent overall increase to pay for the damage done to staff by the failures of the earlier system—damages compounded by the delays in implementing the revised compensation system.

And the Staff Association is trying to listen to our clients, too. We're holding focus groups and meeting with Delegates to hear your concerns. On the individual level, several hundred staff consult us each year for advice on resolving problems or pursuing formal grievances. We should note here that all staff conversations with us are confidential. Nothing happens or goes anywhere out of our office without the staff member's explicit permission.

If you've heard otherwise, you've either heard wrong or there has been a very bad mistake that needs immediate correction.

We want to help the Bank Group to do a better job of listening, both inside and outside. We want to hear from you, and we want to help you be heard. Please talk to us so that we may reflect your concerns and suggestions in our discussions with management. We're listening. ■

CLASSIFIEDS

Send your ad via All-in-One to BanksWorld, using "Classified" as the subject line. *Bank's World* reserves the right to edit for style and length. Ads may appear in more than one issue, but will not be carried over automatically from one issue to the next. Submissions and re-submissions for the March issue must be received by March 10, 1997, and will be accepted on a first-come, first-served basis.

WANTED—SHORT TERM HOUSING. Finnish consultant with family (wife/2 teenagers) needs short-term housing in DC metro area for June 1–August 31, 1997. Call Sari, (703) 938-9690 or send e-m to Martti Lariola: martti.lariola@larcon.pp.fi@ internet.

WANTED—VACATION RENTAL. Rehoboth or Bethany. House for 6 for all or part of week July 27–Aug. 2. Prefer close to beach, A/C. Call Robin Broadfield, x34355.

APT FOR RENT. Foggy Bottom/GWU area. Efficiency, walking distance from Bank. Avail. mid-March. \$650/mo. 6 mo.-1 yr. lease. Call Anita, x32213 or (202) 337-1395.

APT FOR RENT. Walk to work! Logan Circle. Wonderful 2-BR Eng. bsmt. in owner-occupied Victorian; elegant, contemp.; A/C, DW, W/D, cable-ready, rear patio. Convenient to green & red Metro. \$900/mo. +elec. Call x33595 or (202) 483-5493.

TOWNHOUSE FOR RENT. 3 BR TH in Gaithersburg, Md. Clean, unfurnished; small garden; A/C; bus stop nearby. \$900/mo. +utils. Call x38913 or (202) 337-4196.

CHARMING HOUSE FOR RENT. Near Georgetown, off Foxhall Road. Available Feb. 15–May 30. Lovely location, 4 mi. from Bank, 2 min. from park. 2 BR, 1.5 BA, separate. DR, lg. kitch. w/brkfst area, ample storage in bsmt, modern W/D and DW, deck and porch overlooking garden; fireplc. Fully furnished with elegant Italian designer furniture. \$1,750/mo, 1 mo. sec. deposit req'd. Call Ulli Wiesner, x38086 or (703) 941-0227.

CONDO FOR SALE. Beltsville, MD. One BR, new carpet, new kitch. floor, new CAC, tennis, pool, reserved pkgng. Ready for occupancy. Great for 1st-time homeowner or for rentals. \$47,300. Call/e-m S. Origlio, x39680 or (410) 721-1714.

APT. FOR SALE. Glenmont, MD area. Spacious 3 BR, 2 BA apt. w/patio, in excellent condition. Curtains/lamps to convey. Great location close to Metro, shopping, public transp. \$82,000. Call Mrs. Garcia, (301) 570-0688.

HOUSE FOR SALE. Potomac, MD. Spacious 4 BR, 2.5 BA, 2-car garage, large semi-finished bsmt w/servant's rm, work bench, safe; hwd floors, firepl.; lg enclosed backyard, quiet and safe subdivision (Fox Hills West); short walk to Cold Spring Elementary School, parks, nature creek. Public transport nearby. Assessed at \$320,000, price negotiable. Call (202) 625-0807.

HOUSE FOR SALE/RENT. Bethesda, MD. 4 BR, 3 updated BA, Master BR w/en suite bath and whirlpool tub. LR, DR, family rm, completely updated kitch., finished bsmt. w/exercise rm. Sunroom, jacuzzi, deck, flagstone patio, lg swimming pool. Sale \$359,000, rent \$2,800/mo. Call Daad, (301) 229-5719.

CAR FOR SALE. 1985 blue Nissan Sentra station wagon. 5 speed, 109K miles. Excellent condition. \$1,695 or best offer. Call D. Sakhuja, x32056 or (301) 948-7250.

FOR SALE: Pentium PC. 150 MHz, 32Mb RAM, 2.1Gb disk, 28.8 fax/modem, sound card, speakers, microphone, CD-ROM. New \$3700, now \$2600. Call Luis, x37783.

SPECTACULAR SALE! Just in time for your post-holiday "get back into shape" effort. Convertible rowing machine, skiing machine, stationary exercise bicycle, car-top carrier. \$35/ea. or all 4 for \$100. Call Jocelyn Herrington, x80891.

FOR SALE. Rare, classic 2-section rosewood wall system from SCAN. Superb condition. Fold-out desk w/key; adjustable shelves; base cabinets w/adj. shelves and drawers; 77"H x 95"W x 17"D (shelves 12"D). Must sell; remodeling home. \$900 or best offer. Call Mary Evans, (202) 362-2121.

FOR SALE. 6 lyre (harp) backed dining room chairs. Beautiful walnut wood, recently recovered in neutral fabric. 4 in excellent condition, 2 need minor work. Asking \$250/set. Call Maria, (202) 237-5406.

FOR SALE. 18" satellite dish. Have your own satellite system at home! Top 50 channels including Disney, FoxSports and international services such as RAI (Italy), ART (Arabic), ANTENNA (Greek/Croatian), Telemundo/deportes/soccer/ MTV latino (Spanish). Call Susana, x37474.

FOR SALE. Queen Anne-style dining room table, 6 chairs, and side table. Table opens to 40"x66", including one 18" leaf. \$900 for set. Call Mary Beth Ward, x36372.

FOR SALE. 19" Magnavox color TV/VCR, \$300. Black IKEA entertainment center, \$75. Daybed \$50. Good condition, 1 yr. old. Small loveseat, \$25. Prices negotiable. Call Anita, x32213 or (202) 337-1395.

INTERNATIONAL WOMEN'S ORGANIZATION. Zonta International is a worldwide service organization of professional women working together to advance the status of women. Zonta works with the UN to help women in developing countries to practice self-determination through self-help; provides mentoring and scholarship programs; and on the local level, undertakes projects to help women's economic self-sufficiency, legislative equality, and access to education, health and nutrition. Please e-mail JPEARCE@worldbank.org if you would like to attend an introductory meeting.

Just who do you think you're talking to?

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First Lady: Microcredit Proves a Macro Idea

BY TED HOWARD

HILLARY RODHAM CLINTON COMPLAINED about the failure of bankers to realize the opportunities of making money and backing budding entrepreneurs when she spoke at the high-energy Microcredit Summit held in Washington this month. She cited a visit to a microenterprise project in Denver: "One woman said to me something I have never forgotten when she described what it was like trying to go to her local bank. She did not have any traditional collateral, but she was a hard worker. She had a good product to sell. But she was turned away [by the bank] because the amount of money that it would have taken for the bank to process her loan was not, in the bank's eyes, worth the investment. And she said, 'Too many great ideas die in the parking lots of banks.'"

The First Lady, who was also honorary co-chair of the summit, declared that "microcredit is a macro idea." She was referring to the fact that microcredit programs have become an international phenomenon and one of the development success stories of the past decade. By extending small loans at commercial interest rates to poor people who have been largely excluded from the formal banking sector, such programs have developed large numbers of new entrepreneurs.

Worldwide, it is estimated that there are now eight million people with access

to microcredit, an impressive record, but still a long way from meeting the needs of the world's poorest one billion people. The aim of the summit, organized by Results Educational Fund, a US NGO, was "to launch a global campaign to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by 2005."

About 3,000 people from 50 countries attended, a testament to the growth of an idea whose time has come. The rapidly growing industry includes a



Self-employed women get working capital loans and lessons on family survival.

PHOTO: FREEDOM FROM HUNGER

wide range of institutions, among them NGOs, credit and savings cooperatives and microcredit banks. Contrary to conventional wisdom, poor people have proved to be good credit risks, with repayment rates in the 95 percent range. Muhammad Yunus, widely seen as the grandfather of the movement, boasts 98 percent repayment rates at his Grameen Bank in Bangladesh. Banco Sol of Bolivia, which began as a microlender in 1992, now has 70,000 accounts—a third of the country's banking customers.

The World Bank has entered the microcredit field, principally through the Consultative Group to Assist the Poor, which has committed \$10 million in

grants to private microfinance institutions whose clients are poor. More than half of the customers are poor women. Mohini Malhotra, CGAP's manager, would like to see the World Bank do more for microfinance, on the credit and the savings side of the ledger. "Microfinance institutions are really part of a new industry," she says, that will need "new instruments and procedures. Because these institutions are small, it's hard to launch them only on borrowed funds. They need grant funds to help them start up and expand." In addition, "we need a faster way to get projects moving. Small organizations of this type can't wait years for assistance." ■

MUHAMMAD YUNUS STARTED GRAMEEN BANK AFTER TRADITIONAL BANKERS turned up their noses about lending to poor people, claiming that they had no collateral and the sums they wanted were so small that they cost too much in paperwork. Today, as head of a billion-dollar bank with two million customers and a repayment rate that conventional bankers envy, Yunus explains why his borrowers are virtually all women: "Women have plans for themselves, for their children, about having children, about the home, the meals. They have a vision. A man wants to enjoy himself."

He himself has a vision: "A human being is a very creative animal, not just a workhorse. He/she is endowed with the ingenuity and creativity which no other creature can match. Every human being has a tremendous potential which most often remains unexplored because of the system we have built around us. If only we imagined a world where every human being is a potential entrepreneur."

Yunus doubts whether the "trickle-down" theory of defeating poverty can succeed because the rich and powerful grab more than their share and exclude the poor. But he has a challenge for traditional bankers—they should not ask people whether they are credit-worthy. Instead, the bankers should ask if THEY are people-worthy. ■

Wolfensohn Takes Bank's Case to the City of London

JAMES WOLFENSOHN THIS MONTH urged distinguished City of London bankers to think not merely of immediate profits but of their children's and grandchildren's futures and to become a bigger and more enthusiastic partner in helping to bring development to all four corners of the world. "We must be out there with something other than just looking for deposits and making money; we must be out there thinking in terms of contributing to a better world."

"If banks insist on environmental conditions in terms of lending, environmental conditions will be adopted in projects. If banks insist on labor standards, there will be labor standards. If banks join in a fight against corruption, we will at least make a hole in corruption and maybe win the battle. Corruption is not just an issue of developing countries. There are those who are corrupted and there are the corruptors. And many corruptors come from developed countries and many corruptors are clients of all of us. If we don't want the cancer of corruption to spread in the world we ourselves must stand up to it."

Wolfensohn pointed to the unequal facts of development, noting that "It's a world in which there are 1.2 billion people who live on under \$1 a day, in which there are three billion people who live on under \$2 a day, in which there are 1.2 billion people who don't have access to water, in which there are 120 million children who don't go to school... This developing world is not another world, it's our world. We're linked with it because we share the same environment because we breathe the same air, because our health is dependent on the health in those countries. And we're linked by crime and by migration because migration comes from countries that do not have economic opportunity. We're linked by war. In Europe, we're linked by the problems of the transition economies

and what might happen if there is a nuclear mishap. And we're linked by food and we're linked by famine.

"It's not just our world for social or moral reasons. It's our world for economic reasons. Since 1990, 40 percent of the growth in GDP has come from those (developing) countries..."

By 2025 the world's population will have grown from 5.6 billion people to 9 billion, of whom 8 billion will be living in developing countries. Bank chief executives today could go about their business without knowing that the 4.7 billion people in developing countries existed, added Wolfensohn, but advances in technology and the dangers of the spread of economic and social instability mean that their children and grandchildren would no longer be able to opt out.

Private-sector lending to developing

countries—which reached \$230 billion last year—dwarfs the \$55 billion from official institutions. But Wolfensohn noted the great imbalance in the flows of the funds.

The Bank president said his own experiences in having travelled to 40 countries showed that there were lots of potential investments waiting for bankers to fund them. "I recall as vividly as if it were yesterday my trip to Uganda when I was in a slum and there was a woman there who, together with other women, was making briquettes out of banana peel. And they would fire up the banana peel and it would become carbon and charcoal and they would press it together and make briquettes to heat. She had started the business with a \$50 loan. And she gave me her accounts in a little exercise book with all the pride

of the chairman of General Motors."

With advances in science and technology, the use of satellites and the Internet, it was becoming possible to leap a generation in training and access to knowledge, added Wolfensohn, urging the bankers to show vision. "People do not want charity; they want opportunity. They have the same instincts that we have. They want their kids to get an education. They want shelter. They want peace and they want economic development."

Sir William Purves, chairman of HSBC Holdings, commented that Wolfensohn's "remarks were quite moving and really got attention. He pointed out the importance for the future of a public-private partnership to help in economic development given the rising population rates in some of the world's poorest countries." ■

COFFEETALK

BANK'S WORLD SENT UNDERCOVER REPORTERS TO NINE LOCAL JAVA SPOTS TO INVESTIGATE their effectiveness as providers of the "first thing in the morning" or "save me in the afternoon" cup o' joe. The intrepid taste testers rated the coffee on the basis of an espresso-based drink, and assessed the selection and taste of baked goods, the quality of service, and the decor. Our highly trained specialists used the latest in cutting-edge statistical methodologies to turn the stacks of stained questionnaires into the handy reference chart below. The best spot for you will depend on your priorities, but some establishments clearly came out ahead. Barista Brava, the H lobby espresso bar, and Swing's rated consistently highest for their coffee, described as smooth, full-bodied, and having a rich aroma. Barista Brava once again swept the ratings in the pastry round, winning rave reviews for moistness, freshness, and home-made flavor. Brothers was a close second, taking the "Best Bagel" title. Cup'a Cup'a was praised for its wide selection of lunch items (soup, salads, sandwiches, focaccia) and baked goods, but quality is uneven, and, according to one investigator, "The food is OK if you choose wisely, but wash it down with something other than the coffee!" Reviewers also found the service "sullen," "inept," and "unprofessional." Fortunately, all nine are just a short walk from the Bank, so you can try them yourself! Look out for future consumer reports from our team of crack investigators. ■

ILLUSTRATION: DOREEN KIBLER

CAFÉ	COFFEE QUALITY	FOOD SELECTION	FOOD QUALITY	SERVICE QUALITY	DECOR
Cup'a Cup'a (19th & G)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
J-B1 Espresso Bar	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Barista Brava (17th & I)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Starbucks (17th & Penn.)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
H Lobby Espresso Bar	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Starbucks (18th & H)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Hannibal's (2000 Penn.)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Swing's (17th & G)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Brothers (18th & K)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●