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TRANSCRIPT OF INTERVIEW WITH

**UMA LELE**

Interview By: Marie T. Zenni

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(Transcribed from a digital sound recording)

## INTERVIEW

### Session 1

October 25, 2005

Washington, DC

**ZENNI:** Good morning. I'm Marie Zenni, Senior Interviewer for the Bank's Oral History program.

**LELE:** Good morning. I'm Uma Lele. I'm looking forward very much to this interview.

**ZENNI:** Today is Tuesday, October 25, 2005, and I'm here at World Bank headquarters to interview Uma Lele, who has recently just retired as Senior Advisor in OED [Operations Evaluation Department] after quite a lengthy career in the Bank. Welcome, Ms. Lele.

**LELE:** Thank you very much.

**ZENNI:** I would like to begin by discussing your background in general, including your educational background, and how you became interested in economic development?

**LELE:** I have a degree in economics, a PhD in agricultural economics, but how that came about is very interesting because my father always made sure that even though I was a girl being raised in India, that I did at least as well as my brother did in college and in high school. And my brother was very accomplished having occupied very top positions in the Indian Civil Service. So when he was in college, my father used to say, "Okay, he has won this award and that award, so what are you going to do to show that you are outdoing your brother?" One of the things that he had encouraged me very much to do was to learn music, and my parents invested a lot in my music. But I wanted to be a medical doctor, and I could not combine music and medicine because both are very taxing, so he thought I should do something in economics which will give me more time to practice my music. In the meantime, I fell in love with a young man who was coming here to the US. You know, in India fathers/parents decided a lot about what children did

in those days, and my father said you could go to America, provided you also did a PhD like the young man who wants to marry you. It's only on that condition that you should get married because if he goes abroad and you stay here, the marriage may not work because the gap among the two of you may increase. And if you go with him, it doesn't make any sense to go and just be a housewife. So you can go only on one condition, if you get an admission to do a PhD in economics. So, I was only, I think, 17 and a half and was finishing my BA in India, and I studied like crazy because I wanted to get married and come with my fiancée to the US.

David Hopper, who was vice president in the Bank, was just a young professor at the University of Chicago and he received my application. He was on the Admissions Committee and he said, "She seems like an audacious young woman who is too young to be admitted for graduate school at the University of Chicago, but let's see what she can do." I got a fellowship to go to the University of Chicago, and I came here to the US at the age of 18. And it's a long story that I won't go into, but then my ex-husband fell sick, so I went to Cornell, where he was, and then did my PhD at Cornell in agricultural economics.

I had done a lot of work on marketing, grain markets in India for my PhD thesis, and I had done some work on rice processing which was a big deal in those days. The Japanese and the Germans were giving India assistance for improving its rice processing system. And the Bank was doing a loan to India in 1970, I think, on grain storages and grainmarkets and stuff, and Bob Picciotto [Robert Picciotto] was Director of Projects in India and Pakistan, and Willi Wapenhans was Director of Agriculture. They all felt that the Bank didn't have enough expertise in marketing, processing, etcetera, which were the issues that had become quite significant after the green revolution, so they asked me to do a small job. They were facing some problems in negotiations with the Government of India and they asked me to write a small position paper as if I was dealing with this problem and how would I deal with it. Would I accept the position of the government or the Bank based on my research? Then they hired me in the Bank in August '71.

**ZENNI:** You first joined the Bank as an economist in what later became the Development Economics Department, Agriculture and Rural Development, during the early stages of the

McNamara [Robert S. McNamara] era. Please discuss your initial responsibilities working on the Bank's agriculture and rural development [ARD] agenda? And, how well defined was this agenda at that time?

**LELE:** Actually, I did not know that at the time, because I was so young and so inexperienced, but it was an extremely important transition period for the Bank. The Bank had done a lot of big-time irrigation projects in countries like India. But it had not done agriculture and rural development projects. I came with the full expectation that I will work on India and South Asia, et cetera; that I knew well. The Finance Minister of the Government of Tanzania, who came to the Annual Meetings of the Bank, I believe in 1971 or '72, soon after I joined the Bank in the Research Department, raised a question with Shahid Husain, who was then Director or Vice President of the Africa region, if I remember correctly. He raised a question with the Bank to say that the Bank is very reluctant to lend to rural development in Africa. So could the Bank do a comparative study in Africa to look at what works and what doesn't work, and what could the Bank learn about lending to agriculture in Africa? So, this request came from the Africa region to the Development Research Department of the Bank, where I was working in the Rural Development Division. And most people who were in that division were already occupied with a number of other tasks, and I was a newcomer who was kind of under-employed and still looking for what I could be doing. So, then this request came, and I was asked if I would start working on developing a research program, which then eventually led to this book, *The Design of Rural Development: Lessons from Africa*.

But I was very reluctant because I didn't know anything about Africa, and I had never been there. I could not even tell one country from another, and I felt that maybe my expertise was in agriculture in India, which was at that time a very exciting field in India because of the green revolution, et cetera. So I started very reluctantly to work on this review. There were two other people in the Bank, young people who were working in the Research Department who were associated with the study. And I was made the "coordinator" of the study because they didn't know whether I was capable of leading something; I was young and inexperienced and didn't know the Bank. These other two people were senior to me, and they were not too keen that I should be made the coordinator. Ernie Stern [Ernest Stern] then was the Director of Research,

and we were asking for money from the Research Committee of the Bank. So he called me and said, “Why are you a coordinator? It obviously means they don't have enough confidence in you.” He said, “Go and tell them that if they want the research money, they have to put somebody in charge, and I don't see any reason why you're not clearly in charge of this study. Otherwise, the Research Committee is not going to give any money to this project.” So, willy nilly, I became the coordinator, and then this study came about in the Bank and just at a time when the Bank under McNamara was beginning to give more prominence to integrated rural development and to Africa, etcetera--the famous Nairobi speech by McNamara--emphasizing the relationship between poverty and agriculture.

**ZENNI:** There was also a re-organization under McNamara just prior to that in '72. In your opinion, did the institutional reforms implemented as a result better position a rapidly expanding Bank in meeting its goal of poverty reduction, and more specifically, how did that impact the ARD agenda? How did you see this, albeit you were still a newcomer in the Bank?

**LELE:** Very much of a newcomer and young and inexperienced. First of all, regarding the reorganization, you know, I went through several of them since then, so I can say that none of the reorganizations that I went through were less than traumatic either for me or for anyone else. I think, what happens in reorganizations is that the continuity is lost, and there is a great deal of uncertainty about what's going to happen with the work that you have been doing. I think that probably the big change under McNamara in the reorganization was to gradually increase the role of country departments in lending and create projects departments in the regions, which were significant as distinct from the one central department of agriculture that we used to deal with from the Research Department of the Bank. In some ways, that was a very necessary and a desirable move. It had to be done if one was going to increase lending to agriculture. In other ways, I think it did not serve the Bank very well, and my own experience in the Bank was very telling in that regard and I have had subsequent discussions with McNamara since he left the Bank about this. I think what happened was and the findings of my study were interesting-- and it probably was the beginning of my challenges in the Bank as a professional-- basically, that integrated rural development will not work in Africa because the capacity of African institutions is very limited. I still remember, among the 13 programs that we looked at in Africa, one was

the Lilongwe Land Development Program in Malawi, which at that time the Bank was, if I may say so, touting as a highly successful program. And it had about 20, 25 expatriates who were running the program, and it was almost like an extension of colonialism, if I may say so. So the research that we had done, and I had a consultant, a graduate student who had just finished his PhD at Stanford, who did this particular piece on Malawi, but it was comparative among many other countries.

**ZENNI:** Within Africa?

**LELE:** Within Africa, it was the first study on design of rural development. It said that the integrated projects were far too demanding of the capacity of the countries. They were too complex, and that the sequential approach was more likely to work in Africa than an integrated approach. Well, by that time, McNamara's speech had already set in motion the idea of integrated rural development.

**ZENNI:** The '73 Nairobi speech?

**LELE:** The '73 speech and I think this is very interesting because in big bureaucracies the messages coming from the top become signals for what is a good thing to do. And so, whereas, McNamara's heart was in the right place on investing in agriculture, and you know now we, I think, frown upon the then established targets that 25 percent of the lending will go to agriculture and rural development, which was the target that McNamara established. That had good and bad effects, and it had very positive effects in my view in India and South Asia, but negative ones in Africa. There are two or three reasons for it. The Bank got on the bandwagon of integrated rural development in Africa. Although McNamara was requested and he did sign the foreword to my book, saying this is one of the important books the Bank has done and it learns from its lessons, et cetera, in reality, there was very little learning of lessons by the Bank at the operational level because the messages from the top that we have to do integrated rural development were very strong. And in McNamara's time it was the numbers game; that we must increase lending so that we can show that we are actually responsive to agriculture.

At that time, a rural development department was established in the Bank that was also promoting integrated rural development. So, people like me were not necessarily very convenient because we were saying that integrated rural development doesn't work. And, by the way, the Research Department of the Bank felt that I had now done enough on Africa, and it was time for me to move on to do something else. So Chenery [Hollis B. Chenery], in particular, wanted me to do something on agriculture in Malaysia. In the meantime, my draft on rural development had a tremendous response in the Bank. I got umpteen memos saying this is such an important piece of work for the Bank at a time when the Bank is proposing to expand its lending. That this should be turned into a book and everybody should be reading this book, et cetera, et cetera. But the Research Department wasn't willing to let me continue to finish the book.

**ZENNI:** What year was that? '73?

**LELE:** Yes, '73. By which time, the research was completed, but Chenery was saying, enough is enough, now it's time to work on Malaysia. And I had no home, and the Bank was being reorganized, so I left the Bank. I just actually resigned in frustration because I was so lost. But then, in due course, several people in the then Africa region of the Bank--Bernie Bell [Bernard R. Bell] and Stanley Please, et cetera -- worked very hard to get me to work in the Africa region. And they said we should translate the findings of my study in the Bank's lending to agriculture and rural development. So then I was given leave, but I had put in a resignation, and they said your leave has been granted to go to Cornell, so I finished my book there and came back to the Bank.

There were several things that were interesting from both a personal and a professional point of view. From a personal point of view, because my background was seen to be in the Research Department of the Bank, and the cultures of the Research Department and that of the operational parts of the Bank were very, very different. People in operations were mostly, in those days, people with colonial experience who were great practitioners. They understood what was needed to grow tobacco or cotton or small-scale irrigation, et cetera; they were technically very good. And they were financial people, et cetera. Someone like me was, I mean, I was a

researcher coming from the Research Department. I had written this book which had become very famous in those days and was one of the bestselling books the Bank had published. So I remember that the division chiefs were not that eager to have someone like me, saying, she doesn't know anything about practical things or about putting together a project, which was the case, and she was a prima donna, and she will be just a pain. So I really didn't have any operational experience, and there were no women in the operational parts of the Bank in those days. In fact, people like Stanley Please said that you really need to be in the boiler room, and you need to be a hard hat, and you need to be one of them; to go on missions, appraise projects, etc., and that's the only way you will become acceptable as somebody that has operational credibility. That's the only way you will learn, and the Bank will learn also.

So I think from my personal point of view, at that time, life was very difficult for me. But, from a professional point of view, my growth in the Bank was much stronger, and my credibility now in the Bank is greater because I have, you know, done everything, supervised, designed and appraised projects, done sector work, et cetera. I think the mentorship in those days; there was far greater emphasis on training people to do the jobs compared to now, I find. There was much more training and I was told that unless you had done three supervisions you were really not credible; you would not understand supervision or unless you had taken X amount of courses in procurement and unless you had gone and been an understudy for a mission leader on preparing, appraising, supervising projects, et cetera. I was given a lot of training in the operational parts of the Bank. But the messages at that time were very much that we all had to do integrated rural development projects.

**ZENNI:** You stayed in the Economics Department until late '74 before you went on your break?

**LELE:** Yes.

**ZENNI:** What were some of the contributing factors, external or otherwise, influencing the evolution of the Bank's agriculture and rural development agenda at the time? And, what was your contribution?



**LELE:** I mean the green revolution was just on its way in South Asia, and I think McNamara had, in my view, correctly seen the relationship between agricultural development and poverty alleviation in two or three different ways. One was that India used to have in those days, and South Asia in general, a recurring problem of droughts and hunger. And the new technologies that were coming out of IRRI [International Rice Research Institute] and CYMMT [International Maize and Wheat Improvement Center -- translated from Spanish] and people like David Hopper then were very close to McNamara and were telling him that there is the new technology which can solve India's food problem if only there is an agricultural strategy which the Bank supports. Because of the influence of Sir John Crawford, for instance, who was sent to India on a mission, I believe, in 1965 when India had a major financial crisis and there was a [Bernard R.] Bell mission to India in 1965, and David Hopper was a young man understudying Sir John Crawford, and a report was done on India which said that two things needed to happen in India: one was a change in macro policies, including devaluation of the exchange rate which was very controversial, but also, that India needed to change its agricultural policy. The Bank and USAID [Agency for International Development] together brought a lot of pressure on the India Government to say that they needed to do a variety of things in agriculture.

So McNamara had by that time become President and had seen this relationship between poverty and agriculture; so his '73 speech in a way was intended to get the Bank primed up to lend more to agriculture and rural development in South Asia and in Africa. As you probably know, 40 percent of IDA in those days used to go to India, and a lot of that was for lending to poverty-oriented projects. And I remember my brother who was Deputy Secretary for Finance in those days dealing with the Bank, and the Indian Finance Ministry was not that eager to borrow for agriculture from the Bank. Because they felt that agricultural projects were slow disbursing, there were many design problems, political problems, and they would have rather had the Bank continue to lend to infrastructure. But the Bank moved in a significant way to lend to agriculture.

**ZENNI:** Recognizing its centrality to poverty alleviation.

**LELE:** It was recognizing the centrality in poverty alleviation. I do believe that the Bank played an extremely important role in my view in India and in Asia in general in agriculture. But somehow, it didn't materialize in Africa where I was working at the time.

**ZENNI:** As a follow up from what you were saying in terms of McNamara recognizing the centrality of agriculture to poverty alleviation, how adequately was this reflected in the Bank, organizationally, operationally, et cetera, in order to serve those objectives?

**LELE:** Well, you know, organizationally, as I said the Rural Development Department was created in the Bank, and its job was to promote "new" style projects which were the integrated projects. But simultaneously, and I had probably not thought about it in this way, there was a very major dialogue going on at the country level in countries such as India. India somehow figures very largely in this, and that was true in Pakistan also at the time. But for political reasons Pakistan broke up in '71 and '72, and so the Bank had a very different problem of a new nation that was created, Bangladesh, which then the Bank was going to support, et cetera. But in the case of India where there had been political stability but a huge poverty problem and a lot of it in the rural sector, so that there was a recognition. And I think probably the one big difference between the Bank now and back then was the number of vice presidents in the Bank, and directors, with degrees in agricultural economics. Wapenhans was an agricultural economist. Ardito Barletta [Nicolás Ardito Barletta Vallarino], who then became Vice President in the Latin America region, had a PhD in agricultural economics from the University of Chicago. David Hopper was an agricultural economist who was brought from outside and became a Vice President in the South Asia region. And people like Ernie Stern, who knew India very well and understood the importance of agriculture and rural development to poverty alleviation.

So I think that around McNamara, there were a lot of people who understood that to create more employment, you could take advantage of the green revolution and help undertake those kinds of investments in agriculture, in irrigation, in increased use of fertilizers, new seeds, increased credit, et cetera. All of that then was being promoted in parts of Asia, South Asia particularly, by the Bank as part of its country-lending strategies where the economic reports done on India always had a very major section on agriculture. I mean the major direction for the Bank's

strategy in India was actually provided by Sir John Crawford's report which involved work by David Hopper, et cetera, in India. Unfortunately, somehow this just didn't materialize in Africa, I'm afraid.

**ZENNI:** So, in your opinion, did the Bank back then pay adequate attention to the issue of institutions in borrowing countries, such as, for example, the legal institutional framework governing inheritance and succession, and protection of property rights?

**LELE:** I noticed that question and I was amused by that for the following reason: that a lot of the economists in the Bank, even today, when they write about institutions and in general when Western economists write about institutions they write a lot about property rights, and how important they are for incentives, et cetera. I think coming first from a developing country and having seen what it takes to develop agriculture, there is another kind of institutional economics, which, in my view, the Bank has never really even thought about. The Bank was helping India in many different ways in creating institutions for agricultural development which did not exist in India. Quite ironically, a lot of the ideas for what institutions to create were coming from Americans, from American technical assistance to India, because at that time USAID was also quite important in India, and also from people like David Hopper, et cetera. And, if one looks at that advice by the Bank and the US Government, now in retrospect, to India, all the things that the Bank is now saying are things that are wrong with developing countries' agriculture, the Bank was promoting back then in India. Let me give you examples. The State Trading Corporation of India was created by India at the suggestion of the US government. Because, at that time basically, there was the larger imposition on India by people, and President Johnson has a very nice chapter on India in his autobiography which says that a country that cannot feed itself has no right to speak about what we are doing wrong in Vietnam. So, he was personally directing whether a ship will leave the harbor in Baltimore, depending on whether India was keeping quiet on the situation in Vietnam or not. And that was so humiliating to India that Mrs. Gandhi and the leadership at that time realized that if India didn't solve its food problem, there was no way it could ever have any influence, as a so-called nonaligned country, or that it could speak on anything because it was dependent on a day-to-day basis on shipments from the US. Okay. So this was the larger political economy dialogue with India at the policy level.

But at the technical level, there were large numbers of Americans who were helping India in a variety of ways on agriculture which were extremely helpful, and, they were also supplied by the U.S. government saying, okay, you guys, you have a big food problem in India and we have this technology to help you. Norman Borlaug, for instance, was one of them; he was working both with USAID as well as with Sir John Crawford. David Hopper had that similar link between USAID, the Ford Foundation, Rockefeller Foundation, the World Bank, et cetera. So the Bank was partnering a lot with the foundations and USAID that had a big presence in India. They understood the Indian situation and many of the suggestions that the U.S. government was making at the time. Because I used to say this to D. Gale Johnson who was one of the Chicago economists, free trader, and who was my professor at the University of Chicago, that, you know, they used to say that price stability is very important for farmers to take the risks for adopting new technology and, therefore, a state trading corporation can play a role in being the buyer and seller of last resort for food grains, and that's why the Food Grain Corporation of India was created.

The Rockefeller Foundation recommended to India that they should create a seed corporation because there was no private sector to produce and market seed to the farmers, and so India created a lot of seed corporations which the World Bank financed. And now, under the ideological way of doing things where the private sector will do everything, the Bank would not set up public sector seed corporations. In my view, what that did, and the interviews with the scientists of the Rockefeller Foundation state that there was nobody to produce quality seed, and there was no market for seed because the risks were so high. So, the corporations that the Bank helped to create eventually now have led to, I think, one of the largest private seed industries in the world in India. India has a private entrepreneur whom I know who is producing hybrid rice for all of India, taking technology from the Chinese.

But that was not the case in the '70s, and that is where the Bank in those days was pragmatic enough, and the people working on India had enough knowledge in a practical sense of what had happened in developing the US agriculture, for instance, who were helping India at the operational level, and at the level of strategy, and advising the Indian government to say create a seed corporation, create the state trading corporation, et cetera, et cetera. In all those areas, the

Bank lent a lot. I gave advice a lot, and I think some people would say, correctly, that some of the problems now of the policy issues in India as in China or Indonesia of high level subsidies and all that have their origins in the institutions that were created at the time of the green revolution. Because once you have created that public sector support, it's very difficult to withdraw it and, therefore, India has the same problems as the Europeans do and the Americans do.

**ZENNI:** In terms of subsidies also?

**LELE:** In subsidies also. But I think one of the pertinent questions for Africa which I always wrote about but didn't become very popular at the Bank, is that there were three or four things going in my view for India which were not going for Africa. One was that India was getting top-class technical advice from people who knew something about making things work practically. They were not ideologues, they were Americans, but they were practical people. The second thing was there was a cohort of Indians who -- and there was continuity in India of the kind that you don't see in Africa -- were learning and creating institutions in India and there was stability. And the Bank, and at that time USAID, was supporting that institutional development for agriculture, and that's different from property rights and stuff that economists are writing about. Because, that isn't what really led to the green revolution in India, et cetera, in my view.

**ZENNI:** How did Bank efforts on agriculture compare with those of other development agencies during that period?

**LELE:** I think, first of all, other donors were not significant on agriculture. In India, they were not. It was basically the US and the Bank. Even before the Bank became that important, it was the US, because the USAID had helped to establish a foundation by creating land grant universities in India, a tremendously important contribution to the generation of the green revolution. And the Bank did support some universities in the '70s, I remember when I joined the Bank, but the Bank really could not do the kind of institution building that was needed to develop land-grant colleges in India in a way that the US could do. And, many a time I have said that different donors and partners have very different comparative advantages. You know the

Rockefeller Foundation was so small, but it played a very major role in training and creating the scientific capacity in India with a very small amount of money working jointly with the Ford Foundation, and often people in the Rockefeller Foundation used to say that we have the brains and the Ford Foundation has the money to spend on our ideas. So USAID and other foundations played a major role, and the Bank came with large amounts of money for fertilizer loans, for seed corporations, for irrigation, and irrigation, by the way, subsequently became a very controversial thing, including the Narmada Dam which was really the Achilles heel of the Bank's involvement in South Asia. But without irrigation and irrigation water, the green revolution would not have occurred. So I think there were a number of things going for India: a combination of good advice, money to the right sorts of things, and Indian institutions that were able to make use of this money, with much greater level of institutional stability and predictability than one saw in Africa. I think the problem in Africa was the disproportionate amount of money for investment compared to the amount of money that was spent on building institutions, et cetera, in India.

I think, even those institutions that the U.S. had help create in Africa because Americans have spent a lot of money on building agricultural universities in Kenya, Uganda, Ethiopia, Nigeria, but for political reasons they did not survive. And so, I think such institution building that happened as a result of foreign assistance didn't last for very long. But the Bank, in my view, had more of a comparative advantage in backing good ideas with money, but didn't ever have the kind of patience and the comparative advantage to build institutions, and to stick with a strategy long enough to make a difference, and that ...

**ZENNI:** Whereas, the US did?

**LELE:** Whereas, the US did in the '70s and '80s. And I think the recipient countries get a lot of credit that is often not given to them. India gets a lot of credit because it made good use of these systems. The Indonesians too and the Chinese too, they make tremendously good use of the small amount of money that the Bank lends to them and learn a lot from it. And, I think if the Bank learns more from the recipients as to what are some of the things that the recipients do that,

they should play up elsewhere. The Bank could have much greater influence rather than always thinking it's the Banks' lending alone or policy dialogue that made a difference.

**ZENNI:** During that period, in the early '70s, prior to your departure for an external assignment, the CGIAR [Consultative Group on International Agricultural Research], while conceived in the '60s before McNamara became President, took shape in the early '70s. In your opinion, how successful was this initiative in broadening the scientific basis for introducing and promulgating practices and varieties to support food production by small producers in Africa, semi-arid areas of the Middle East, and so on? How did you see the role of the CGIAR back then?

**LELE:** Well, you know, there is no question that the CGIAR played a tremendously important role in the green revolution all over Asia. No question. I mean now there is so much independent evidence of very high rates of return to two centers of the CGIAR -- the CIMMYT and IRRI. One worked on wheat and the other on rice, which were the important crops in India, but also in the Philippines, Thailand, Indonesia, et cetera. I recently led a meta-evaluation of the CGIAR, and I looked at the CGIAR in a comparative context with other global programs because the CGIAR has existed now for 30 years.

**ZENNI:** Well, it was the Bank's first global public goods program.

**LELE:** Exactly, first global public goods program, and I have been looking at it in terms of what was it about the CGIAR compared to the global programs that are being designed by the Bank now. And, the more I thought about it, the more I realized that McNamara needs to get a tremendous amount of credit not just for the brilliant design of the CGIAR, and that became much more evident to me when I looked at the CGIAR in a comparative context. Because what he did was he recognized that for it to maintain scientific excellence, the institution had to be managed by scientists, which was the case when the Rockefeller Foundation first helped to create it. The Ford and Rockefeller Foundations helped create the two centers of the CGIAR which have had so much impact. So McNamara said in the interview, "My biggest concern was if the Bank began to support this, how could we ensure that it would have the technical brilliance that it needed, combined with the financial support, rather than the other way

around?" So, I think that was McNamara's concern about the CGIAR. He said that if it was run by a bunch of bureaucrats, then it will not retain its excellence. So he ensured that although the Bank was supporting it, it had a structure created which could be independent in managing it scientifically, and the Bank was not meddling on a day-to-day basis on how the resources were allocated.

**ZENNI:** Now there was a ceiling to the Bank's funding of the CGIAR. Wasn't there?

**LELE:** Also, a ceiling to the Bank's funding.

**ZENNI:** And, for the benefit of users of oral history, the CGIAR stands for the Consultative Group on International Agricultural Research.

**LELE:** So a lot of those things changed over time, including the Bank's role and influence. In the meta-evaluation I was critical of the Bank because I felt it has, in some ways, by continuing to support the CGIAR financially, given its stability that is needed, but it never really used its financial clout vis-à-vis other donors to make sure that the CGIAR maintained its scientific excellence in the work that it was doing. That was McNamara's contribution. I mean, he gets a tremendous credit for creating an organization at a time when nobody had thought about global public goods. So it was the first use of the Bank's net income to do something which had effects which spilled over several countries, and the Bank used its comparative advantage in a very brilliant way in the creation of the CGIAR. Several Asian countries and several Latin American countries, even in Brazil, where I later on led a mission to do an agricultural research project under Ismail Serageldin when I came back, benefited a lot from the CGIAR.

Actually, just to fast forward, I came back to the Bank in '91 after taking a second long leave of absence from the Bank, mainly because of Ismail Serageldin. And I really give him a lot of credit for bringing me back to the Bank. I had developed an initiative when I was outside the Bank to establish linkages between US universities, CGIAR centers, and developing countries. And Ismail supported it very strongly and said you need to come back to the Bank because you can have much more influence from within the Bank than you can by being outside and writing a



report like this. So I came back and when he was Chairman of the CGIAR, he had, in his inimitable manner, announced that the Bank was going to lend \$500 million a year to agricultural research. Which, I mean, I don't think that Ismail had fully thought through the reality of doing this in the Bank. But anyway, he felt that the Bank needed to invest more in agricultural research, and I agreed with him.

**ZENNI:** Could we backtrack to the '70s to finish off discussing the Bank's support for agricultural research, and whether it was broad enough?

**LELE:** It was broad enough at the time, because I think our understanding of all these issues has become much more nuanced and sophisticated now. But what those countries needed when the CGIAR was producing these varieties was the national capacity to produce, to take those varieties from the CGIAR and to adapt them to their local circumstances. That was a tremendous need at that time. For instance, India developed over 200 varieties of rice to make it adaptable to various circumstances. And the Bank supported agricultural research in India financially, and in Indonesia and in other places in the '70s.

When agriculture was important, the Bank's involvement in agriculture was fairly broad-based. It was supporting irrigation. It was supporting some export crops in countries like Indonesia, for instance, which became a major exporter of coffee and rubber and palm oil, and the same in countries like India and the Philippines. Indonesia was supporting agricultural research credit, et cetera. In the late '70s, when the countries began to have macro problems as a result of the oil price increase, and the Bank's attention shifted from project lending to adjustment lending, then a lot of the attention to agriculture and investment in agricultural research and everything diminished.

**ZENNI:** How did the emergence of policy-based structural and sectoral adjustment lending in response to the changed economic climate in the early '80s affect the Bank's overall emphasis and approach to poverty alleviation in rural areas, and especially in Africa?

**LELE:** To be honest, tremendously adversely affected, I mean, two or three things happened. First of all, the kind of attention that technical people got in the '70s from McNamara, you know, people who were irrigation engineers and even people like Michael Cernea, who were dealing with resettlement issues because they were important in the context of irrigation. People like David Hopper, who were saying let's give fertilizer loans to India because it has a balance of payments problem, et cetera. I think, when the attention shifted to macro policy reforms and adjustment lending, and I remember when I was working on Africa, I wrote a paper on fertilizers in Africa, and I was saying that if Tanzania is having a balance of payments problem, let's give a fertilizer loan to Tanzania in the same way that the Bank did for India in the '70s. Our macro people did not like that idea. I mean, even sector lending came a lot later. You know, the original thinking was mostly balance of payments support, which was not directed to anything in particular because, in fact, directing it to anything was considered not to be a good thing. And I used to have a number of arguments with people working on country operations in those days. I mean, project lending declined because its integrated projects did not work, and they got such a bad reputation that lending went from 25 percent to 10 percent. Now, I'm told it's only four percent, if I remember correctly of total lending.

The Bank lost a lot of its technical people, and I think now, if I look at agriculture in the Bank, the Bank doesn't really have many people; it has a lot of economists who are writing about property rights and land ownership and stuff like that. But, with all due respect, many of them don't know what it takes to develop agriculture in a developing country whereas people in those times did and to them, somebody like me was not credible because I didn't have that experience. That's what I was saying earlier that my apprenticeship in the Bank with operational people was to learn about how to put together an appraisal of a project or a sector loan or something like that, because I was not one of these experienced people in the '70s in the Bank. I learned it all at the feet of a number of people who had a lot of technical knowledge. But I think technical knowledge in general has become--it just doesn't have the same halo anymore. I think generalists are more respected, considered more desirable than knowing something about the complexities of managing an irrigation project or growing cotton, tobacco, corn or what they were growing. So we don't have many agronomists in the Bank anymore. So I think the Bank lost its technical edge in agriculture.

**ZENNI:** After your external assignment ended, you came back to the Bank in February '75 to the Eastern Africa project's department in the Southern Agriculture Division. What influenced your move specifically to Eastern Africa, and what objectives did you set out to accomplish?

**LELE:** Well, I think it was because I had done this book by that time which the Bank had published.

**ZENNI:** Yeah, *The Design of Rural Development: Lessons from Africa*.

**LELE:** Right and Bernie Bell, and Stanley Please said that I would be an asset to the Bank, and I should be brought back and put in the operational parts of the Bank so that I get some experience. Because the book was on Africa, and they had heard that its lessons would be applied to lending to agriculture.

**ZENNI:** What was happening in Eastern Africa at that time; were there major impediments and constraints affecting successful outcomes in agriculture?

**LELE:** I think lending was changing from the traditional mode of just doing this export crop production where the Bank had been quite good at supporting that actually; tea, coffee, tobacco, cotton, and stuff like that, to looking more broadly at developing agriculture, including food crops in which the Bank hadn't been that active in food crop production in Africa before '73 or something. There was little financing to agriculture, but whatever there was, was more for traditional export crops in Africa. So the idea was for me to get involved in projects which had a more poverty sectoral focus and do sector work and policy analysis. I was doing several things at the same time. I was also learning how to prepare a Bank project, how to appraise it, how to supervise it, how to do sector work, and how to manage sector work being done by others, et cetera. Then Steve Eccles made me a Deputy Division Chief in charge of Tanzania after I had done all these things. I think there was recognition that I had enough operational experience to become a manager. But I think that there was always a view that maybe I was too much of an egghead, and, therefore, I may not become a good manager.

**ZENNI:** Well, you were promoted to Deputy Division Chief in November of '78?

**LELE:** Yeah and Steve Eccles gets the credit for taking a risk and making me a Deputy Chief, and we had a large lending program in Tanzania at that time--26 projects in agriculture. I had begun to realize that macro problems were so overwhelming that the Bank's portfolio wasn't working well. I think one of the things that struck me in Tanzania, again, I think the experience of India had a tremendous impact on me as a professional. I knew that when India had similar problems in the '60s, the Bank came to its rescue by doing two things: one was to convince the Indians that they needed to get their macro act in better shape, which made them quite unpopular in India; but also to simultaneously say we support your agricultural development, because that's so important for poverty alleviation. But I think in Tanzania the Bank had really completely ignored Tanzania's macro problems for a long time. So I said to Steve that I needed to lead a report on Tanzanian agriculture, which he supported very strongly, and, as you probably know, it became very controversial in the Bank.

**ZENNI:** Tell us about it.

**LELE:** I think it became controversial for many reasons. Other people in the Fund liked it very much.

**ZENNI:** Are we talking specifically about the '83 agriculture sector report?

**LELE:** Yeah, in Tanzania. Actually, the interesting thing is that under Willi Wapenhans who was vice president, I did a Tanzania sector report in 1981, just in the heydays of when Tanzania's macroeconomic problems were becoming very acute. Talking about poverty and agriculture and all this in countries like Tanzania--their macro problems were also largely agriculturally driven because their agricultural volumes were stagnant and declining. So part of the reason why they've been having a balance of payments problem is that they just were, unlike Kenya, not able to export as much of agricultural commodities, which they needed to do because export prices were not doing all that well, so the less prices do well in the international market, the more volumes you have to export. And Kenya was doing quite well in those days in that regard, but

Tanzania was not and this was despite the fact that the Bank had 26 projects in agriculture in Tanzania of every conceivable variety for sugar and tea and cotton and tobacco.

As the Deputy Division Chief, I was in charge of managing this portfolio. So I was asking myself the question, if the Bank is lending so much to Tanzania and it is present in every aspect of agriculture, what can we do from the Bank to link these problems in agriculture and the non-performing portfolio to its macro problem. So we did a report on agriculture and macro issues in Tanzania. That was the one which the people in the Fund liked very much, because the Fund was looking for balance of payments support for Tanzania at the time and they did not have as much knowledge of agriculture and they, as usual, were saying devalue, et cetera, but they didn't know what the impact of devaluation would be on agriculture. And our report was showing that the devaluation will have very little effect on agriculture because everything else in agriculture had collapsed; that there will not be a supply response in agriculture. Unless there were other things that were done, which the Fund could not do, but the Bank could do, et cetera.

So I think that report became controversial for many reasons. One was, as an agricultural person, I was leading a team which talked about the link between agricultural sector performance and macroeconomic performance. And our macro people in the Bank--it was kind of a turf issue also--people in programs felt why is she writing about this, she doesn't know anything about macro issues? What right does she have to write about these things? And the second thing is that I was saying that the Bank probably needed to be tougher on Tanzania, on the macro side, but at the same time supportive on the agricultural side. Again I was speaking about issues that I should not be speaking about because I was not a macroeconomist. And some of our macroeconomists at the time were willing to do balance of payments support, but they were really not sufficiently into linking the macro issues to the sector issues, as we were. And Steve Eccles was extremely supportive of what I was doing and saying, and the Fund was. The Fund people used to cite my report to the Bank and say, look, she's done a very good job for you. You guys should follow this report.

**ZENNI:** What was the impact of the report at the policy dialogue level?

**LELE:** I remember Willi Wapenhans and I went to Tanzania with the findings of this report suggesting that the Bank could provide advice to the Tanzanians. But they did not want any support from the Bank or the Fund, because, despite all the lending the Bank had done for integrated rural development, Nyerere [Julius Nyerere] did not trust the Bank and the Fund. And so, he immediately turned to the Swedes and asked for assistance. So the Swedes financed a committee for Tanzania, which consisted of British academics and they came up with a report which was basically that Tanzania was on the right track, and the Bank was being very tough on Tanzania. I mean, the Tanzanians went and looked for people who would be sympathetic to them. I don't blame them. I think the Bank's dialogue was very confused with Tanzania in the late '70s, early '80s because it did want to do balance of payments support. Our programs people were really not completely on board on the link between agricultural performance and macroeconomic performance. And our lead economist, which I had brought in from the Research Department, a guy named Will Candler [Wilfred V. Candler], who was a brilliant fellow on analysis, not necessarily political but wonderful analytically--very smart, had played a major role in this Tanzanian sector report. And the message that we were trying to convey was that there was very close link between agricultural performance and macroeconomic performance. I had become quite unpopular throughout the region for saying those things. So Jim Adams [James W. Adams] used to read my draft reports on Tanzania and he said you are right in what you are saying. We've made lots of mistakes--and he had been a loan officer when I was a project officer--and that we need to own up to them and do something about it. But anyway, my time had come to an end in Africa, so very nicely he talked to people in the East Asia region, and then I moved to work on Indonesia.

**ZENNI:** In November of '82?

**LELE:** '82. Yes.

**ZENNI:** Staying with Tanzania and the Eastern Africa experience, how did you see the Bank in terms of the lessons of experience in rural development by this time, were they adequately internalized and reflected within the Institution?

**LELE:** Yes and no, because, you know, the fact that they hired me in the Africa region suggested that there were people like Stanley Please and even Bernie Bell who thought that I had something to offer to the Africa region. But I was very young and a fairly low-level junior person. I mean I had written a book, and I was probably analytically good, but I didn't have Bank experience. Therefore, I mean, my rank and level and experience was such that I wasn't going to be taken seriously until I had built this operational experience. So by '78, '79, when Steve Eccles made me the Deputy Division Chief, I had by that time developed credibility, not just as an analyst, but as somebody who could also wear a hard hat, as Stanley Please used to say and be in the boiler room with the boys, and understood what operations were all about. And that's why my Tanzania report in a way was taken very seriously by Willi Wapenhans. I mean Willi had to make a decision about the--

**ZENNI:** He was the VP at the time?

**LELE:** He was the VP at the time. There was big tension between programs and projects. He had to make a decision about whether this will be made into a green cover or not and taken to the government. And he did say that, yes, I think we need her to share this with the government, et cetera. So in a way the report was very widely read in Tanzania, had buy-in in the Fund, the Bank, et cetera, but, my own usefulness to the region had come to an end because the personalities had changed also, you know, a whole new crew came in. So, sometimes people say, well, we've heard enough about the agricultural sector problems, et cetera and I also felt that I was getting too jaded. I needed to just move away and do something different and move where I was not such a lightning rod, as I have become in Tanzania.

**ZENNI:** So the move was suggested to you, East Asia and Pacific?

**LELE:** Yes. I think Jim Adams said why don't you move to East Asia, and Kim Jaycox [Edward V. K. Jaycox] offered me a job as the lead economist on Malaysia country department.

**ZENNI:** So how did your experience in Africa help you tackle issues in Asia, albeit you were there rather briefly?

**LELE:** Yes, I was, because actually, I was to be a lead economist on Indonesia. I started working there, and in the meantime, Anne Krueger came to the Bank as a vice president. I met her somewhere at somebody's party, and she said to me, "I've always been a great admirer of what you have written and it's exactly the type of research that the Bank should be doing more of." So I laughed and said, "You probably don't know that I wrote it by taking leave--I mean by resigning actually from the Bank and going to Cornell and writing it there, because again, you know, I was saying integrated rural development wasn't going to work. I wasn't willing to work on Malaysia, and I was ...." So she said, oh, well, you know, come to the Research Department, head up a division, and promote that kind of research. She had at that time in the Research Department a department that built a lot of multi-sector models...

**ZENNI:** She was just made VP in May of '82.

**LELE:** Of that vice presidency. So she invited me as a division chief. In fact, she saw my work on Tanzania and there was a lot of resistance to even put it out as a gray cover report by the Bank operations and she said, "Well, come to the Research Department of the Bank, because you can do some writing on ..., and we shall try to get it published, because it's a very important report, and one should learn lessons from this." So there was a conference which she had run, and she invited me to write a paper on Tanzania. I wrote one, called "Tanzania: Phoenix or Icarus." Then she said, "We should try to get this published, this Tanzania sectoral report" and the region did not want it published because it said that it shows the Bank and the donors in a bad light. So she said, "Well, let's do a comparative study on Africa in which Tanzania can be a case study." And that's what led to the design of the MADIA Study on aid to African agriculture.

**ZENNI:** MADIA stands for Managing Agricultural Development in Africa. Just back tracking a little, when you joined in July of '83, you returned to a reorganized development research department. What was your assessment of Bank efforts in development research and the way that it was being set up under Anne Krueger?



**LELE:** First that she was new to the Bank. So she was trying to find her way and you know as an outsider--and I'm sure this is a question on which you have heard others comment on. By and large, when the Bank brings outsiders at the top level, it's very hard for them to succeed in the Bank because they don't know their way around. So at that time, she was really putting her imprimatur on the Research Department and I was the first Division Chief she hired. In fact, what she did was, there was this Research Department that used to be headed by Sherman Robinson that built lots of multi-sectoral models, and she did not like that kind of a model-building approach to research. So she told me that she was going to fire everyone, and I was free to hire whoever I wanted to in my division. But, I knew that I would also be under a lot of pressure to deliver a work program, and you can't deliver a work program if you have no bodies to work for it. So I made a decision, shrewd decision, that there were some people there that I needed to keep to deliver a work program which would be more in tune with what she wanted, but also something that I was more comfortable with. I'm not a model builder and have never been and I won't be. So I did. But she reshaped the Research Department, and she also got Greg Ingram [Gregory K. Ingram] to be the Director of the Research Department when I was the Division Chief, and that's how our long partnership in the Bank started.

I personally felt that Anne's heart was in the right place. She was very policy oriented. She was very keenly aware of the political economy of policy. In a way that most economists are not, even Chenery was not, quite frankly. I think there were two problems. One was that she had a very--what should I say--very abrasive style which made her quite unpopular in the rest of the Bank. It was not easy to work from the Research Department under a leadership that was seen to be quite threatening because--and I think it was both the substance and the style--the style was the abrasiveness, but the substance was that she had some major concerns about where the Bank was going or where it needed to go. And you know the problem is that when you are trying to change things substantively that's threatening enough. But then when you try to do it in a way that is, you know, not really smooth, and you come at the top, and you are a woman. I mean it's not easy.

I think she had the ear of the President at the time, and also Ernie Stern liked her very much. But this was not necessarily the case in the operational parts of the Bank. Anne did not have good

press. And so, Greg Ingram used to do a lot to smooth things. I was glad when he came as the Director because then his style is completely different than Anne's, et cetera. She wanted for my division to develop a major program on aid effectiveness. Again, I personally always felt that she had lots of very important insights in what were important issues to analyze. I strongly believed in the importance of aid effectiveness--I mean look at the amount of attention it's getting now--and in the early '80s when she came, she thought this was important, so she was definitely ahead of her time. I suggested I do two studies on aid effectiveness, one was on aid to African agriculture, and the other was a book on aid and capital flows which was published from outside the Bank.

In my view, she was very much on the spot in identifying issues. But I have also come to the conclusion that being too far ahead of your time is a liability. I mean people who seem to get a good reception are ones who are slightly ahead of their times, but if you're very far ahead, it's a problem. So I think part of the problem in the Research Department was her desire to reshape it in a more political economy sense which was threatening to a lot of individuals because they had been building these models, and they had been doing their own thing in the Research Department. She wanted it to be more linked to Bank operations, but the Bank operational people were not necessarily wanting to have a Research Department that is being relevant to what they're doing because, I mean, it's threatening. Her starting a study of the political economy of prices, that agricultural price policy that she led, was also getting underway at that time, and it had 20 case studies. So in some ways, I think the Research Department not being particularly relevant to operations can be a mutually convenient thing in a bureaucracy. You do your thing and publish in those academic journals, and we do our own thing. And she wanted to connect, and she brought me there among other people to connect, and my work was already quite controversial.

So I think that MADIA study on aid effectiveness and the so many things that came out of that study, because the Research Committee gave us money, but we could not look at the activities of the donors by using World Bank funds because it was politically too sensitive. I mean, we could not go to the Danes and say we are going to look at aid effectiveness of the Danes as part of the World Bank's research study. So we convinced them that this was a very important thing to do,

and then they all said, okay we will put in money for their part of the study. So it was really one of the first jointly financed research programs that we did where the Americans financed the US aid effectiveness of US aid in Africa. The British financed the effectiveness of British aid; the French, the French aid; the Germans, the German aid, et cetera. Also, there were many other things going on in my division, things related to policy, political economy of aid and policy making, et cetera. I think because the MADIA study on aid effectiveness was a comparative study among aid donors, and we needed to bring them on board so as to make it nonthreatening, but also to make sure that the analysis was independent of the donors, so we developed some rules of the game. Basically, they will give us the money, but we choose who the analysts are and they do it under common terms of reference which are managed by us.

**ZENNI:** Rather a forward-looking endeavor at that time.

**LELE:** It was forward looking, and actually there was a fantastic meeting on it in Annapolis and all the donors came and they were extremely complimentary and they were saying to the Africa region of the Bank that this analysis is so important that the Bank should internalize it. It should follow through the implications of this, et cetera. So, yet once again, I moved to the Africa region because, in the meantime, the Bank was reorganized again.

**ZENNI:** Well, I was going to get to that, but prior to that, regarding the study, would you say that there was an emergence of new thinking in the Bank at the time?

**LELE:** What was interesting was that my work on Tanzania had been threatening in the Bank because it had said that it was not only the Tanzanians that had failed, but we have failed in the Bank. You know, as a manager in charge of Tanzania I was saying I have failed, too and Steve Eccles [Stephen D. Eccles] was willing to agree that we have failed, so we have to do something about it. But I think institutionally it was considered threatening to say we have failed as the Bank, and Anne was saying why? Unless we understand the lessons of failure, we would never reform, so that's why your work needs to be supported, and, hence, Anne's desire to do this comparative study on Africa. Then by going to the donors, what the studies showed, and it's interesting it came out in one of the recent OECD conferences, is that all the donors have done

poorly in Africa, and we have the book to show that. What did the Swedes do wrong, what did the Danes do wrong, et cetera. So it had very important implications for how the donors could do things differently, not just the developing countries. And I think that has been my persistent frustration in the Bank, that there is on the whole less tendency to accept the failures of the donors. We see even in the global review that I've done recently for OED, I keep on saying that the Bank is one of the most important institutions in the world for developing countries, not just because of the dollars it distributes, but because of the intellectual integrity that it brings to bear, compared to many other institutions because it has the largest collection of economists in the world; largest amount of credibility.

But I think one of the persistent experiences I have noticed in the Bank since I've started my career in 1971, is that if there is a criticism of a developing country there is much less questioning of that, but if I say we financed this jointly with the Danes or the Swedes, and the Danes and the Swedes and we failed. Oh, what will the Danes say about this or what will the Swedes say? But what about the Tanzanians, what will they say about this? So I mean I have always felt that we are not applying the same standards across the board. By and large, developing countries don't have the same voice. The ones that do, like China, Brazil, India, et cetera, they exert it. They exercise it. Therefore, the Bank, by and large, doesn't make gross mistakes in these countries on the whole as it does in smaller countries with poorer capacity, because if the Bank fails once, the Government of China or India will say, no, sorry! No more of this. It doesn't work here. And because foreign aid is so much less important to them in the totality of resources, they can afford to say that. But the small countries cannot. And that's where I feel that the Bank has a far bigger responsibility than it does. So these issues are, and I continue to face them, or I did in the Global Review, that there is far less willingness on the part of the Bank and the donors to face up to what are some of the areas in which they could improve their performance to be more responsive. So that was the issue and now we all recognize that we all blew it in Africa, so let's try to follow up on the findings of this study in Africa.

**ZENNI:** In July of '87, under the then newly elected President, Barber Conable, the Bank underwent an institution-wide reorganization, during which time you moved to the Country

Economics Department as Chief, Special Studies Division? Was your move related to the reorganization?

**LELE:** Yes, absolutely. Because the new group that came in the Research Department didn't really want to create that division at all. Because now the [MADIA] study was well underway and the donors had put money into it, so the Bank had an exposure to other donors, and I was saying that it's not whether I have a job or not, because in some ways it doesn't matter, but we have obligations to the donors that we need to finish. So let me complete the study and I needed space to do this, so they created the Special Studies Division with a sunset clause that it will be closed as soon as I finish my MADIA study.

**ZENNI:** Did you want to talk about the '87 reorganization in terms of its impact at a time when the Bank was becoming increasingly concerned with environmental as well as human and social development issues?

**LELE:** Yeah. By the way, Conable was a roommate of my ex-husband in college, so I had known him as a Congressman for a long time. I think if he had a concern it was that the Bank was very insular from outside forces, and I think that was a justifiable concern because he used to say that even on the Hill, people are saying what is the Bank doing about the environment, et cetera. There was a longstanding tendency in this institution to not be that responsive to outside pressures. So it was a culture shock to him when he came, and his wife, who had also been a student at Cornell, was a very pro-feminist woman. When she began to travel with him, et cetera, she asked what is the Bank doing about the women situation, et cetera? So under him this new department was created, if I remember correctly or division--a new unit for women in development or something like that.

**ZENNI:** Oh yes, the Women in Development [WID] unit.

**LELE:** Yeah, something like that. And the Environment Department was created, I mean, it needed to happen as a result of the '87 reorganization. In my view, it is a classic example of how not to do a re-organization; the managers were selected, then they were supposed to select their

managers in turn, et cetera. There's always a huge confusion between personal loyalty and institutional loyalty which we are seeing in today's Bank, for instance. It's, you know, is Uma Lele more desirable if she's more loyal to me rather than to the Bank's mission. I think the Institution needs processes where it looks at individuals in terms of, do they help to make this into an excellent institution to forward its mission?

**ZENNI:** Or does it stop at the local agenda?

**LELE:** Right. Does it stop at the agenda of being loyal to the next manager in charge, et cetera. And I think that although Conable's heart was in the right place, and he was a very nice person, he did not have a big ego. It was a very misdirected, very poorly managed process, and I think that it is a wonder that the Bank came out of it reasonably well. But the trend towards finding managers--even senior managers--who are not strong in being able to express themselves, as were the Ernie Stern's, the Gautham Kaji's, and Anne Krueger's of the world, despite all their other limitations, they were people who...

**ZENNI:** Who had presence?

**LELE:** Presence, and McNamara and people like that were willing to stand them because they had enough self-confidence I guess in themselves to say that, you know, I need people around me who can give me good advice, who can also tell me when I may be making mistakes. I think that from '87 on, in my view, things began to go downhill. Anyway, I finished that MADIA study then went to the Africa region yet once again.

**ZENNI:** How did the major staffing changes of the '87 reorganization as well as the massive intrusion of NGOs in the development process affect the Bank's ARD agenda at that time?

**LELE:** I don't think that it was just the reorganization. There were a whole lot of external forces that had been having an impact on the Bank over time. And it was the beginning of the Bank becoming more responsive to external forces. In some ways, as I said, did the Bank need an

Environment Department or some way of developing programs which were environmentally sensitive? Of course, it did.

**ZENNI:** How did the dynamic of linking agriculture expansion with protecting the environment play out in Bank lending in agriculture?

**LELE:** You see the problem is that the Bank's lending in agriculture has been declining over time and for a variety of reasons, the Bank is not able to do major investments in agriculture anymore. That has not only to do with environment, to which I'll come to, but it also has to do with the role of the public sector. If you say that everything should be done through the market, agriculture is one sector where no country's agriculture has developed with leaving everything to the market, including in the bastion of capitalism, the US, Japan, Europe. Why \$300 billion worth of subsidies? So I think that the Bank got on this bandwagon on the role of the private sector, and, therefore, we can justify this and that. It could not lend to irrigation because of the Narmada debacle, which, in some ways, I do believe that neither the Bank nor the Government of India managed well. Okay. But it had very major effects and that, again, I think I had not thought about it like that, but in the same way, in the case of Tanzania, there was a reluctance to accept that we had made some mistakes because this will make the Bank look bad. Narmada was, in a way, kind of an example of a similar situation. So then the external forces become more important when they find that the bureaucracy is too stodgy to respond to the challenges that even some of the technical staff realize are challenges.

**ZENNI:** When you talk of external forces, does it include NGOs' increased involvement in the development process?

**LELE:** I think NGOs are one of the major external forces that have played a significant role. That's why I've emphasized the importance of having created an Environment Department because the Bank did need to respond in a right way, and I think it was a sensible thing to do. What has happened over time is because this process has not been managed by being in control rather than being reactive to the external forces, I think this has greatly increased the transaction costs of doing business for the Bank, and also increased the risk averseness of the Bank's staff.

As a result, somebody said to me the other day anything that is horizontal has risk, you see, which is a lot of things that the Bank does; you can't build roads, et cetera; you can't do farming because there are things related to farming which may have the use of pesticides, et cetera. So there is no question that risk averseness has increased a lot in the Bank, and that is partly the result of the external forces and partly the result of the fact that internal changes were leading to a perception that we didn't need technical people anymore because we don't need to do agriculture; we can give balance of payments support or budget support or sector support without needing all these specialists to do the job which meant that there has been an erosion of specialists...

**ZENNI:** Erosion of technical expertise?

**LELE:** Technical expertise in many areas. I think in agriculture it's more visible than it is in the health sector, which never had built itself up in a big way as did agriculture, therefore, the loss is not as visible. But I think it's a combination of two things, what has been going on internally and a perception of how do you achieve development through macro policy reforms, internal policy reforms, importance of property rights, the role of markets, the role of women, and the role of corruption or lack thereof. You know, if that is your agenda for what you think is important for growth, then you don't need all these experts basically. Then that's, of course, reinforced by the outside forces, by NGOs saying you are not being responsive to environmental concerns, the indigenous people, et cetera, which means that you do need more sociologists and more anthropologists and all that to deal with those issues, but not necessarily legal experts on what you mean about property rights of indigenous people compared to the non-indigenous people. So I don't think that the '87 reorganization per se, in my view, was the only factor. You know, there were a lot of contributing factors inside and outside, I think there's a great concern outside about the Bank's impact on the environment, on indigenous people, on irrigation, et cetera. And they hold the World Bank to a much higher standard than they do any regional banks or bilateral donors, and they don't go and complain to the bilateral donors to the same extent.

**ZENNI:** Did you want to stop for today or just continue a little and cover your going back to the Africa region?



**LELE:** Yes, maybe, because I think that will be a nice way to end.

**ZENNI:** In July of '89, you went back to work on Africa and served as Manager of Agricultural Policy in the Agriculture Division of the Technical Department. What were your main responsibilities, what objectives did you set out for yourself, and how did you view the Bank's ARD strategy from a policy vantage point in terms of results on the grounds?

**LELE:** The MADIA work, for instance, had a lot of case studies by this time it wasn't only on Tanzania, but it was on Kenya, Senegal, Malawi and all this. And the finding in Kenya was that Kenyans had done well, but the Bank hadn't done very well in Kenya. So I was not seen as somebody who is institutionally loyal, which means, I say that the Bank tried to do all these great things in Kenya and Senegal and all these places where the countries are so lousy and they've failed. That was not the finding of the *Aid to African Agriculture* study at all. It was the fact that there is an interaction between donor assistance and country policies, and that unless both are changed simultaneously, things don't happen. So, I did not find it a very satisfying job, and I'm sure that probably my agricultural division chief colleagues in Africa--I have never asked them--there were six division chiefs for agriculture, and we used to have a weekly meeting on agriculture, but I'm not sure it was that satisfying either for them or for me to be there. I think there was an interesting issue that was coming up; the Bank was expanding its lending to T&V [Training and Visit] projects... which were just another bandwagon that the Bank had gotten on to.

**ZENNI:** Daniel Benor's T&V?

**LELE:** Danny Benor. And I was suggesting that we should do an independent evaluation of whether T&V works, and actually, I got Bob Evenson [Robert E. Evenson], who was a professor at Yale to do this evaluation of the T&V projects. I went to the French to ask if they would put in money. My idea was that if other donors put in money into this, then it will be not a study of the Bank's lending to T&V, but a study of extensions. The French have their own way of doing extension and one could more generally learn about lessons for extension. But the French were not willing to put in any money, and they directly said that they did not want to get involved in

this T&V because they did not like it in the first place. So that study did take place after I left. It was very positive on how well the Bank was doing in T&V. I think Evenson published some papers on it, and fortunately later the evaluation department did a superb study and pointed out all the problems with T&V et cetera, so the Bank quietly dropped the T&V lending after \$6 billion worth of lending to T&V. The evaluation department's findings, I don't think have been that widely available to people in developing countries, I mean, at that time the evaluation department was not doing that much dissemination of its own findings. It's doing a lot more now than it did before. Then in late '90, I left the Bank.

**ZENNI:** Okay. In mid '91, as Lew Preston [Lewis T. Preston] had just come on board as President, you left on a temporary external assignment during which time you contributed an essay on "South Asia's Food Crises: The Case of India," as part of the Bank's 50th anniversary essay series in '94. Please discuss why you chose this particular topic?

**LELE:** Right, because the story behind this is extremely interesting. David Hopper, when he became Vice President of South Asia, then OPS or whatever it was called then [Senior Vice President for Policy, Planning, and Research], was saying to Anne Krueger that if she's interested in studies of aid effectiveness, we should do a study of the Bank's role in India, and Uma is eminently qualified to have this done from her division because she knows India and all this, and it fits into your work program. So we started doing a study of India with great cooperation from the South Asia region under David Hopper and I went to India. I think David Hopper also talked to people in the Finance Ministry of India and said that we are proposing that such a study be done, and Uma is going to be leading this, et cetera. And the Finance Ministry said that they will not allow such a study to be done by the Bank.

It was interesting, because under Will Wapenhans, when I had first joined the Bank, I had gone to India once and the Indians had told me the same thing about something else the Bank wanted to do. In this case, the reason was that they said that the wounds of the way the Bank and the Fund and the US dealt with India in 1965, when India had a macroeconomic crisis, are so raw and so alive in the minds of people that if a story was written about it, which was authentic, that will create a lot of questions in the Parliament in India. Saying that if this is the way the Bank

has been treating us, why are we taking any loans from the Bank in the first place, and so this will not maintain good relations between the Bank and India, so don't do it. So we had done a lot of research and we had to shelf the study and I left for Florida.

**ZENNI:** That was in early '91?

**LELE:** '91. Actually, in some ways, to be honest, it was a very silly bureaucratic response on the part of India. And they always said to me if you want to write something about this, do it when you are not working for the World Bank. You are an Indian national, and you can come and write whatever you want to. This is a free country, and it's a democracy.

**ZENNI:** So you had to wait until you were outside of the Bank to do it?

**LELE:** So I would have to wait until I am outside the Bank to do it. No, I got too busy. When I was in Florida, I had too many other responsibilities; I was a graduate research professor, and Director of International Studies. Then somebody called me from the Bank and said that because of the 50th anniversary, and "50 Years is Enough", the Bank is planning to issue a volume on what the Bank has done, and it would be nice, since you know about the food crisis situation and you were working on this project, if would you write us a small paper summarizing the larger thing that you were going to do. So I wrote it up for them.

As I said to you, the story on South Asia was very positive on the food and agriculture side by the Bank, and also the Indians. And I think by now the Indians have or should have enough self-confidence to understand that if they had not played such a big role there would be no green revolution in India. It's not just the Bank putting money in, but it's the Indians' work that led to it. But I think it is the macro side, because agricultural work in India was in a way largely related to the macroeconomic conditionality put on India by the Bank, and increased lending to agriculture, et cetera, was all part of that conditionality, and Indians did not want that discussed in public because it was too humiliating for India. Actually, India learned a very major lesson which was never to put itself in a situation of having to go to the Fund again, and it was a very major lesson, and they just didn't want it discussed. And they also felt that maybe a study from

the Bank would give too much credit to the Bank and not enough to India. But subsequently, when I wrote that paper, nobody ever said to me that this is singing the Bank's praises or anything. But also I think because I have different other stories I've published on the role of external assistance in India. I think that's not the controversial part of it, it's the food aid to India and the conditionality by the Johnson Administration and the view in India that the Bank, the Fund, and the US. were ganging up on India at the time. That's why they didn't particularly like to talk about it.

**ZENNI:** Okay. Would you like to stop for today?

**LELE:** Yes.

**ZENNI:** Thank you for today's session.

**LELE:** Thank you.

[End of Session]

**Session 2**  
**October 26, 2005**  
**Washington, DC**

**ZENNI:** Good morning. I'm Marie Zenni. Today is Wednesday, October 26, 2005, and I'm back here at World Bank headquarters to resume my second interview session with Uma Lele. Welcome again, Ms. Lele.

**LELE:** Thank you.

**ZENNI:** Yesterday, we ended our conversation with your discussing the paper you contributed as part of the Bank's 50<sup>th</sup> Anniversary essay series in '94. Now, upon your return to the Bank in April of '95, you joined the CGIAR as an adviser in the Executive Secretariat. Having been previously involved in the work of the CGIAR, why did you choose to join it at that time, what was your assessment of its evolution 20 years later, and what did you set out to accomplish?

**LELE:** Why did I join the CGIAR at that time? It's a very complex question institutionally. It tells you something about the institution. Many people have said to me that reentry in the Bank is always a problem, whether you come back from field offices or leave of absence, it's a problem, et cetera. And so, of course, reentry was a problem for me too. I was having such a good time in Florida that I had almost considered not coming back to the Bank because I had a tenured job there, et cetera. I was Director of International Studies, but then Ismail Serageldin, who was then Vice President for ESSD [Environmentally and Socially Sustainable Development] and Chairman of the CGIAR... Well, I had been doing a lot of work on CGIAR related matters when I was outside the Bank. I was on the Technical Advisory Committee of the CGIAR. Before that, I was a member of the new Center for Forestry Research, which was established in '92/'93 by the CGIAR. I was a founding member of the Board. I was on the Vision Committee of the CGIAR, which was chaired by Gordon Conway of the Rockefeller Foundation, that came up with a statement about where the CGIAR needed to go given the very rapid changes in the global environment in which it was operating, and I was serving on that committee, et cetera. So Ismail felt that I already had done a lot on CGIAR-related matters, and

I knew the Bank well, in agriculture particularly, because I had been in the operational parts of the Bank. He knew of my work in the Africa region, so he asked me to come and join the CGIAR. The objective was to try and link or try and promote more lending for agricultural research by the Bank at the country level, because in some ways effectiveness of the CGIAR depends critically on the capacity of developing countries to borrow the knowledge that is being generated by the CGIAR. Knowledge defined in the broadest sense of the term, which also sometimes means not only concrete products like varieties, but also different kinds of knowledge that the CGIAR generates at the global level. In a way, effectiveness of the CGIAR depends on how well that knowledge is absorbed, and how relevant it is made by the feedback from developing countries to the CGIAR on what they need as consumers of this knowledge, et cetera.

When he was dealing with the funding issues of the CGIAR--the CGIAR had its major financial crisis in 1994--he played a very major role in trying to get the CGIAR out of the financial crisis among other things by persuading the Bank to give more of its net income to the CGIAR. I think out of the about \$150 million of net income that the Bank spends every year on global and regional programs, \$50 million goes to the CGIAR. So he was single-handedly responsible for getting that contribution by the Bank up to that level when the CGIAR had a financial crisis because the US and one other major donor--I'm trying to remember--suddenly reduced their contributions. And the US has always been a major contributor. So when that contribution dropped, there was a big financial crisis in the CGIAR and Ismail played a role in the Bank becoming more proactive in providing financing for the CGIAR, which in my meta-evaluation later on I pointed out has had pros and cons. But anyway, at that time, that was a very important thing that he did.

So then, he was concurrently trying to promote lending to the agricultural sector, especially for agricultural research, which is not a very sexy issue. Research is never really sexy because the returns are very long-term and, you know, there are not many photo ops for presidents of the World Bank to go and say, you know, so many children are going to school or this road was built, et cetera, et cetera. So it required special commitment by the presidents, vice presidents, and directors of the Bank to invest in something like research, which is not so visible politically, but which is extremely important for countries. So he had declared that the Bank should

increase its lending to agricultural research to about \$500 million a year, and the Bank should be lending about two and half billion over five years that he was going to be Vice President of the ESSD.

So then, my being in the CGIAR was supposed to be a way that I could promote this lending to the agricultural sector and increase linkages between the CGIAR and the Bank's lending. And while I was outside the Bank, I had also written a report by mobilizing I don't know a hundred scientists all over the world. It was something called "Global Research on Environmental and Agricultural Nexus", it was the GREAN Initiative. And, we were trying to persuade the US government to contribute about \$100 million a year of competitive grants for proposals which would be developed collaboratively by developing country scientists, CGIAR scientists and US scientists, so that the demand for the kinds of research problems that would be addressed would be the ones identified by the scientists in developing countries. But by collaborating with the CGIAR and the US scientists, they could bring absolutely cutting-edge science to bear in solving the problems of the poorest farmers. And we felt that the CGIAR was doing it, but not doing it on a scale that was needed, and we're not always now bringing cutting-edge technology to bear, while the US science had advanced very rapidly, which is one of the things I began to learn when I went back to a university and saw the speed with which the science was advancing. And Ismail was absolutely in tune with all these ideas, and very encouraging and supportive of what I was doing. So he said, come to the Bank, and you can have more influence in promoting Bank lending to agricultural research, so that's why I came back.

**ZENNI:** You remained with the CGIAR until June of '98. By that time, Wolfensohn [James D. Wolfenson] had become the Bank's ninth President in June of '95. What impact, if any, did change at the helm of the Bank have on its role vis a vis the CGIAR, and more specifically on your work?

**LELE:** You know, I can only tell you what I used to hear about Wolfensohn's influence on the CGIAR or lack thereof. First of all, I should say that the fact that Ismail had convinced the Bank's management to give more money from the DGF to the CGIAR did not win him many friends in the Bank.

**ZENNI:** The DGF is the Development Grant Facility.

**LELE:** I mean there are many people, senior managers who felt that they were really railroaded into giving this money to the CGIAR. He was championing the cause of the CGIAR as any Chairman should do. So it was understandable on his part, but it was also understandable on their part that they felt that too many of the Bank's resources were being concentrated in the CGIAR. And when Wolfensohn came to the Bank, he was very actively promoting partnerships between the Bank and other organizations. In fact, later on, I did a review of the Bank's partnerships with many agencies which proliferated during his presidency, and which had begun to concern the Board that the Bank was getting into lots of partnerships without necessarily having a strategy to do that. Well, I came in at the very early end of that, and I was in a way, by being in the CGIAR, either working in or related to a global program which was the longest standing global program. But it was obviously capturing too many of the Bank's resources in the view of several people in the Bank, and Wolfensohn had a number of other ideas, including the global..., what was it called?

**ZENNI:** The Global Development Gateway.

**LELE:** The development gateway and many other partnerships that he was promoting. I mean, people were approaching him or he himself had some interest which he was promoting, and the view in the Bank was that he probably felt that too much money was going to the CGIAR. People did not think of Wolfensohn as a friend of the CGIAR in a way that they had seen the previous presidents as being friends of the CGIAR. I think Conable was a great champion of the CGIAR, although, he, as a politician had not known that much about the CGIAR when he took the job.

Wolfensohn knew a lot more about the CGIAR because he had worked with the Rockefeller Foundation. He always mentioned the fact that he had been to CIMMYT and was very touched by the work that it had done, et cetera. But, the view in the CGIAR was that he was not a great champion of the CGIAR because he had many other interests to which he wanted to see the Bank's funds being allocated. So I think that also the role of agriculture was declining. I



remember Alex McCalla [Alexander F. McCalla] did quite a lot to try and get the country directors to be more actively concerned about agriculture but with no particular success. Ismail tried to do that, and some of what I was doing, for instance, initiating dialogue with the Chinese government on agricultural research, and Ismail let me design a project in Brazil. It was quite unusual because I wasn't working in the Latin America region, but I appraised and led a mission to a \$50 million loan to Brazil from the Bank on agricultural research which was quite an innovative project that we developed.

But it was not that easy from the central part of the Bank to promote agricultural research or agricultural development in the rest of the Bank because what had happened, and you had asked me a question earlier about the reorganization of the Bank in '72 under McNamara. I think there was a trend which started in 1972, not just in '87, although people talk a lot about the '87 reorganization, which was to decentralize the Bank more and give more power to the country departments at that time in '72, there was also a decentralization of the technical staff from the central department to the regional departments. But because there was a separate department of technical people, for instance, in agriculture, everybody who worked on agriculture were in a separate division with their own budgets which were not country-driven budgets as they are now--the technical people had much more power in the Bank back then, even after the '72 decentralization. Over time, as these decentralizations and reorganizations occurred, the power of the technical people began to diminish. And because the country directors that controlled the budget basically allocated resources among different sectors, et cetera, it all became very demand driven. So that's one thing that happened.

The other was that the role of the central parts of the Bank gradually eroded. When I was in operations in the '70s, the central departments had a much stronger role in quality control at all levels, and they reported directly to what was in those days the senior vice president for operations on the quality of what was happening in the region. That whole process changed in the Bank on quality control or quality assessment, and so, in fact, there was a time when quality control was just being lost, and I think that's why Wolfensohn created the Quality Assessment Group [QAG] in the center to try and do that. So, I think, what was happening was that if you were in the central part of the Bank, as I said yesterday, you were basically pushing on a string,

and you have very limited influence because it's the demand-driven nature of lending, I mean, decentralization means that if countries might not want to borrow, or the country directors don't think that this is a sector that they want to lend to there is no lending. And that's basically what happened to agriculture and agricultural research.

That is, in a way, in contrast to what the Bank did in India in the 1970s. Indians didn't want to borrow for agriculture or agricultural research at all. Agriculture was not a priority in India in the 1970s, and if it wasn't for the US and the Bank persuading India and creating a stronger lobby of Indians within India to say you've got to support agriculture more, it wouldn't have happened. The Indians really don't like to be told as part of national pride and sovereignty, et cetera, but the Bank and the US played a very major role in India being supply-driven, and then using the supply drive to create a constituency for agriculture in India and capacity, not just constituents, but the capacity. And that hasn't happened in many other parts of the world as it did in Asia.

So, I think, by the mid/late '90s, agriculture was kind of on the wane. The Bank was doing more poverty-oriented projects, multi-sectoral projects; projects that dealt with management of natural resources. So then I did several quality assessment reviews for QAG to see how these projects were going, then one could improve the quality of individual projects through these quality assessment reviews and assess how well they were doing, et cetera, but not necessarily be in a position to play a strategic role in helping the Bank increase lending to those areas which are important but for which there is no demand, especially, agricultural research. [Interruption]

**ZENNI:** Please discuss your assignment upon your re-entry into the Bank in April of '95, and your work with the CGIAR?

**LELE:** Ismail Serageldin had created a department of Global Agricultural Research within the Bank. Actually, it was an unusual arrangement. It was a department which was in some ways parallel to, but much smaller than the Department of Agriculture or Agriculture and Rural Development, which had always existed in the Bank.

**ZENNI:** Under ESSD?

**LELE:** Under ESSD. So he separated the function of agricultural research out of the Agriculture Department into what I think was called a Global Agricultural Research Department, if I remember correctly. The focus of that department was to take into account the fact that there had been very rapid changes in the scientific research at the global level; probably those which were not even fully absorbed by the CGIAR, which he felt was not necessarily at the cutting edge of research. And perhaps in a strategic way, in order to mobilize more resources from bilateral donors like the Americans or the French or the Dutch who used to feel that there was much more scientific research going on in their institutions which was not necessarily linked to the CGIAR. So a way to mobilize more donor resources for the CGIAR would have been to create a department where people from other donor agencies could also come to the Bank and write about various things such as intellectual property rights issues, how they are emerging and how they are being developed. It was a completely new area for the Bank in those days.

So this department was created to link it on the one hand to mobilizing knowledge as well as finances for the CGIAR, and on the other to try and fulfill his pledge that he had made publicly when he was dealing with the financial crisis of the CGIAR in 1994; that he will see to it that the Bank's lending to agricultural research increases so as not to take resources away from the CGIAR, in fact, get the developing countries to contribute more money to the CGIAR by borrowing money from the World Bank. Because, there was lots of evidence to show that rates of returns to agricultural research were very high, and so as developing countries built their capacity for agricultural research they could also in turn contribute resources from the loans that they were taking to the CGIAR because the CGIAR was promoting global investments some of which were of benefit to them.

This was also an attempt on his part to create a greater sense of ownership in developing countries of the CGIAR. Actually many people do credit him with the fact that he, for the first time, made a very substantial effort to get developing countries to begin to contribute and become members of the CGIAR; to say that this program is for you, it's not just donor-funded programs, et cetera. So this global department was supposed to do several things: help mobilize

finances and knowledge from industrial countries to the CGIAR to developing countries; and promote World Bank lending to developing countries in agricultural research.

**ZENNI:** In light of the many institutional changes ushered in by Wolfensohn, in your assessment, how well integrated was rural development into the Bank's renewed approaches to poverty reduction, and how did Bank efforts compare with those of other development institutions during this particular period?

**LELE:** I think probably at the global level there were several trends underway, one of which I talked about, which was that Wolfensohn, having seen that the Bank was under a great deal of attack from outside critics, including, if I remember correctly, the Dams Commission [World Commission on Dams] which, in a way, signified what some of the critics of the Bank felt was wrong with the way it was investing in irrigation projects, et cetera. He wanted to create a dialogue between these outside critics of the Bank and the Bank rather than have the adversarial position that he saw between them and the Bank.

The other was that when he came to the Bank, he felt that there had been so much emphasis on structural adjustment lending by the Bank by that time that he often spoke of the fact that there really was no difference between the IMF and the Bank anymore, and that the Bank needed to create its own niche in poverty alleviation; a very well-articulated, strong mission for poverty alleviation, go back to the basics in a way what McNamara had done. I don't know that he ever identified it as that, because he often thought that he had invented the poverty agenda for the Bank. But, in a way, he was saying that the Bank needed to refocus its mission on poverty alleviation.

The big difference I think between him and McNamara in doing this was that McNamara always felt that in order to alleviate poverty, you have to invest in productive sectors. And agriculture was the most important sector because 70 percent of the people lived in rural areas in many countries, and 70 percent of the poverty was in rural areas so that if you wanted to do poverty alleviation then you had to invest in agriculture. Whereas I think Wolfensohn's approach to poverty alleviation was very different. He first was very taken by outside critics of the Bank to

say that all these investments in irrigation and the use of pesticides and all this was bad for the environment and for indigenous people, et cetera, and he wanted to appease them. And probably his heart was more in dealing with those kinds of issues rather than the issues of long-term productive investment in things like agriculture.

So first, because of structural adjustment lending, the Bank's lending to agriculture had declined anyway. And then came Wolfensohn's era of dealing with outside critics and trying to see how the Bank could be more responsive and less adversarial towards them, in which agriculture was again not only not on the agenda, but often really at least indirectly a villain, because agriculture was the one causing all these problems of water management, the dams issues, the pesticide issues; now, biotechnology was coming on the scene with all of its problems, et cetera. So, probably the way to deal with it was to go more towards the social sectors, and one of the things that did happen during Wolfensohn's time was substantial increase in lending to social sectors, including in health and education which is quite important. But that increase in lending to health and education, when I did work on the global review, I realized that it was also driven a lot by outside forces. There was a lot of pressure on the Bank to do a lot more in health and HIV/AIDS, et cetera. So the lending then, in a way, became more issues driven rather than sector-strategy driven. So even in health, it was issues driven by HIV/AIDS. In poverty, it was issues driven by the social concerns rather than what does it mean for sustained growth and for developing countries to be able to actually create incomes and livelihoods which will be sustainable.

So it is in that context that the Bank prepared an agricultural and rural development strategy named "From Vision to Action." But I think the general consensus now is that there wasn't much action; strong on vision and not very strong on action. It was done in consultation with all the regions in the Bank. But by that time, there was not much demand for agriculture from the country directors, partly because there wasn't much demand from developing countries for agriculture, and in part, I think, all these external forces that I was mentioning, the concern for indigenous people, more attention to the social sector, the concern about environment, dams, resettlement, use of pesticides, et cetera, had already led developing countries to believe that the cost of borrowing from the Bank for these sectors was becoming too high, and so why bother.

Many members of the executive Board from Latin America used to say we would be crazy to come to the Bank for a loan for irrigation projects anymore because there is much too much criticism of anything associated with the Bank. The Bank itself has become a lightning rod for inviting all the outside NGOs and critics to developing countries. So, for them, the costs became too high to borrow, and, in some ways, the benefit became lower because many developing country policy makers used to say to me that the Bank doesn't have the engineers and the foresters and the agronomists, that once upon a time we looked up to the Bank because we didn't have that expertise and the Bank did. And now, at least in the countries that are going someplace, they had begun to build their capacity, and the Bank did not have the expertise that was greater than their own capacity. So, I think, there was a combination of factors, the high cost of lending-transaction costs of doing business with the bank, the lack of expertise, the lack of political will at the top in the Bank; a combination of all those things meant that the Vision to Action report basically remained on the shelves of the Bank and did not lead to much expansion in lending for agriculture.

**ZENNI:** What was happening elsewhere in other development institutions on agriculture?

**LELE:** You know, my sense, and I think the numbers show that now, the development community goes through fashions and everybody gets on the same bandwagon. That is why in a way aid coordination is sometimes, and can be, so sad for developing countries because if everybody thinks the same way and does the same thing then they are not getting the menu of options from other donors that they could. And by that time, most other donors--well, there were only two donors that were significant in lending to agriculture ever--one was the Americans, and American aid had declined quite substantially anyway by that time although the US has always managed to continue to maintain interest in agriculture; and the British, although not that significant, but still used to do co-financing and do their own projects in Africa, et cetera. But agricultural lending in general has become unpopular among the two or three other donors that were significant financially; the Danes and the Swedes never really took much interest and didn't finance agriculture much anyway.

**ZENNI:** At some point in '98, you joined the Operations Evaluation Department [OED] as senior advisor in the Office of the Director, and remained there until your recent official retirement from the Bank in August of this year (2005).

**LELE:** I think one slight correction. I joined as advisor and not as senior advisor in OED, and I was in the Sector Strategy Division when I moved laterally from the Agriculture and Rural Development Department. By the time I moved, the Department for Global Research which Ismail had created had already been folded into the Department of Agriculture. It's a complex organizational story as, I think, Ismail was on his way out from the Bank, and some of these ideas of bringing global perspectives into the Bank, which was also done for the strategic reasons that I pointed out and for internal organizational and personnel reasons had disappeared and, therefore, these two departments needed to be reintegrated as used to be the case before, and so McCalla took back the responsibility for the Bank's role in representing it on the CGIAR when the two departments were folded.

**ZENNI:** McCalla was the director?

**LELE:** McCalla was the Director of Agriculture in the Bank. Then the OED at that time had been asked to do a review of the Bank's forest strategy, the 1993 forest strategy.

**ZENNI:** Not the '91 forest policy?

**LELE:** I'm sorry '91 forest... By the way, it was published as a forest policy, but, for some convoluted reasons, which I will outline, it later on began to be called the 1991 forest strategy by our vice president for operations in those days and I'll point out why that is. But, yes, it was the 1991 forest strategy policy; the implementation of that policy which OED was asked to review. Because there was, again, a concern among outsiders, critics of the Bank, especially NGOs, that the Bank never took that policy seriously and never implemented it, and so, the question was why did it not implement it as far as strategy? And OED was asked to do an independent evaluation of this strategy. So Bob Picciotto asked me and Alex McCalla to see if I could join OED. I was very reluctant in the beginning to join and do this task because I was Deputy

Division Chief of Agriculture, I had oversight responsibilities over a small portfolio of forestry projects. But, I never considered myself to be a forester or I never felt that I knew anything about forestry, certainly not enough to be able to review implementation of a strategy, and so, I said to Bob Picciotto that I didn't think I was qualified to do the job because I had no background in the subject. And he said, "That's all the more reason why you should do it because this is going to be a very controversial evaluation subject and almost anyone who has a background in forestry or is associated one way or the other would be seen as not being impartial. So you start with an advantage that since you don't know anything, a clean slate, you could do a much more credible job potentially than somebody who has a background in forestry," et cetera. And Bob managed to persuade me to go to OED to do that forestry review.

I must say that I greatly enjoyed doing that review. It was tremendously challenging professionally, partly because, although I had been a researcher and I had published a lot, and I had operational experience, et cetera, I never understood that doing evaluations is quite different than writing research papers or being involved in operations, because being an evaluator is like being a judge. So you have to listen to all sides. You have to make sure that you're completely un-opinionated about everything, and you have to assess in a very impartial way. And it's a completely different field. It's a completely different expertise that one needs. There are methodologies for evaluating things and I wasn't aware of them. But by the time I went to OED, and being the way I am, I was always questioning the ways of doing things and that became a part of the forestry evaluation in a way, and it set a new trend for how evaluations could or should be done, which I did not understand at the time. But I think one thing I knew about the forestry situation in the Bank was that there were 20 countries that had primary tropical moist forests in the world that were identified in the 1991 forest strategy policy as being the ones that the Bank will target to conserve and a majority of those countries did not want the Bank to be present. This was supposed to be an evaluation of the implementation by the Bank of its forest policy. So the first question I had to confront was, why is it that the countries that the policy identified are the ones where the Bank should be most proactive are the ones who are saying to the Bank that they don't want it there. That's a question we needed to identify. And so, methodologically, it posed a challenge because the traditional way of OED doing things, is to look at and do a portfolio review which typically means that you do a review where the Bank has



been active, and say how well the Bank did in countries where it has been active. Well, how do you do a portfolio review of things where the Bank hasn't been active? So I suggested to Bob that we needed to do case studies of countries which were very rich in forests but where they did not want the Bank, and we also needed to do case studies of countries where the Bank was very active but where many of them didn't have any forests necessarily. So this was the paradox of that policy.

I remember in the beginning Bob and I had a lot of arguments because he used to caution against getting lost in country case studies as they are very difficult to do and then it diverts attention from the portfolio review. My concern was that the portfolio review would not tell you much about why the Bank could not implement the policy. So I will do the portfolio review because I need to learn something about this OED tradition of doing portfolio reviews, but let's also do country case studies. And he agreed. One nice thing about Bob was that if you had the courage to argue with him then he would say okay, go ahead.

So we did country case studies in Brazil, China, India, Indonesia, Costa Rica, et cetera. And one other thing I did was to get nationals of the countries to do the reviews for OED, which was very interesting and methodologically interesting for several reasons. First of all, they were all quite amazed by the fact that the Bank had something like an OED that questions what the Bank is doing. They said wouldn't it be nice if our own government had something like an OED. So they started asking questions about maybe we should have stronger evaluations within countries. But then we also had to impart the OED methodology to them, and they, in turn, brought their country perspectives on the Bank. The Chinese had a lot, both positive and negative things to say about what the Bank was doing well, and what it wasn't doing well. The Brazilians had extremely interesting things to say about the Bank's forest policy which they felt was very externally driven, and the Bank had basically become an instrument of international NGOs. In Indonesia, there was a completely different story that the Bank had identified the fact that there was a lot of corruption, et cetera, but the report the Bank had done had never really been seriously taken by the government. So we had some criticisms of the Bank in these case studies. Anyway, I think the country case studies provided extremely interesting perspectives on the Bank in a way that a portfolio review would never had done, and they became, therefore, a

useful instrument to talk about why there was a big gap between this externally driven policy of the Bank which was symptomatic of what was going on from 1998, as I was telling you about. I mean, even the '91 policy was externally driven already by the external pressures on the Bank and many developing countries are never even consulted; they never even heard of this policy except for countries like Brazil or Indonesia that had come into conflict with the Bank as a result of that policy.

So, therefore, we suggested that if the clients were important, the Bank had to be not only more consultative and see what was realistic, but also to bring them on board about what could be done about deforestation, and how could one contain it in a way which also took into account their concerns about growth and sustainable growth. In some cases, they felt that they could not put a fence around a forest in a forest-rich country. They didn't need to use resources, forest resources, for productive purposes. The policy had basically said the Bank would not finance any equipment which would log forests, and that had a very chilling effect on the Bank's involvement in the forest sector because the countries were saying, okay, you cannot do this, and there will be criticism by NGOs, and the Bank itself would say well, this is not an area where we can get in.

As a result, the Bank was lending more to forest poor countries that had no forests, and the largest lending ironically was in China and India, where we had classified them as forest poor countries, where there was a lot of demand for forest products and for planting new trees, et cetera. The Bank was able to do that, but it was not able to work in countries that were rich in forests that the global community wanted the Bank to help them conserve. And then it also raised a number of issues about global and local priorities. The Brazilian reaction was, why should we be conserving our forests to protect global climate when the industrial countries are not following policies which are helping to, et cetera? And why should we borrow from the World Bank at commercial interest rates to protect our forests to benefit the global community when some of these forests need to be used in Brazil for its own development, et cetera? So, it actually created a very interesting political economy dialogue for the first time by bringing developing country perspectives on the Bank's forest policy in a way that had not been brought

into the picture. And, as a result, there was a very good discussion, and the Bank reformulated its forest policy in 2001, I think.

**ZENNI:** What was the long-term impact of the evaluation findings, for instance, in China?

**LELE:** That is very interesting, because the impacts were completely unanticipated, unexpected impacts, because the Bank had lent a lot to China in forestry, but it had never done a piece of sector work on China in forestry to look at the aggregate level on what are the issues in the forest sector in China on supply and demand for forest products, how much are they consuming, how much are they going to need of forest products in the future. What should be China's policy on, for instance, planting more trees and creating more livelihoods for people who are dependent on forests, et cetera. So we gave the Bank very high marks for what it had done, but we also said that there were some major gaps in what the Bank had not done in China.

**ZENNI:** China being a forest poor country.

**LELE:** Forest poor country. And then the Bank said that they had tried to convince the Chinese that there was much more need for a strategic look at the forest sector but never succeeded. And it was a big lending program so probably the Bank did not want to annoy the borrower too much by pushing this point of view. But both the task managers for forestry and the Chinese took this issue very much on board, and they declared a logging ban in China very much like what the Bank had done in '91 and in the late '90s as a result of the floods and droughts in China. They felt that the floods and droughts were a result of rapid deforestation taking place. It's a complex story, but the premier of China said to Ian Johnson, the Vice President for ESSD, that we have a big problem because we've imposed a logging ban, and one million people are out of jobs, and they are very poor people in the western parts of China, et cetera. So Ian persuaded them to have a task force on forestry, and I co-chaired that task force in China with a very senior Chinese who was highly respected. Actually, the findings of that task force and the capacity it created in China for doing analysis of the forest sector has had a lot of impact within China in a way that I would have never anticipated when we were doing the forestry review.

**ZENNI:** Such as?

**LELE:** I think the Chinese have begun to look at the role of the forests in a very comprehensive way in the context of climate change and poverty issues, biodiversity, conservation, et cetera, and so that's one thing, in a way, that they were not doing when the Bank got involved in China and when China became a member of the Bank. It was initially based on a very simple idea of containing forest fires when the Bank started helping them and gradually this partnership grew into something far more complex and very worthwhile actually, quite an exciting partnership. So the Chinese began to look at forestry in a more complex way. In some ways, it's far more sophisticated and nuanced than the global community wanted borrowing countries to look at. And the fact that this capacity for analysis was created in China means that the forest administration can now go through research institutes, and they even listen to the findings of the evaluations done by the Chinese and they reflect them in their own policy. And that, to me, is so much more rewarding than one or two reports that I may write, because it's something which is much more sustainable in the country, and which was completely unanticipated actually.

**ZENNI:** That's wonderful. Now we come to another independent evaluation you led, the meta-evaluation or review of the CGIAR at 31. Please discuss what this endeavor entailed, including the review's recommendations in terms of the CGIAR's future challenges?

**LELE:** Well, you know the forestry review that I did for OED raised all these questions of global, local linkages, et cetera. So after that, Bob Picciotto said to me that there is a demand for OED to do a review of the Bank's global portfolio because partnerships had grown, as I said earlier, and the Board was getting very concerned that the Bank was getting involved in all kinds of partnerships which may have reputational risks and other risks to the Bank that they are not aware of, and they felt that the Bank really didn't have a strategy. It was just going from one partnership to another; there was proliferation of partnerships. So they had been asking for an independent review of the Bank's involvement at the global level. And because I had done the forestry review where these global, national questions had come up, Bob asked me if I would stay in OED and do this review of the Bank's partnerships in which the CGIAR had to figure very prominently because it was not only the first, but also because of all the reasons that I had

talked about, as in Ismail persuading the Bank to lend more from the DGF to the CGIAR -- it was already taking a very large share of DGF resources.

In the meantime, DGF's portfolio of global programs had grown, so there was a lot more competition for resources now, and people in the management were saying why should there be an entitlement for CGIAR -- \$50 million year after year, et cetera. And even Bob Picciotto felt that this was a question that had never been seriously asked. But there was a concern that the CGIAR is such a large program that if we included that in the global review, it will divert so much of our time, resources, and attention that we will again lose track of the portfolio review which was very important in OED.

So Bob was saying that we should be careful about getting involved in a review of the CGIAR because we needed to do the portfolio review, and we have limited resources and we need to deliver something in a short period of time. Having known the CGIAR for a long time, I also felt that it needed a review as it has had very few independent reviews. It has had lots of reviews of different aspects of the CGIAR--700 reports have been written--but never an independent review. Then we discussed the approach paper for OED where internal Bank managers and a lot of outsiders came to this, including members of the advisory committee. There was a strong consensus that if we did not do a review of the CGIAR, the global review will not be credible because it will be, as people used to say, the biggest elephant in the room--they used to call the CGIAR the 800-pound gorilla. So the general consensus was, how can you do you a global review without doing a review of the CGIAR? And the advisory committee felt very strongly also, as did the Bank managers, that it should be included.

But there was then a question of whether I should be doing the review of the CGIAR, because in the same way that I was considered to be qualified for the forestry review because I knew nothing about the forest sector, in this case, it was the reverse problem. I knew too much about the CGIAR, and I had occupied various positions in the CGIAR (technical committee, boards, et cetera), that one could have thought of me as bringing a lot of baggage and biases, et cetera. So Bob felt that I should not have anything to do with the CGIAR review because I will become the issue rather than the findings of the review. Much to my surprise, the advisory committee and

everyone else convinced Bob that Uma has a reputation for being very independent and that, given the complexity of the review, because of all its dimensions, et cetera, she should lead the review, and we would not have any problems with her leading it. So Bob agreed, reluctantly I should say. Later on the review had a very good reception in the Board and I think it was mainly because it was the first global program independently discussed at the Board. Although the Bank had given \$50 million to the CGIAR year after year, the Board only discussed the Development Grants Facility [DGF] overall and never the individual programs. The Board recognized that the CGIAR was, and still remains, a program which really showed what a global program could do, which is to generate technology that will actually solve the hunger problem in many parts of the world to which it contributed in a significant way. And, you know, how many such programs can we point to where there is sustained impact on poverty alleviation on a mass scale?

**ZENNI:** Beyond Bank assistance.

**LELE:** Beyond Bank assistance. And intellectually, therefore, the justification for using the Bank's net income to plow it back into those activities which are beyond an individual borrower's capacity. So for a variety of reasons, the CGIAR had and continues to have great appeal in the Bank's Board. Because Executive Directors wear two hats; they are on the Bank's Board, but they also come from countries where they're aware of the fact that their countries support the CGIAR very strongly. So they knew about the CGIAR and were always given a briefing for continuing to maintain support for the CGIAR, et cetera, but they never really discussed the CGIAR. They didn't even know what it exactly does. They knew that it develops some products which had some impact on poverty alleviation. It had a very good reception because it made the Board think about what are the things that they need to be concerned about; the Bank has been giving \$50 million to the CGIAR over and over again but has never really asked these more fundamental questions about which way is the program going and where does it need to go.

We also felt that the technical advisory committee's role had been kind of emasculated over time. And that funding for the CGIAR after that financial crisis where Ismail had played a major

role, in addition to mobilizing funding from the Bank, he also changed the funding formula where instead of the Bank being the donor of last resort it had started matching grants. So, if the British provided or the Dutch provided a certain amount of money, the Bank would match it. If the objectives in financing something were not necessarily global level objectives but local ones, for instance, they were saying that we need to do more on actual resource management research in this country, which is not necessarily research of a global nature.

**ZENNI:** But does it not feed into global objectives when you fund at the country level?

**LELE:** Well, that's a very good question, because one of the things if you remember I said earlier that when I came back to the Bank, I was promoting lending to agricultural research in developing countries to increase their capacity to borrow from the CGIAR. Because there are certain things that are more appropriately done at the country level, and there are certain other things which are more appropriately done at the global level and, when we did the CGIAR review and we did some case studies, we asked the Brazilians, the Indians, the Kenyans, and Colombians, et cetera, to write some case studies. And what was obvious was that where the Bank had invested, like in India and Brazil, their own capacity to borrow from the CGIAR had increased and they were making demands on the CGIAR to do those things that their research systems could not do, whereas in the countries where the research systems had failed, the CGIAR was basically becoming a substitute for the failed research systems in many small countries, for instance, in Africa.

The CGIAR doesn't really have the resources on a scale that the World Bank has to build capacity; it does a tremendous amount of training of developing country scientists, but there is much more needed than training to create institutional capacity to retain the scientists, to have an incentive system. And when you invest in building national research systems from the Bank, those are the kinds of issues that you can address about how well the national system is working in enabling its own scientists to have the resources, the incentive system, the infrastructure that is needed for them to continue to function year after year after year. That's what the Bank had done so well in Brazil, in India, et cetera. And during the '90s, when there was this decline of investment in agriculture and agricultural research, et cetera, the Bank just never did what Ismail

Serageldin correctly, in my view, felt the Bank needed to do. This was one of the tragedies of the Wolfensohn era. I mean not intended but unintended tragedy. So we were saying that the CGIAR had become a substitute for, rather than a complement to, research systems of developing countries. And the Bank's net income was being used in a way as a substitute for Bank lending to build capacity. And the CGIAR was losing its global approach and its global objective. So I think this just helped the Board to think more critically about what should be the function of a global program.

**ZENNI:** And it's funding also?

**LELE:** Its funding and we made a case that the amount of unrestricted funding had diminished very substantially for the CGIAR, which was a great pity because when the funding was tied to certain donor agendas, that explained the diminution of the CGIAR from being a global research system to becoming a local research system, because in many cases bilateral donors were funding the CGIAR from their national aid program. Naturally, the donors that are present in a specific country are much more interested in seeing how research can help that country, not the global community. So one can understand why this has happened in the case of the CGIAR, as the nature of the funding changed from the multilateral sources of the bilateral donors to the bilateral sources at the country level, then the CGIAR's character changed. So we identified all these issues, and the other issue we identified which did not make me very popular was that the CGIAR was a program which the Bank promoted but with no independent oversight from within the Bank. This is a more generic issue for global programs, unlike in the case of a project or a country operation that the Bank does in a country where there is an independent review, first within the Bank and then by OED, et cetera, and we felt that there was a conflict of interest in a way. Because the vice president who is the chairman of the CGIAR...

**ZENNI:** The vice president for environment.

**LELE:** Yeah. He was the chairman of the CGIAR traditionally. And the donors want the Bank to chair the CGIAR so that it can bring more money, et cetera. But his job is to promote the CGIAR. And there needs to be somebody in the Bank who can ask irreverent questions which



you should not expect the chairman of the CGIAR to be asking or say, basically asking if this program deserves to receive \$50 million year after year when there is increased demand for health research or a variety of other areas such as trade, or finance. And there were all these trends where we felt that the Bank was not expecting the CGIAR to be as accountable as it should, given that the Bank was giving it \$50 million. So we suggested independent oversight of the CGIAR in the Bank which was, I think, quite controversial, to say the least. To the Bank management's credit, they did appoint the chief economist of the Bank to provide oversight to the CGIAR, and who now goes to the CGIAR meetings.

I think it was organizationally an interesting issue, so our recommendation was that it had to be somebody more senior than a vice president in the Bank, and there aren't many senior people beyond vice presidents, except managing directors or a few senior vice presidents, so I think management came up with the idea to ask the chief economist, who is not in a line management position as in ESSD, to take on the oversight function. I'm told that the chief economist is taking a lot of intellectual interest in what the CGIAR does, and that generally shows that the need for oversight in the Bank was a strong message from the global review that was applied to the CGIAR, so it must apply to other global programs that the Bank is involved in. It needs to have more independent oversight of these programs because global programs have now become a very important line of business for the Bank. The Bank has all kinds of procedures for country lending which still don't apply to global partnerships. So we've made a number of recommendations to the Bank for putting in place systems which will increase more reporting, more accountability; dealing with risks and risk management for the Bank as a premier institution that attracts a lot of trust funds from other donors.

**ZENNI:** And what about periodic evaluations? Were they instituted?

**LELE:** That also. By the way, yes, that was one of the recommendations to the global review and that, too, was quite interesting, because many of the evaluations that are done in OED are one-off evaluations. But then I was saying to OED in this case, given the fact that global programs and regional programs are here to stay, OED itself needs to create a new line of activities which enhance evaluation of the Bank's global programs or the Bank's involvement in

global programs, not the evaluation of a program as a whole, and there is no mechanism currently within OED to do that. So, the Board had to approve that OED needs to develop this new line of activity, which it has done.

I should also say that we had also recommended that QAG needed to do quality assessment reviews of global programs in the same way that they do reviews or real-time assessments of all other bank country-level activities. They also needed to build their own capacity and do quality assessments of the Bank's involvement at the global level. And I'm pleased to say that both QAG and OED have taken those on board, and, therefore, I think probably one legacy that I may have left in the Bank is that this has become part of the Bank's regular business activity now. It required building some capacity among the assessors to be able to ask the right questions of global programs because the questions one asks of a partnership or a global program are not the same as the ones you ask at the country level, and that is becoming evident that both QAG and OED need to build that capacity to be able to assess those with any credibility, especially, including the Bank's comparative advantage which I think varies a lot depending on what the nature of the global program is. On the whole, we were saying that the Bank had used its comparative advantage in mobilizing money more than it had in addressing the substantive questions that these global programs are facing because each one of them has very interesting, but quite complex, specialized issues. For instance, if it's a program on trade-related technical assistance which is one of the global programs, then the issues involved are very different than if it is a program on financial stability. So you need people who have expertise in trade, but who also have expertise in looking at the role of a program such as this at the global level, as distinct from at the country level. If it is just doing what the country-level program is doing, why is there a global program?

**ZENNI:** What about strengthening linkages between the country and global level programs? What more needs to be done there?

**LELE:** We felt that this was one good example of the Bank not playing up to its comparative advantage. We said that the Bank is good at capturing money from donors to start a program or be present so that it gives legitimacy to a program because the Bank is there. But many people

expect, because the Bank is there, for it to use its comparative advantage at the country level to link the global program more effectively to country operations. And that's where the linkages, in most cases, were very weak. We gave some examples where there were strong effects of global programs, for instance, tuberculosis in China and India. Wonderful things are happening and the global program for TB has played a role in bringing new know-how about how to organize treatment for tuberculosis, and the Bank has lent a lot of money to India and China for those things, and it's happening very well. But it is more the exceptions than the rule, and we said that the Bank needed to link where it is appropriate, the Bank needed to use its comparative advantage at the country level a lot more. And I think this was an example where we found that many of the global programs in a way, again, were very supply driven by constituencies in donor countries with relatively little engagement of developing country nationals, in the same way that I noticed in the Bank's formulation of the forest policy. It was more in response to the external pressures without really sufficient analysis of what is the reality on the ground in developing countries for which we need to design a policy.

Similarly, I think in the global review, one of the messages was that many of these programs are de facto in danger of becoming technical assistance programs in new garb, with many donors participating to provide technical assistance to developing countries, which either is not demanded by the countries themselves or because they are so many other things other than technical assistance that need to happen which this program is not able to provide. So the effectiveness of the global programs is still in question, unless a whole lot of other things can happen. And those other things, the Bank often is in a position to help developing countries put in place, as I had mentioned in the case of agricultural research, but it's not necessarily happening. The two are not necessarily linking because of the tension between the views of the external lobby and stakeholders of what they would like the Bank to do as distinct from the reality on the ground and what the countries would like the Bank to do and the country directors, by and large, reflect the views of the country or the priorities of the countries. The global programs, by and large, reflect the views of the global community, and the two don't necessarily meet. So that is where I think there is a lot more work that needs to be done.

**ZENNI:** Would you say that the Bank maximizes its comparative advantage as convener, mobilizer of resources, and development partner?

**LELE:** Well, when I reflect on the global review, what is becoming very evident to me, which is part of a larger trend, is that there has been a lot of dissatisfaction in donor countries about the effectiveness of what traditional international organizations are doing, and I put the Bank in that category, although the Bank is somewhat different, and I'll point out why it's different. I mean in general this dissatisfaction is much higher for a UN agency than it is for the World Bank. UN agencies, many of them are starving for resources. Their budgets are not increasing, and most of their budget goes in supporting the staff, but they have very little working capital with which to do things. And this is a result of a general lack of confidence and the general view that there are bureaucracies and that there are collective action problems in them, and that they're not doing things effectively, expeditiously and efficiently. But then it becomes a self-fulfilling prophecy because you have no confidence, you don't give the money to that agency except on an issue by issue basis, and it's much more issues-driven even within the health sector. And that may be okay if you're a donor and you're concerned that SARS will come here. But if a developing country is going to deal with SARS or avian flu or HIV/AIDS, it needs a lot more than assistance for HIV/AIDS alone, because it needs the capacity of the health system as a whole to be able to deliver on all these different things.

**ZENNI:** It needs a comprehensive approach.

**LELE:** Comprehensive approach and I think aid in general has become very fragmented because of this concern about dissatisfaction with outcomes. And, as a result, UN agencies, and the Bank, and I pointed out earlier, the Bank increasingly, unlike in the past, has become much more issues driven in responding to individual constituencies. As a result, I think many of the areas where there is a need for long-term investment in the countries and a need for long-term capacity in donor agencies to deal with them because these problems are not going away they're going to be there for a long time. They have not gotten the resources to maintain and strengthen their capacity at a level where they are at the cutting edge of the problems because their budgets have

been cut and because there are several areas where they do need to contract but they're not necessarily doing it.

So I personally feel that the whole aid thing, in my view, is in total chaos. I read in the New Yorker that Bill Gates drives the AIDS agenda now, because he's putting in a lot of money. There are a lot of areas where the Gates Foundation is doing a tremendous amount of very useful contributions, but they cannot replace the World Bank or WHO. So the question is concurrently what needs to happen so that the WHO and the World Bank are able to deliver what only they can deliver because they have the country knowledge, they have access to policy makers, and in the case of the Bank they have a multi-sectoral presence, a long-term presence, et cetera. And I think that's not happening. I think the '90s showed us in a way, and the Wolfensohn era, that being responsive to outside constituencies is necessary for the survival of the World Bank because if its constituencies don't believe that it's doing anything useful; there is no legitimacy and no financial support for the Bank. But leadership has to involve much more than that, and it is an understanding of what developing countries need. Those needs are changing very rapidly, and, therefore, what does it mean for the Bank or WHO to position itself in a way in the future by which they can continue to be relevant. I think for the middle-income countries are increasingly beginning to question the need and relevance of institutions like the Bank. So, I think that's the larger aid challenge.

**ZENNI:** In general, how would you assess the Bank's non-lending services-advisory, research, and so forth?

**LELE:** Oh, it's a big question. I think the best question for that is will the Bank's advisory services stand the market test. I think countries like India, which were not at all that market conscious, unlike Latin American countries, they were not very market conscious, but now they do call McKinsey the consulting company to ask for advice. In some ways they feel that McKinsey doesn't have necessarily any particular country or a lending program or anything to promote, so if we want advice on energy, maybe we should ask them to do an assessment of what should we do in the energy sector. I'm just giving that as an example. And the Bank has gone through these bandwagons; private sector development in energy and now it's learned that

maybe it had gone far too gung-ho on the private sector, et cetera. So, I mean the developing countries that are sophisticated about this like the Chinese or Indians or Brazilians, et cetera, are not going to take the Bank's advice just because it's the World Bank anymore. They're going to take it because the Bank has something to offer. And, you know, that is where I think that decentralization of the Bank to the country level has pros and cons because one of the great advantages of the Bank as a global institution has been being able to bring global expertise. The more you decentralize to even staffing at the local level, and they can be effective at the country level, but they don't necessarily bring the global expertise.

One of the feedbacks that I certainly get from many developing country nationals is that maybe the Bank is losing that cutting edge in certain areas while the sources of information to them have increased substantially. I mean now there is the internet, there are so many nationals of the various countries who live abroad and who bring all kinds of expertise and knowledge, and there are the private sector companies. It's a very different world today than it was when the Bank was formed. So the question is, will it survive the market test in the future, at least among the countries that are more sophisticated, or will it only be lending to the poorest countries in the world which is what some of the Bank's critics are saying it should do anyway; saying that the middle-income countries should turn to the market, and the Bank should just focus on the poor countries.

**ZENNI:** Based on your work experience in OED, what is your assessment of the Bank's various evaluative mechanisms, and you've talked a bit about the QAG?

**LELE:** Right now, I'm doing a comparative paper looking at the evaluation systems of several international agencies.

**ZENNI:** You're doing that for OED?

**LELE:** For GEF [Global Environment Facility]. I'm doing that for GEF and, in a way, I mean having left OED, it's interesting to sit back and compare the Bank's procedures and processes with those of other donors, other international organizations. There is no question that the Bank

on evaluation methods and evaluation procedures, et cetera, is at the cutting edge of things, and it's constantly changing and improving, et cetera. For many regional banks, the Bank is the standard model that they try to emulate, and even if they deviate from it, even the IMF when it decided to create the evaluation unit looked to the Bank's experience, et cetera. So, there is no question that the Bank, even in quality assessment; QAG's methods of reviewing quality have become very professional, very standardized, et cetera.

I think one of the questions which these evaluations are increasingly beginning to point to is that it isn't enough to say how well the Bank has done, how well the Bank's investments have done, but how well have the Bank's investments or policy advice contributed to achieving development objectives in the countries which are a product of several things; first and foremost, what the countries are doing on their own, and what the other donors are doing. And as the other donors have become much more important in several sectors, for instance, the Global Fund [The Global Fund to Fight AIDS, Tuberculosis and Malaria] is now a much bigger actor in grants to communicable diseases than the World Bank. It came to me as a surprise, but the numbers show very well that at least in terms of commitment it is committing a lot more resources than the Bank. So, I think one of the questions that all these evaluation departments are facing is, is it enough for IFAD [International Fund for Agricultural Development] or UNDP [United Nations Development Programme] or the World Bank to say we did well in this country, or do they have to say, how did we contribute...?

**ZENNI:** To effectiveness.

**LELE:** To effectiveness at the country level, and what difference did it make. I think that is a much more complex question than how well did this project do. There is no question that OED's work is definitely contributing to the Board thinking more substantively about the Bank's mission and how the different instruments of the Bank help or don't help to achieve that mission. And in that sense, the Bank's Board, in my view, has become far more sophisticated now because of this kind of work than probably is the case in places where the Committee on Development Effectiveness and the evaluation departments don't work as closely as they do in the Bank. Now there are many different processes (QAG reviews, the OED reviews, the

Inspection Panel, et cetera) which all will probably alert the region a lot earlier that something is not working than was the case earlier in the Bank. So I think the feedback mechanisms have become faster and shorter, and the understanding of development issues has definitely become much greater. [Interruption]

**ZENNI:** Moving on to World Bank presidents, what is your assessment of the various presidents you served under during your tenure at the Bank? And you've already talked about Wolfensohn, McNamara.

**LELE:** You know I'm not sure that I agree with the Center for Global Development that being President of the World Bank is the most complex job in the world. I think it does a disservice to the President of the United States, the Premier of China, the Prime Minister of India, et cetera. I personally found that quite offensive, actually, because it just goes to show the naiveté of the fact that there are some jobs which are more difficult than being president of the World Bank. Most leaders are not in a position that a leader of the World Bank is in; largely sitting on \$20 billion to be given away to developing countries. That's not the problem the Premier of China, the Prime Minister of India or of Brazil is facing, and those are far more difficult jobs, but it just goes to show being in Washington, one becomes very Washington centric about what is difficult. But, having said that, I think that different presidents have brought different skills to bear on their jobs, and, in retrospect, although McNamara made a lot of mistakes, including a disaster on integrated rural development, I think that he was a very good president. Among the presidents that I had anything to do with, I would give him very high marks, although he was not approachable at all for the staff, unlike Barber Conable who was a very nice person and very easily approachable. Having run a big bureaucracy, McNamara knew what it takes to make a bureaucracy do what you want it to do. The second thing, and he himself is the first one to admit that, there were several areas where he made mistakes, as everyone does. Rural development in Africa was one, and he doesn't give himself very high marks. The other thing is, I think, he was confident enough to surround himself with qualified people which is not always the case, and that makes a big difference in a leader, if one is surrounded by people who are smart, intelligent, and not afraid of talking. There is no question that there was a tremendous intellectual fervor in the Bank in those days in a way that began to wane over time.



The other thing which I found lacking in many other presidents is that he understood the importance of technical knowledge and expertise. I am quite amazed even today when I talked to him about the CGIAR, he said, “One of the sad things is how many foresters do we have in the Bank, how many agronomists do we have in Africa on site,” which in a way, not many presidents of the Bank think in those terms. And I think when there is a president who has an appreciation of the fact that the world's problems are not solved just by throwing money at it or being nice to the external constituencies. But it requires real and long-term technical skills; sets of skills which are needed and demanded by developing countries where the Bank is ahead of them and with them over a long period of time which has profound implications for how you organize your human resources and all that then the Bank will not be what it was once upon a time.

**ZENNI:** What, in your opinion, should be the criteria for selecting a World Bank president in terms of both personal and professional attributes?

**LELE:** I probably alluded to some of them earlier. I think that, to maintain support from donors, this division of the Bank presidency going to a US national and the IMF managing director position going to a European, it's pragmatic because it seems to be needed to maintain financial support of these countries to these institutions. But I'm not sure whether in a new and complex world having leaders who don't have that much of an ear for what the problems are that one is dealing with necessarily results in solutions that are particularly pertinent or in shaping an organization in a way that is responsive to the needs of developing countries. So, there is a tradeoff between, on the one hand, being able to mobilize resources and on the other in being able to use them effectively. And I think we seem to be opting more for greater resource mobilization and less on what it takes to shape an organization.

**ZENNI:** Looking back on your extensive experience working on rural development and more specifically agriculture, in your opinion, where has the Bank, in your opinion, been most successful and where has it been the least successful?

**LELE:** I alluded to some of this by giving examples of India and Africa, et cetera. I think that in countries where the countries themselves are more in the driver's seat and have more capacity and are less dependent on foreign resources the Bank has been more successful than in countries that most need the Bank and where they're very dependent on external resources. By and large, the Bank hasn't been that successful, which means, the challenge of how does one go about addressing the real development challenges of countries that most need external assistance, in my view, have not yet been sufficiently handled.

**ZENNI:** In terms of evolving and emerging issues confronting the Bank, how do you see the evolving roles of both the IBRD and IDA?

**LELE:** I probably said earlier that in the larger middle-income countries, first of all, the Bank's financial commitments are insignificant compared to their own resources. For example, in Brazil there's \$50 billion of foreign capital investments a year, and the Bank's commitments are \$1 billion; China, \$55 billion, and the Bank's is \$1 billion. I was surprised to see it's gone down from \$3 billion to \$1 billion. India is not yet anywhere near mobilizing as many external resources, direct foreign investment, but it's on its way to doing that. And the Bank is not a significant player in India anymore. So does the Bank need them? I think the Bank needs them because those countries are showing what can be done. I've said this many times in the Bank, although it's a global institution, I think one of the areas where it has never really exploited its comparative advantage is in drawing on the experience of one country to another in a credible sort of way. For instance, publishing that East Asian countries, all did it because they were market oriented.

**ZENNI:** Are you referring to "The East Asian Miracle"?

**LELE:** "The East Asian Miracle". Yeah. Really, I think you know it's not credible in developing countries because they know that in East Asian countries their states have played an extremely important role in what they have done. So what was the role of the state capacity in being able to achieve what they have been able to achieve. So I think these kinds of simplistic messages to developing countries don't make it a credible transfer of knowledge. But if one

really focused more on what is it about China's liberalization, combined with the role of the state, which has played a role in where China is today, say, compared to India, and India is wrestling with those questions very much. But I don't think the Bank is offering anything useful for the Indians from the Chinese experience. So I think in a way it has frittered away the valuable insights that come from the development of more successful countries where it has a tremendous amount of internal knowledge of how those countries work, or what they have done, and never really distilled it for the benefit of other countries. Does the Bank need to learn from them to teach others what they could learn from others, as a global institution, if the Bank only lends to small and poor countries then it will not be a global institution.

**ZENNI:** How successful, in your opinion, has the Bank handled the issue of selectivity in its operations; divesting itself from areas where others have the lead expertise?

**LELE:** Yeah. I think very poorly. First of all, I mean several people have talked about the mission creep of the Bank. But ironically, that mission creep has been combined with exit from certain sectors. We talked about agriculture. We talked about infrastructure, which in retrospect turned out to having wrong exits. So you know, it isn't as if there was always a mission creep, combined with the mission creep also came exits. And they were not based on a very strategic view of where the Bank had a comparative advantage. So I think that in general, in my view, the Bank hasn't handled it very well.

**ZENNI:** What if anything in the criticisms directed at the Bank, especially by NGOs and others, do you believe to be legitimate and worthy of serious consideration?

**LELE:** I think the environment is an area more generally where I think NGOs did play a very significant role in the Bank becoming environmentally more sensitive, and I personally believe that that was the right thing. Many of the NGOs that played that role will privately admit that they were wildly successful, beyond their expectations in influencing the Bank, and in some ways far more successful than they have been in their own countries. US NGOs are the first ones to admit that they have very little influence on American environmental policy, and in a

way, therefore, they focus their attention on the Bank, because this is where they could have more impact, and they couldn't in their own country.

**ZENNI:** What about southern NGOs, now you were referring to northern NGOs?

**LELE:** Well, northern NGOs, I think initially, at least did play a very significant role on environmental issues. They've also, by the way, played a very major role in bringing attention to the issues of indigenous people, et cetera. The problem is that these are far more complex questions than one realizes, and also a far more kind of naive view of the power of the World Bank. I often feel that the Bank is an instrument, but there are also great limits to what the Bank can do. And so when one says to countries or the Bank that, for instance, you ought to make sure that the indigenous people are protected, most developing countries have their own legislation for doing this. If the Bank tries to act beyond the role of that legislation, it creates a tremendous amount of competition. And I don't think that that's often recognized by NGOs, whether from the South or the North. And often then the consequence of that is that the Bank ends up exiting from that particular activity which is not necessarily good for the ultimate objective of protecting indigenous people. So, I think, there are a lot of ironies and paradoxes of this kind of an external influence, especially if it is not sifted through properly in an organization which becomes very buffeted by external influences. If the staff capacity is diminished and the internal rigor and discussion and debate declines in response to external constituencies, then it poses very difficult challenges for any bureaucracy. And the Bank I think in that sense should be sometimes analyzed as a bureaucracy that is buffeted by external influences, and what role does the leadership play in making sure that it still continues to play its important role.

**ZENNI:** What is your overall assessment of Bank staff skill-mix and its alignment with strategic priorities and objectives?

**LELE:** First, I think having worked with many bilateral and UN agencies, and in academia, etc., I'm extremely impressed by the amount of skills and knowledge that the Bank brings to bear. I think we in the Bank often take it for granted, but I'm just greatly impressed by the collectivity, and still the wealth of expertise. I'm also equally impressed that probably the Bank doesn't

make as good a use of its talent and skills and know-how as it should. There's a lot that the Bank can do to make use of its staff much more effectively. And I can say from very personal experience that given the desire and the inclination to push the envelope and being a woman from a developing country, I would have never remained in the Bank as long as I did unless I had the kind of mentors who were willing to support me and even sometimes pay the price for supporting me. But unless there are managers like that in the Bank, and they're given the space to keep good staff in the Bank, it would not happen. And I see that diminishing in the Bank; the desire of the managers to protect their staff against certain kinds of external pressures.

**ZENNI:** Based on your extensive experience working on Africa, in your opinion, how can today's renewed focus by the international community enable Africa to successfully pursue the path to economic takeoff that Asian countries have achieved?

**LELE:** You know, throughout my life whenever I wrote about Africa, I always did a lot of comparisons between Asia and Africa. Some of them were just narrow technical comparisons about response to fertilizer use and rice, et cetera, or cotton tradition in French Africa. But many Africans always at the end of my talks used to say that one of the things you did not say but which needs to be said is that part of the reason why India or China have been more successful is because they had tremendously good quality leadership. We have lacked that in Africa. This is not necessarily a politically correct thing to say, but if you don't say anything about that, then you are not addressing half the problem. So lack of leadership, which I think many African countries have suffered from whereas countries in Asia were, by and large, very lucky to have good leaders for over a long period of time. Now that I've left the Bank I do want to write something about this issue of leadership and what difference did it make.

In addition to that, excessive amount of dependence on foreign assistance is not a good thing. I mean once I stopped working on Africa and started working in India and Brazil, China, et cetera, what I find very refreshing is that those countries can just ask the Bank and the donors to get lost. And that gives them such a tremendous sense of space and freedom and capacity to say, is this really in our best interest to get this foreign assistance or this advice or this money. So I am of two minds about this increased attention and increased aid levels to Africa. They do need a

lot of aid, external capital to invest a tremendous lot in infrastructure, physical, human, and institutional, but if one does that in a context where there is no leadership and the tensions and conflicts are so high, it's not going to survive; it's not going to be sustainable. And I'm not sure that this external attention is necessarily a blessing. Developing countries need to address a lot of their problems from within, and the donors need to have the capacity to respect some of their views and...

**ZENNI:** Not to impose but enable.

**LELE:** I mean, so much of the discussion on aid conditionality is so blasé in my view because, for instance, as I said, I do believe that the imposition by Americans to say to India, "Solve your food problem for God sake, and we can tell you how to do it," was very useful, very necessary, and very desirable. But then there are other cases where that kind of imposition is not necessarily the best way to solve the problem. So that is where judgment, technical skills, understanding of the country's circumstances, all those things become very important on conditionality. I think a lot of the debate on MDGs [Millennium Development Goals] and all this has become very superficial, very blasé, and it's, you know, a way of mobilizing more donor resources while I'm not sure that the questions of what is needed to achieve these MDGs in countries where they are not being achieved is really seriously being discussed at the level of the United Nations by the donors. Many of them have guilty consciences of maybe this part of the world isn't doing well and so let's give it some more money, but I don't think that's the way to solve these problem

**ZENNI:** Globalization has made massive strides in the wake of the demise of the Cold War, essentially concentrated in industrial, commercial, including trade segments of the world's economy, while agriculture remains locked up behind trade barriers and various forms of restrictions. And we go back to the question of trade versus aid which remains unanswered. What is your assessment of the Bank's role in protecting developing countries from losing important trade opportunities due to costly agricultural subsidies?

**LELE:** I think that the Bank hasn't said enough about agricultural subsidies of industrial countries. It has published things from time to time, but not enough attention to those issues. I think that there are a lot of trade opportunities regionally, for instance, that countries are not able to exploit because of the subsidies of OECD countries. Milk is a very good example. India has developed a milk surplus, but it can't export to neighboring countries because there is food aid from Europe to Bangladesh and other places, and India would end up losing certain forms of assistance it gets if it exported milk to Bangladesh, et cetera. So I think there are many such examples, and I think one area where I personally happen to disagree with my economist friends is that the general view among economists, market-oriented economists, is that even if industrial countries have subsidized their agriculture, developing countries should withdraw their subsidies, and that's a discussion that's currently underway in the WTO [World Trade Organization]. India, for instance, has taken the view that India isn't going to let imports of industrial countries that are highly subsidized come in unless they reduce their subsidies. And I think they are right. But, that's not the advice that the Bank necessarily gives to India, which is to say that India should reduce subsidies regardless of what industrial countries are doing because it's in your best interest not to have subsidies. I don't agree.

**ZENNI:** Looking back, what have you learned from your experience at the Bank, and what has it meant to you personally serving as unique an institution as the World Bank Group?

**LELE:** Oh, I consider myself very privileged to have worked in the Bank. And now that I look back on my experience as a woman from a developing country, I would have never been able to work on the problems of so many countries in the world if I wasn't working for an international organization like the Bank where my nationality was not important. My gender after a certain number of years was not as important as what I brought to bear as an analyst, and my acceptability in the country was based on what I had to offer not where I came from. In a way, I think the sad thing in my view in the Bank is that it's losing that too, because there are a lot of trust funds now in the Bank which enable donor countries to be able to place their nationals on various assignments, and when positions open up in the Bank, they're at a much better advantage than people from developing countries.

**ZENNI:** Are you saying trust funds are mostly donor-driven?

**LELE:** Oh, yes. In the Bank there is no question about it. They are donor driven trust funds, but through the back door. They also reduce competition for employment in the Bank to the disadvantage of developing country nationals. And one of the great features of the Bank has been that if you are from a developing country and you want to be hired, not based on quota, as in the UN, but based on your capacity, where you compete in the market, then there were very few places where that could happen except in the IMF and the Bank, and perhaps in the regional banks, although I don't know enough about it to be able to say. Trust funds are distorting that market, and I think that for the Bank to remain a global institution it's very important that the composition of its staff just not be people from industrial countries that work in these organizations because the Bank's credibility in a way depends on not just having nationals from all over, but highly qualified nationals. That said, I was very fortunate to work for the Bank and to be hired because of my knowledge about certain things. I grew and learned so much at the Bank, and sometimes I thought it amusing that I get paid to do my job because I enjoyed it so much.

**ZENNI:** Of your many contributions to the Bank's mission, what do you consider to be the most important?

**LELE:** Well, first, I really think that I was fortunate to be given the kinds of assignments I was given and do various things where there were some important topics to analyze. But I think it must be like a woman that has ten children. Can she tell you that one child is more favored than the others? I think that's very hard. Bob Picciotto used to remind me many times that I felt very passionately about reflecting a client's perspective. So it's very hard to choose, it's also very hard to know which ones have had a lasting or longer-term impact because so much work that I did in and on Africa I really don't think that it had any impact at all sadly, and that is the place where it should have had impact on donor practices or policies in countries. But, I think probably I was able to articulate the perspective of developing countries coming from a developing country, and, therefore, even be critical of the Bank or other donor agencies, et



cetera, and what they needed to improve. Maybe that is something that I was able to contribute because of my background.

**ZENNI:** Is there anything that you still wish to talk about that I might have perhaps overlooked?

**LELE:** No. I think you've covered a very comprehensive set of issues. Certainly, I am quite impressed by the research you did to ask the questions you did.

**ZENNI:** Thank you so much for your invaluable contribution to the Bank's oral history program.

**LELE:** Thank you.

[End of Session 2]

[End of interview]