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Transcript of interview with

EDWARD V. K. JAYCOX

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By: Richard Webb, Devesh Kapur
FOREWORD

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

*Edward Jaycox*
*April 5, 1991 - Verbatim*
WEBB: ... there so long, covering so much that has been the important [inaudible]. There's an awful lot of...

JAYCOX: I'm feeling old, too! Old and weighed down with history myself. Yeah, you know, it will be 27 years in October. That's a lot of the history of the Bank—more than half—and it's very interesting.

You know, I was also running this reorganization this last reorganization, I was chairman of the steering committee on that, and I learned more about the Bank in those three or four months than probably any other time, both about what it is and what it was because—one of the things, for instance, I was really quite wondrous about is that we have no, you know, internal career planning system, no training programs to speak of. I mean, we have a very primitive kind of training program.

And when I went back to talk to some of the old-timers, people who had retired from the Bank, I said, "What is this? Why is it that we are not like other institutions? We don't have any in-service training. We don't have any logical progression of a career. I mean, what jobs do you have to have before you become vice president now?"

"Whatever jobs you've had, basically."

If you go to a corporation or a military or a government, I mean, there are certain logical jobs that you're supposed to have before you have other jobs. In fact, there are requirements in most systems. And, I mean, it was very clear that this outfit was considered a very temporary thing.

WEBB: At the very beginning?

JAYCOX: At the very beginning, for quite a few years. And when you don't set these things up in the beginning, nobody gets around to setting them up later. The fact that...

WEBB: It was a bit of a toy, wasn't it?

JAYCOX: Well, everybody was sort of seconded to this thing and they were going to go back to their jobs as soon as they fixed whatever it was that was broken. And of course we didn't get a chance to do much about the reconstruction of Europe to speak of. Our job changed almost immediately or didn't start until later, and nobody ever put those—you know, most organizations, like governments, armies, corporations, they are basically set up to be immortal, self-perpetuating, they're constantly renewing the structure, the skill mix, the personnel. When you think you're in a temporary team, ad hoc, a three- or four- or ten-year job, you don't put those systems in place, and we're still suffering from that, you know, I think. The reorganization...

WEBB: A lot of things get stuck, depending on how you start out.

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1 Original transcript by Brookings Institution World Bank history project; original insertions are in [ ]. Insertions added by World Bank Group Archives are in italics in [ ].
JAYCOX: By the time you think about them, you can't afford them because they're not a part of the system. That's just an example, but it was fascinating to talk to—I mean this was sort of an exploratory, big job that I was quite concerned about. And the steering committee had [Robert S.] McNamara on it and a few other old-timers, and so as a result we were sort of embodying a kind of an institutional memory bank. At the same time we were trying to reorganize this Bank.

WEBB: Did [J. Burke] Knapp help?

JAYCOX: No, he was not involved in the reorganization per se. He came in, though, on another job which had to do with private sector issues shortly after that or overlapping with the reorganization. That didn't get as much attention and it still isn't fixed, I must say. We're still working on that, trying to achieve coordination between MIGA [Multilateral Insurance Guarantee Agency] and IFC [International Finance Corporation] and the Bank and FIAS [Foreign Investment Advisory Service], these acronyms we now have [inaudible]

But where do you want to start?

WEBB: Well, we talked to McNamara a few days ago. It was the second interview we've had. And he just threw out at one point, he said that—[inaudible] a speech where he referred to it again, he said in his recollection there were three things that he had not achieved at the Bank or had failed to some extent: urban poverty, Africa, population. Without wanting to be adversarial, I thought this would be a way to talk about it. How do you see the urban poverty experience? Why does he say that?

JAYCOX: Well, I think the reason he says it is he's correct, I mean, substantively. You have to remember that in those days we were a project Bank, and we were doing projects. I was in charge of it; I was the head of the urban poverty taskforce. I urged it upon him because I could see that in the developing world, you know, cities were growing very rapidly, and they were growing almost 100% in terms of [inaudible] through migration and very high birth rates amongst the poor. And primarily through migration: it's not the wealthier landowner, owning and prosperous farmers who move to the cities but the landless. But there also happened to be amongst these migrants usually—or amongst the more aggressive, entrepreneurial—they were willing to learn new languages, educate themselves, go long distances. So they were the kind of dynamic of the cities, and we needed to find a way of getting them into production faster and of solving the kind of shortages that were policy-driven that were impoverishing these people, either in terms of their own development of their skills and education and so forth or their health problems or their lack of access to employment, either because of their constantly being harassed and bulldozed out of existence in places where they were employed or there just wasn't enough employment.

And it was clear that we didn't have the instruments. I mean, we could do something about upgrading slums. We could do something about bringing water supply and self-help housing, and we could change policies to some extent, although we didn't have, you know, the high conditionality that we have today. We did have an influence. We changed conventional wisdom in a large part of the world, especially in the developing world, that bulldozing slums is wrong. It is inhumane, inefficient, and

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destroys capital, no matter how humble. It was a very destructive thing, and that the better way was to, you know, somehow absorb these populations in a more humane, productive way. So we worked around the margins on this.

McNamara was always going gung-ho for employment, direct employment creation. Well, you know, that's really a macroeconomic issue. As you must know, you don't just do that. You know that better than I do. That is not—we had all the apparatus to repair the roads or sweep the streets or clean the drains or, you know, string wires to poles and put poles in the ground. That wasn't the problem. It's just the economy and the demand side of the economy just wasn't there. We couldn't manage the macroeconomics, and this Bank was not in that business.

WEBB: Where was he—where did that fixation come from?

JAYCOX: Well, you see, he thought he was fixing it in the rural side because of these projects he was doing, the integrated rural projects. As a matter of fact about 60% of those failed, and he wasn't doing it on that side. But he was frustrated by the urban side because by then we had all really learned something about poverty and the theories of poverty, and almost anybody who was thinking here saw that as a much more macro issue having to do with things like exchange rates and, you know, interest rates and the functioning of the financial sector. If those things weren't right, there was nothing you could do, really, to create productive employment on a large scale and progressively produce labor-intensive production capability.

KAPUR: Even there [inaudible] from the ILO [International Labor Organization] [inaudible]

JAYCOX: I don't think there was much leadership there. I mean, basically we were stuck in a project mode when we couldn't possibly deliver on either urban or rural poverty as long as we were stuck in a project mode, that these projects would only even work if the macro policy framework was conducive, benign, labor-intensive, the terms of trade were shifted, you know, to labor-intensive and to the rural areas with rural poverty and that they—you know, the kind of informal sector, let's say the laborers in both these sectors were given the correct incentive signals to maximize or optimize their production. And we did never—you know, we didn't have those tools at our disposal or if we--it was much later, when we got into structural adjustment, where we began to see that this Bank had a lot of power it could use in ways that it had not used it before, and they happened to be quite similar to the IMF’s [International Monetary Fund], although not the same thing.

Now, my view is, I was frustrated. He wanted me to create employment in urban areas, and all I had was, you know, projects. The macroeconomists on the other side of the Bank didn't work for me, and they weren't willing to do the work that was necessary. We didn't have the organization to mesh these things up. There was nobody in the urban poverty business but Jaycox and a few others who were on the investment side. So we were not organized with country focus; we were not organized with--we had no school continuum between the macro and the micro which is absolutely necessary if you're going to deal with these issues like poverty. I don't care where it's located; if you're going to deal with poverty you have to have a very close, seamless relationship between the macro analysis and the micro design.

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WEBB: Which means at the country level?

JAYCOX: That’s the only place where it makes any sense, you know. All of this is abstract until you get it to a country. That’s why we reorganized. I mean, that in a nutshell is why we reorganized. We had already moved in the direction of country focus by the early ‘80s. All our processes required trying to create this continuum I’m talking about. But these guys were organized in one department, and these guys were organized in another department, and there was nobody but the vice president or somebody quite remote who could resolve the tensions along that line that had to be resolved. And so there was a lot of paperwork, a lot of oversight, a lot of matrix management without authority, and the early ‘80s were characterized by that kind of chaos, in my view. And then in ‘87 we decided to go--instead of just trying to push papers through a bad organization, we would realign the organization so that in effect this continuum could be created without as much friction and lost time.

WEBB: Is it working?

JAYCOX: In my view it's working on that front, although some of the other objectives of the reorganization I think have been weakened or, let's say, compromised because we didn't get the cultural changes we were aiming for. We changed a lot of processes. We changed the organization. We aimed to change the culture. We did not change the culture fast enough, and as a result some of the old-style control approach to production has reasserted itself.

KAPUR: [inaudible]

JAYCOX: No, I'm thinking of the—you know, the idea was to delegate, put more people on the line, have less layering of supervision, and hold more accountability on the line. I found it difficult to hold people accountable [inaudible] products, and they began to trust the various managers with advisors which meant that the layering began to pileup. The speed and responsiveness of the organization slowed down, and talent and resources have been drawn away from our product, drawn away from our customers, and now focuses itself on the Bank more than we had intended in 1987. You see, the front offices became bigger and bigger. You see the layering—we don't have deputies—yet—but we've got people who look like deputies and act like deputies and are in fact layers. Things go to them before they go to the boss, that kind of—where accountability is watered down. People don't, you know—you can't hold an individual responsible for quality as some other outfits do. There are just too many people in the act, too many, you know, advice and counter-advice and overlaying of advice, and in the end nobody feels really responsible for the results. Too many committees, too many people in the committees.

You know, one way to avoid accountability is to just have a lot of people in the room on a difficult subject, and you'll get that many opinions. And then what do you do? I mean, if you don't do anything, then there's nobody accountable for that. If you do something, then, you know, it's shared accountability and [inaudible] crisp business organization, which is what we were after. What we wanted was more creativity, less bureaucracy, lower costs of production, more accountability. People who screwed up, you hold them accountable. Screw up three times, they're out. [inaudible] Everybody
protecting their—you know, covering their ass, as we say in bureaucracy. There’s a lot of that in the old Bank, a lot less of it now, but I see it reasserting itself. A very bureaucratic organization.

WEBB: What kind of organization would you look to as a closest role model—a bank or a kind of a bureaucracy, any old corporation?

JAYCOX: No, I don't think in those—I think that would be too simplistic, just a sort of a...

WEBB: I mean, even to look for ideas? Role model is too strong a word, but—or do you think it simply has to be thought out here with our own, the Bank’s own situation as it’s seen here, its own logic?

JAYCOX: It's more of that. I'd say that if you take some of the organizational aspects of a law firm or a consulting firm or a big accounting firm, mix that with a military operation. You know, I'm not kidding about that, because that's where you're required—in a good military operation—to be disengaged. Then you can't afford bureaucracy; people can get killed. But here you lose opportunities. You lose creativity. You lose responsiveness to the situation. You can't go to the—mean there are authorities that are delegated. People are held accountable. That kind of thing loses itself in a highly-centralized organization. I mean, you can have a highly-centralized peacetime army, but you can't have a highly-centralized wartime army or you can't fight. I mean these are the, some of the aspects of that organization...

KAPUR: The irony of, slight irony of an institution which, especially in the '80s, has [inaudible] performance of incentives on everything, advice is given, [inaudible] but internally the way it's handled incentives in the organization, the way that jibes with the outside advice is quite an irony.

JAYCOX: Yes. It used to be worse than it is today, I'd say, because—I mean, we went through structural adjustment, you know. There are a lot of pain and agony here and nobody liked it, but I think we came out more efficient and we have more—our organization looked more like our business.

Now, I'm going to use an example on organization which can be very badly misunderstood, so I hesitate. I usually only do this with people who really understand the Bank, and I think, Richard, I'll gamble that you still understand the Bank. The way I see this in my own mind is something akin to a McDonald's franchise. Now, what's the beauty of that? That is that it has a tested product line, but it's got completely local entrepreneurial orientation. You have to sell—I mean, if you're an owner of the franchise—you have to sell McDonald's on the wisdom of your approach, but you have to use their recipes, and indeed they help you out with national advertising. They give you the name, which puts you in business.

Okay, I'm in the Africa region of the World Bank. I couldn't function without that World Bank part of it. I have to go to the Bank to get the recipe, to get the resources, and I get the—and they hold me accountable. They have a—they're not going to allow me to run this Africa region in any old way. It's got to conform to the recipes and the quality control systems of the organization, but I am totally free to lose my shirt, to
really screw up, or make a million dollars on my little corner in my little hometown called Africa. And so they don't tell me much beyond that. They don't stick their noses into everything I do. They don't tell me who to hire and who to fire. They don't tell me how many bananas to sell or how many hamburgers I've got to sell or how much I've got to order of this or that. They don't tell me what kind of--they just tell me that I can't, you know, give them a bad reputation, and I can't lose money, and I can't--if I stay in business, they're not going to subsidize me. If you get the idea of an organization, see, that's basically the way I run my region now is I pass this along, and I delegate like hell to these shops, and they have all my backing. When they get into trouble, when they have a problem that has to be solved, I help them. But otherwise they do it, and I hold them accountable. And that's the idea. I really hold them accountable.

WEBB: The Bank is more like this now than with McNamara?

JAYCOX: Oh, yeah. Well, McNamara's a very "top down" man, first of all, and, you know, he actually--I think he's a very exciting man to work for and he motivated a lot of people, but he also had a very high de-motivation aspect to him because he stole people's clothes, you know. I mean, if you had an idea, he made it his idea and then he jammed it down your throat. And he didn't recognize that you were even more willing, in fact you--and in a way on that urban thing, I mean, I didn't start out by claiming that we were going to employ everybody in the world or anything, but we had a lot of things that needed to be done, and I wanted basically to get some backing from the top so we could be able get the resources, get moving on these things. But then he basically turned that into a—some very inappropriate objectives because they were not suited to the tools that we had, and they were just [inaudible]. We couldn't prove that, we never did prove it, but what we did do was very, very interesting. I mean, we changed the way people look at slums pretty much worldwide, and there are very few bulldozers in operation now. I don't know about Latin America, but in Asia and in Africa they're not bulldozing the slums.

WEBB: Sure.

KAPUR: But organizationally the one thing which has not changed is in [inaudible]

JAYCOX: That's right, although in Africa, you know, we've gone pretty far on that front. We now have a couple hundred people in the field. We have a larger proportion than anybody else. We have 31 resident missions. When I came here in '84 we had 14. We only had one person in each of those missions, except for Nairobi and Abidjan. Now we've got four or five professionals from headquarters or local professional staff in each of those missions, so we are definitely moving. And in the reorganization we've much more—well, this really depends on management style more than anything else, but where I have the right people--and, of course, we don't always have the right people in the right places--but we have made them deputy directors in situ. That's their--they have their director back here and division chiefs back here, and these guys, no matter what their rank--they could be anything--they in effect are deputy directors for, in situ in that country, so they outrank when it comes to actual—you know, when anybody's in the country, they outrank everybody but the director, of course. And they can call the shots on who sees whom and what and how the dialogues and country strategy, and he's in charge. And so all visiting missions

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must follow the lead of the resident mission chief. And they instead of being overheads now they contribute to the work program a big chunk, the economic report or the supervision of several projects or the day-to-day supervision of a structural adjustment operation, what have you. But major chunks of the work programs are delegated, and they're not just reactive overhead type of people anymore.

WEBB: Much more in Africa than elsewhere?

JAYCOX: Yeah, because we really--this is the way it has to be in Africa. We can't—we need those people in the field, but we can't afford the overhead. They have to, you know, bring home the bacon in terms of output. They're very expensive. It costs a lot to keep those missions operating.

WEBB: There are two large offices, aren't there now, for east and west?

JAYCOX: Yeah. They are smaller now than when I took over because—what happened is we had two relatively centralized resident missions, one in Nairobi and one in Abidjan, and I found them pretty remote from where the action was, especially when we got into structural adjustments because it is very important that people be in the countries which were in structural adjustment and be available for consultation. And if we had worked our relationship correctly so that we were really partners in this enterprise, then—I mean, it was not uncommon for the Bank to be consulted about a price change or a new marketing strategy, and I found our people were just too remote in Nairobi or Abidjan. When they were in Dar es Salaam and Kigali and Bujumbura, they were where the action is and it would take a day or two sometimes to get them there where they should be. Not too small—the distances are smaller, but the logistics are much worse. Getting them from Washington to some of these places didn't take a hell of a lot more time than it did to get them from Nairobi or Abidjan. And the telephones don't work very well. I mean, they work better internationally than they do between African countries, or inter-continentally.

So this wasn't really working the way we thought. It was a good way to start resident activity in Africa, but when you really got around to depending on resident activity in Africa then you had to go further. Clearly you had to go beyond it. So what I was doing was decentralizing out of Nairobi and Abidjan into the countries that they served, setting up resident missions or supplementing the one-man-post-office kind of resident mission with people that were in Nairobi. This means that the incremental costs were not as great as they would have been if I had been moving positions from Washington all the way to Dar es Salaam. And it also meant that we could do it, you know, in a kind of a measured way because—well, I mean we did it in a measured way because the incremental costs were smaller, which meant we could plan it better and we could also do it when somebody was coming due for rotation or reassignment back to headquarters. Then we could put the new man out to Dar es Salaam without disrupting families and all that kind of stuff. So it worked out fine. Over the period of the last six years we've increased the field staff enormously.

WEBB: We have been reading about those debates you’re referring to. Africa seems to be the one place where—it seems to be focused on regions much more than on individual countries. There’s a debate—by the way, I hadn’t been to Africa; I once was in Zaire on a short mission, but I didn’t--but out of the blue, what, two or three
years ago, called by the U.N. and asked to be part of a committee of quote unquote experts on Africa that was to be headed by Malcolm Fraser.


WEBB: On commodities.

JAYCOX: Right.

[End Tape 1, Side A]
[Begin Tape 1, Side B]

WEBB: . . two volumes. There's to be a--one is a straight history, but there's to be a second volume which will be a collection of essays that look at the Bank from outside, one aspect or another, the country points are different: Japan's view of the Bank, Czech or Poland, or the Fund and the Bank, some country studies. And we decided that there ought to be one of those at least on sub-Saharan Africa, partly because there's just the objective here—there has been all this discussion about and it would be interesting to have it reviewed. We're looking for an author. We've talked to people. We wonder whether you might be able to help. We know that you have a committee of advisers. We've talked to two of them, I think, Using [ph] and [Dominic] Mulaisho.

JAYCOX: Mulaisho.

KAPUR: Hilary Ng’weno. [inaudible]

WEBB: Using [ph] turned it down. Hilary also?

KAPUR: Yeah, he sort of [inaudible] I guess the main—well, the people who in some ways have a historical sense of the debate [inaudible] If you could . . .

JAYCOX: Well, I'll give it—I just--Jonathan Frimpong-Ansah, but he's working for this capacity building initiative now full time and he's very, very busy. There's Oje [Ojejunji] Aboyade. Do you know him?

WEBB: I've heard that name.

JAYCOX: He's a Nigerian, used to be dean of economics, dean of the school of [inaudible] in Ibadan. Very, very good person.

WEBB: He's at the university still?

JAYCOX: I think he's retired. His name is Oje, O-J-E, Aboyade, A-B-O-Y-A-D-E. Now, he's not as rigorous as [Harris] Mule would be or as Mulaisho even, I don't think. Mulaisho--what did Mulaisho say?

WEBB: No, he hasn't—we haven't—it seems to be more the ball in our court with him and trying to [inaudible] judgment. He's a journalist.

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JAYCOX: Yes, that's right.

WEBB: And he seems to be a bit insecure about the assignment. At least he wants an awful lot of backing, research and time, which is okay. There's nothing wrong with that. What would you think of that?

JAYCOX: Well, he's not been always a journalist. He was economic advisor to [Kenneth] Kaunda when we first started economic adjustment there, and he's a very good man. I mean, he gave the right advice. And he got fired for it and he had to leave the country and he went to Zimbabwe and started this magazine. Actually, it's set up with Swedish backing, I think. This magazine I don't think would make it on its own, but it's a good, interesting magazine.

WEBB: We've seen it, yeah.

JAYCOX: But I must say I don't read it from cover to cover, and I don't see it that often anymore. He's a delightful guy, I mean a really nice person. I like him a lot. He's got a really rogue sense of humor, and he's not particularly--he's got no reverence for the World Bank. He's not a—he's very frank, and he's not persuaded by a lot of the things we do, so I mean it's always interesting [inaudible] the perspective of a frank [inaudible] He doesn't always get, in my view—but of course I mostly agree with the Africans that we got it wrong [inaudible] but sometimes he doesn't get it right.

But I think--now, Africa, yeah, we look at it as a continent because there are lots of things you could say about Africa, and people will recognize that the generalization is true. Nobody around here likes to make generalizations about Africa because really it's a very diverse place, but it's quite effective to do so. We've raised a lot of money for Africa by doing it, and we've managed to pound a lot of truth into some people's heads about Africa that are abstractions, but they fit all over the place, and where they fit they should be put on the feet because clearly there's a lot to be done in Africa, on the African side. We've written this long-term perspective study. We've raised this special program of assistance. I'm the chairman of several groups that are now mobilizing resources and, you know, [inaudible] around problems, SPAAR, the Special Program on African Agricultural Research, Special Program of Assistance to Sub-Saharan Africa. Another one--we've got groups on education, we've got groups on health, we've got groups on aid, we've got groups on population. All of these things the Bank has participated in and somebody's got to lead—often the Bank—or the, you know, in the case of population, UNFPA [United Nations Population Fund] or somebody else.

WEBB: The problem is also quite new in the World Bank, isn't it?

JAYCOX: Yeah. And, you see, this is really my job. Going back to the McDonald's, you know, I haven't got anything to do anymore unless I'm doing this. This is really my job, and it's something that doesn't--maybe doesn't exist in other regions, that you can't make these kinds of generalizations, or you can't excite a large number of people about the same issues over so many countries as you can in Africa.

WEBB: Excite and act?

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JAYCOX: Mobilize. Generate some new action. So I'm just taking advantage of that. My directors run the programs, they run all the projects, they run all the investments, they do all the economic work, and I work on African issues. Occasionally they drag me out to go visit a head of state and make a point or two, but my business is something the Bank doesn't do and that is to generate this--trying to keep Africa on the front burner. I mean, the continent has been marginalized economically; I mean, its percentage of world trade has been halved in the last couple of years. You know, their exchange rates for several years didn't mean anything. They've cut their links with the world economy almost--consciously, on purpose. They've been marginalized. Now there is no cold war to energize people down around Africa, they've almost been marginalized politically. I mean, who gives a damn? Why hasn't this problem in Liberia been solved? Why isn't this problem in Somalia likely to get solved? Or Ethiopia? Nobody gives a damn. These places are not strategic anymore. Nobody cares. Well, so then you see this marginalization taking place.

Now Africa in the age of information is probably the most ignorant, uninformed, out-of-it place in the world. The newspapers don't print the truth. They have--the last publications in the University of Ibadan were in 1966--the last periodicals that they had: 1966, you know, the year before the Nigerian civil war. They don't have anything. They have to go abroad to find out what's happening in the world. I mean, it's a terrible situation if you look at it from the global perspective. People are going in the wrong direction, and they're going at the speed of light.

So the idea is to get some concern mobilized here, this global coalition, which you may hear more about, which is, hopefully by the time you get your book written, maybe this will be a reality. We've got McNamara and a series of European ministers co-chairing it. We've got a little secretariat and now we're going to try and spread a political umbrella over all these sectoral initiatives to basically validate all this politically. This political umbrella with African ministers and non-African ministers is sort of like a development committee for Africa. Now, that we invented, and we're trying to make it a reality. I spend a lot of my time on it.

Capacity-building initiative--very interesting thing, by the way. We have created that in Harare now. Did you know about that?

WEBB: What does it mean?

JAYCOX: It means building--well, actually it comes from the demand [inaudible] negotiate with us. They didn't have enough talent internally to stand up to the Fund or the Bank. They don't have the capacity to own a structural adjustment program, many of them, very few of them should--they have--I'm generalizing rapidly here, but there is a--not only has Africa thrown away a lot of talent, guys like Mulaisho writing a magazine instead of running an economy, ministers that .

WEBB: I run a magazine.

JAYCOX: Are you running a magazine now? Yeah, well, it's not only an African problem. It happens around here, too. But I mean maybe Peru has a few more

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economists than most African countries, and nevertheless to throw them away like tissue paper the way they have is very—so there's an institutional problem. You know, we need more talent, and we need to have it used a lot better and used more productively, and that's what this project is about. We raised 100 million dollars. It's a four-year pilot, so in four years we hope to make 100 million dollars worth of grants to universities and training institutions in Africa, and hopefully by that time they will have developed a strategy for developing a real core of economic management in Africa.

WEBB: Does EDI [Economic Development Institute] have an Africa program?

JAYCOX: It does. It's the largest part of their program, but it's so small. It's got 14 million dollars, total budget. Six million goes to Africa a year. So we're talking about four times that per annum already, and we're talking about after four years endowing this thing, trying to raise an endowment for this to make it the first, if you will, African foundation with about a billion dollars or a billion and a half dollars in endowment which would allow them to run a 100 million, 150 million budget a year, making grants strategically on a sustained basis, you know, thirty years [inaudible] to try to bring these universities back to some level of quality and the postgraduate, post-postgraduate training, on-the-job training, centers like the African Center for Monetary Studies or these little outfits that don't have any capacity now, beef them up so they can actually train Africans.

You know, we're working on the demand side by forcing structural adjustment. The Africans [inaudible] negotiate with us, so they have to be able to develop their own talent. So I think that this kind of two-pronged approach will eventually make a big difference.

What's interesting is governments put the money up, but we have the board of directors that consists of twelve people and none of them represent governments. They're all in their own right. They're distinguished people in their own fields. Africans, more than half. And their executive director is an African, Jonathan Frimpong-Ansah, who used to be governor of the central bank of Ghana, vice president of the Standard Charter Bank. He is going to Harare, going to run this pilot program out of Harare. We have a—the Bank is a big donor, the African Bank, UNDP [United Nations Development Program], and then about eight or nine donor countries and then a dozen African countries. So they start business next month in Harare.

The idea is to rise above politics. They're going to have to be quite selective. What's happening now is that the dollar that's available for really university and that kind of training is being spread so thin it's like taking one spoon of jam and putting it over a whole loaf of bread. You don't get anything in the end. Nobody's satisfied. It doesn't, you know, yield any results.

KAPUR: Do you think sometimes, worry about the sort of aura of [inaudible] I was just wondering if you sometimes, if you really [inaudible]

JAYCOX: Well, you're not exaggerating.
KAPUR: ... [inaudible] worry about that so much emphasis [inaudible] [both talking at once]

JAYCOX: Well, that's the thing. We haven't got many fixed costs. The capacity building initiative has got a very small secretariat and a broad balance in the banks, the African Bank, the World Bank, the UNDP, and [inaudible] and the professional inputs, and this global coalition consists of three people, and that's all it's going to have. That's one of the reasons for the global coalition, this umbrella, if you will, because we do need to pull these things into some kind of integrated--the only time we've been able to integrate all this stuff (and it's alarmingly interesting when we do) is this long-term perspective study. But we can't write one of those every two years. It's not worth doing, but all those themes have to be constantly integrated because they're so inter-related. I mean, we—you know, McNamara gave a speech the other night. He's now working for us on Africa about 20 percent of his time.

WEBB: I saw. I didn't attend, but . . .

JAYCOX: It was kind of a mess, but he gave a very good speech.

KAPUR: [inaudible] question about [inaudible]

JAYCOX: I don't know why. They picked two predictable people, you know, that were not representative of Africa.

WEBB: Who were they?

JAYCOX: Mr. [Georges] Nzongola from Howard University and Mr. [inaudible] from Kampala, Uganda, both of which were kind of threadbare at this point in time, and their old (I would say Marxist) rhetoric--everything is somebody else's fault and in an open economy we get exploited--it's just the old story which ends up, you know, with Africa as the poorest place on the map and going the wrong way, but these guys don't quit. But anyway, in fact, I don't mind if you have one of those guys responding but when you have both and they're the only ones, you give the impression that the Bank and Africa are in conflict. And this is not the case, either one.

The thinking in Africa's changed a lot. I'm very impressed with the amount of effort that is being made there and the kind of facing up to reality that's taking place. It's really quite impressive.

WEBB: That's the impression I got.

JAYCOX: The fact of the matter is that we are partners in almost all of Africa. We've got a few places where we're never going to be partners until the regime changes, but most places we're working very hard together against bad odds. I mean, these places do not have a rosy reputation from skeptics, so we're always being openly criticized for, you know, dealing with the enemy, so to speak, the dictators and so forth, but they're there [inaudible]

WEBB: Did you ever imagine your role as an international politician, a diplomat?

Edward Jaycox

April 5, 1991 - Verbatim
JAYCOX: Well, I saw the need for it very clearly. I mean, we were--when Africa was split between two.

WEBB: I mean ten years ago or fifteen years ago in the Bank.

JAYCOX: No, I didn't. This was all new, it was all new. I didn't foresee it then, but by the mid-'80s it was very clear that we needed to--this Bank had to step forward on Africa. We already had our head all the way in the noose and it was already being tightened, and there was nobody, you know, nobody facing up to that reality. You know, we got 50 percent of IDA [International Development Association] going to Africa. We have made Africa number one priority. The Africans really do need this Bank, whether they like it or not.

If we fail in Africa, I mean there won't be any IDA. This Bank will begin to, you know, pile in on itself and will certainly not have a global role anymore. If we lose IDA, we lose our reputation. Our reputation is on the line in Africa, and there's no way we can avoid that.

I actually am trying to share the load now with this coalition. I would like some others. I mean, I feel that we are much too important in Africa. We now control or we sit on the critical path of maybe 75, 80 percent of all capital flow to Africa. Without a structural adjustment program with the Bank and the Fund, you can't even get debt relief. If you follow me, the debt relief and all the new money, practically all the new money--there simply is no private capital, so it's all coming through here. I mean, whether we actually lend it is another matter, but the fact of the matter is that unless we are lending our money, nobody else is doing anything--except famine relief and food aid. That's really it in these other countries. It's not all they need, but they certainly need food. So we are on the critical path, and we've got to succeed. We've got to admit that we don't know it all. We've got to go out there and find partners, and we have to have a consensus because there's no way that we can do anything alone, and if we and the French don't agree on Francophone Africa, there's nothing going to happen. It's going to fail. So we have to try to dream and try to persuade. I spend all my time trying to get this consensus going and actually moving not only money, but, you know, people getting out of the way of other people, actually coordinating what you're doing.

We went through a two-year fight over the extension services that we were trying to put down in Africa, the Danny Benoit T & V [train and visit] method which succeeded in Asia, trying to put it down in Africa, and the French fought us tooth and nail until finally the countries told the French to get the hell out of there. This was working; they wanted to go with it. And then I signed a treaty with the French that we would behave in a certain way. Now it seems to be going well. We're finally moving, and there is a chance of success, you know, for at least awhile--until we run out of messages. Unless the research side of this thing catches up to the extension, we will not have anything to tell the farmer in another five years.

WEBB: Do you see one or two cases that you can look at, give grounds for hope, countries?
JAYCOX: Oh, yeah. The countries now in structural adjustment—they hover between, say, 25 and 30. On any given day there are 25 or 30 countries in Africa in structural adjustment, and I say that—on a daily basis it's not quite that bad, but I mean there are countries that are teetering along the edge of failure to maintain the program all the time because they are very difficult programs. Things don't move very rapidly. Those countries have now achieved over the last four years an average growth rate of between 2.8 and 4.2 percent. It depends on how you do a weighted or an unweighted average of their growth rates, which is higher than per capita, higher than the population growth rate. We're getting some per capita income growth, and it's the first time in fifteen years that this rate of growth has been achieved in Africa. Countries not in adjustment are achieving minus 2.5 percent GNP growth, which added to the population growth rate means the per capita income is dropping at the rate of over 5 percent per annum. And that's the difference, so that you could say that all of this gain could be wiped out by a drought, yeah, no doubt, and, you know, you could say that a lot of this is driven by a lot of aid. Absolutely true. The countries that are in adjustment are getting the aid; the countries without it are not, although countries without it are still getting a lot of aid.

WEBB: They're getting, what, eight, nine, ten percent of GDP in ODA [official development assistance]?

JAYCOX: Yes, yes.

WEBB: Some get more?

JAYCOX: Yes, some substantially more. I mean, some are ridiculously high. And, you know, we've not got anything sustainable yet. We do not seeing the domestic mobilization rising rapidly enough. You don't see private investment response, domestic or foreign, so it's not easy. But hope? Yes. I mean, if we keep this up, eventually, you know, the aid dependency will go down and domestic resource mobilization and private investment will go up and we may get out of the woods, but it's going to take a long time. In any case, what we've got is a hell of a lot better than the alternative where the policies have not been put into place. It's also true that where the policy's not been put in place you've also got war, civil war, and you've got all kinds of problems. So it's not just lack of good policies; it's a very negative environment all together.

WEBB: Why is the African Development Bank such a small part of this?

JAYCOX: Well, they're not small.

WEBB: No? In other words, they're bigger in money than they sound.

JAYCOX: Yes. They're not as big as we are in Africa, but they're not small. The ADB is as big as we are, but I think the reason that they don't sound so big is they don't use their—they don't--there's much less conditionality. They don't pursue policy matters. They co-finance with us, all these banks. I mean, they're involved; their money flows with our funds, but they don't get out in front on policy discussions with sovereign African states. That's the problem. They do not have the political insulation that is necessary to do that.
WEBB: Is this the case of the American [inaudible]

JAYCOX: The non-regional members of that bank are trying to assert themselves, but they're being resisted. And there's always been the same kind of tension between them and the IDB [Inter-American Development Bank], and the Americans own much more stock in the IDB than do all the non-regionals combined and more in the ADB except a minority--very substantial [inaudible]

WEBB: Japanese and Arab money?

JAYCOX: The Japanese are the largest single contributor to the assets of the Development Bank, I mean non-African contributor to the ADC, African Development Council, the IDA soft money.

WEBB: Well, we don't want to outlive our future welcome.

JAYCOX: I've got to break off, too, but I'm very much interested in what you're doing here. I will retire about the time you write the book, so I'll have a chance to read it.

WEBB: Thank you very much.

JAYCOX: You're welcome. Any time you want to talk about another issue, let me know.

WEBB: We'll be calling you. Thank you very much.

JAYCOX: It's great to see you.

[End Tape 1, Side B]
[End of interview]