THE WORLD BANK GROUP HISTORIAN'S OFFICE

ORAL HISTORY PROGRAM

Transcript of interview with

EDWARD V.K. JAYCOX

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Q: You hadn't been away from your African activities very much, but you did take a break due to the reorganization. When you returned, if you could give us an idea of what you found. You do have something of a mandate from the reorganization. There were objectives and you must have had those in your mind. So if you could tell us what things looked like and what you saw as the problems.

A: Well, I was named Vice President, Africa Region. I was in charge of a combined Western and Eastern-Southern Africa. Eastern-Southern had been the name of the region I was Vice President of before the reorganization. Wilfried Thalwitz had been in charge of the Western Africa Region, and went from there to EMENA. It was only four months really between the start of the reorganization business and nominally I had been Vice President of the Eastern-Southern Africa Region even while I was in charge of the reorganization. Nobody took my place. Somebody must have been Acting. I can't remember how we did it. But when I came back it was an entirely different thing. We went through the business of "farmer takes a wife,
wife takes a child" process in the staffing of the new organization. So in the summer of 1987 we were busy making all of these personnel choices and putting the thing back together. The new region combined the two previous ones. It also brought into it a little unit that had been in the President's office or Senior Vice President of Operations' office. This was the Africa unit. I can't remember what its name was.

Q: That was part of the decentralization?
A: No. That had been a sort of a cockamamie arrangement, because Sub-Saharan Africa was split into two. There was no locus for common issues, such as raising resources for Africa. I think that this office had been established because of a special program or joint financing program. The previous IDA replenishment was not a fulsome replenishment and the Europeans made up the difference between what their burden sharing would require them to contribute, and what they wanted to make sure Africa had by inventing this special joint financing facility. This unit was in Ernie's office, to
allocate and administer these funds. That unit evolved to the Africa Region.

We also had a technical department and in my opinion at least we had a very important backlog of unaddressed policy issues in Africa.

Q: Could you go through a few of those?

A: The way I saw it, most of the Bank's policies were never refined consistently for application in Africa. Yet the underlying institutional weaknesses, the lack of consensus within Africa, was such that we were having a troublesome time applying what looked like perfectly sane Bankwide policies. But because of the classification of the region there was never one person in charge to focus on this issue. That was one of the reasons, in fact, why the reorganization recommended the merger of the two Africas. No matter what the quality of the individuals in charge of separate Africa regions, the fact is that you end up with the lowest common denominator when you solve common issues. The two sides either agreed or they had to go to the Senior Vice President.
for Operations, who had rather limited time to address
African issues.

So one of the hallmarks of the reorganization in 1987,
was the creation of a region that had room for valid
generalizations, where you could have valid policies with
some refinement. So we set about defining our approach in
education and health, family planning, most of the main areas
that we needed to address in Africa, basically adapting
Bankwide issues. Sometimes we kept looking at special
problems. For instance, I remember we took on AIDS and some
of these other issues long before the Bank as a whole did. We
built a capacity to deal with that issue very early on, we
sort of invented that.

Q: Could you fill that out with a little detail?
A: First of all, we had a very gung-ho management team,
because of the way the selection had taken place. It was a
magic moment, everybody had chosen to be here or was chosen
to be here. It was a neutral decision to be here. Nobody
inherited somebody else's crew and had to live with it.
Although the team started changing almost immediately, it was
wonderful the way we got off, because this time was so stressful that we spent the whole summer and nobody took one day of leave. There was a kind of lifeboat mentality and the Bank was an exciting place for several months, and years maybe. There was so much to do.

We had brought into Africa a number of young managers. Sven Sandstrom was a director, Calisto Madavo was a director, and Caio Koch-Weser was a director. These guys had been involved in the reorganization task forces. So a number of the Africa managers were fully committed to the reorganization and the way it was supposed to operate at the regional level. So this region really did take advantage of all that. I didn't have to spend a lot of time convincing people. It just moved. And I think we made, in a couple of years, really quite outstanding progress on a lot of fronts for Africa.

We also launched during this period, a major thing called the "Long-term Perspective Study" on Africa. We in the region were worried that the IMF programs were concentrating on short-term balances, getting those balances
at the expense of the long-term development objectives, and we needed to lift our eyes off the crisis and put things into perspective.

We also invented the SPA during 1987. We had our first meeting at the end of 1987. This was handled by the group that came from Ernie's shop, Xavier de la Renaudiere and others. Although Xavier retired in the context of the reorganization, he did stick around and Phil Birnbaum, who was in that group at the center, came over and we launched the SPA. Moeen Qureshi providing some leadership, I had to carry the ball and make something out of this.

The SPA is a very important achievement, in the history of the Bank, as a matter of fact. The ideas were just dawning at the time of the reorganization. There were a number of people who could legitimately claim paternity for these ideas, including Ernie and Xavier. The idea was to bring all the donors together in support of structural adjustment in Africa. Something that the other donors were not willing to support. They were not willing to provide balance of payment type of support. All of the professionals
from the aid agencies were against that and we didn't have enough money to support these programs. The real reason to turn everybody around was this long-term perspective study. It underlined that instead of just getting the balances right we were interested in getting growth and some forward movement. The basic problem was that you can't steer a parked car. You've got to be moving before you can get any real adjustment. And, I mean moving forward, for they really were moving in a negative sense. In fact, Africa was going down the hill, so to speak. That was happening because in getting the balances in the short run we were constantly cutting expenditure. There was not enough time to develop the capacity to raise taxes and start domestic resource mobilization. Government had lost its authority in most of these countries anyway, so the only thing to do was cut expenditures, cutting costs, and of course that was basically leading us to a balanced budget of zero. We were going to have no government, no schools, no roads, no nothing, and this was the way we were headed and rather rapidly. So we had to turn that around.
We had to identify the gaps in these countries in the context of some growth, per capita income growth. And we did not see that we could continue to compress consumption or continue to make indiscriminate cuts in expenditures.

Q: Sometimes there is tension between per capita growth and poverty alleviation.

A: Oh, yeah. But you need both. You are not going to get any poverty alleviation without per capita growth. That is a definition of policy, because on average these countries are at or below the poverty line, the average income is below the poverty line. So this is not a sophisticated concept, without getting into purchasing power parities and all that. But the margin is so minor that it's not worth talking about.

It would be much easier to get growth than it would be to reallocate this paltry pie. People would kill each other over their crops already. In the circumstances, it would be much easier to get growth. This was staring us in the face. These countries had a lot of potential, but the IMF programs that we were dealing with were going in the wrong direction.

It was not the Italian model where you change your exchange
rate and thousands of people go into leather goods or something, and then the balances are corrected and everybody is back to their old standard of living. This is not what happens in Africa. We don't have the infrastructure. We don't have the human resource development. We don't have the management capacity to make those things happen.

Q: Were you dealing directly with the IMF on this?
A: Yes. And this was a confrontation. But we finally got them on board when they realized that if you took these long-term projections this becomes obvious. Shortly thereafter we had to invent the PFP. That was invented for Africa because they were done only in the context of IDA countries. Africa is where the action is for IDA. So once we had these programs working, we could see the trend turn around. We never saw before that the per capita growth would turn around because with the lower levels of expenditure, we were cutting right into the bone and muscle of these economies.

So we invented this SPA, and this was a very creative thing. It recognized that we needed growth. It recognized that the gap had to be defined, it had to be filled, not in a
balancing but in a satisfactory scenario. That was the starting point and it meant a bigger gap because it had to have enough juice in the overall scenario for growth to take place, per capita income growth, which meant that growth had to be higher than the population growth rate by at least one percent. That was our objective. Minimal objective. And we guaranteed to any country that was in bona fides adjustment that they would get the funding that was needed theoretically to achieve that.

Now we are in our third replenishment of this SPA. It has done just that guaranteed the needed transfer of resources. Every gap has been filled. There have been some slips, and some untoward events on occasion, but by and large it has worked. The reason it succeeded was that the bilaterals were allowed to remain bilaterals. They didn't have to turn their money over to IDA. They made their loans directly to these countries. They got credit for what they did. They got to pick the countries they favored, and not had to contribute to some general pool. The World Bank, or IDA rather, acted like an underwriter. We were ready to move
to the unpopular countries provided they were in bona fides adjustment, and let the other donors carry their favorites, where we would reduce our participation in order that there was enough money to make this guarantee work for all the countries.

We had up to about 30 countries in this program, and we still have 28. They are moving, sometimes very slowly, but they are moving. For those 28 countries, the freefall that Africa was in in 1987, has been reversed. Most of them have growth rates over four percent. This is despite the fact that during this period of time, I'm talking about the five-year period from '87 to '93. We had the worst economic recession since the Thirties. The most prolonged at any rate, where Africa was coming from a totally disconnected situation with the world economy, to some measure of integration. I think this has been a major success story in terms of partnership, in terms of mobilizing resources.

At the first meeting in '87, I remember, we got a $6.6 billion pledge out of the donors at that meeting. About half of that could be considered new money in the sense that it
would be disbursed so rapidly that it would amount to a
doubling of their commitment to Africa. You can see it in the
aid statistics, all of a sudden the amount of money flowing
to Africa went way up.

A very comprehensive approach, too, in the sense that it
took account of export proceeds, debt rescheduling, all the
sources of finance that were available, and all the donors.
And the donors got, in return for all of this, the collective
security of the group supporting these highly risky,
controversial reform programs with a lot of political
overtones. We did all the dirty work. They got the credit
for supporting things, after we had negotiated the deal.

Q: Did they know that before the deal?
A: Sure. That was clearly stated that that was what we
were offering. That's one of the reasons they were able to
participate. Part of the prejudice against this kind of
policy-based lending was that the donors knew that one
country cannot stick its nose so deeply into the affairs of
another country, that only the Bank could probably get away
with that. The U.S. tried, and even they couldn't. Even with
the smallest African country they just lost so much on the other side in terms of their other objectives, vis-a-vis each of these countries, political, business, trade, whatever, votes in the U.N. They lost so much when they became that intrusive that it wasn't worth the candle and the State Department did not support AID's involvement. They could have the rhetoric but they couldn't have the conditionality.

But we provided the conditionality which rounded things out, and everybody could go in there and say, "Oh, gee, the World Bank and the IMF have been really tough on you guys, but we are really proud of the fact that you are making this effort, and here's our support to make sure this is going to work." So this was a win-win situation. I don't know if we thought all this through, but it turned out to be brilliant in terms of its effects. Now we cite it as the most successful aid coordination venture that the Bank's ever been involved in.

We were basically also trading for them information that they didn't otherwise get. What they got was a biannual readout of the cash flow situation of 30 countries in Africa, including how the gap would be filled, or what remains
unfilled, and a listing of all the other donors and what they are putting in. So the British could look and see what the French were doing and the Americans were doing, and so forth, in each of these countries. And because the money was not pooled in any way, and since they determined which countries to support, there was no talk about burden sharing of any kind.

Q: It was a self-generated approach.

A: Yeah. Well, the whole thing was very congenial. Nobody was expecting, like they do in IDA, that the United States would be as heavy on the ground as France and Britain in Africa, so there was no burden sharing concept to begin with. Everybody wanted and nobody was worried about how soon it would be possible to bring the Japanese in. The second replenishment was $7.5 billion, and the third one was $7.8, so we've raised about $22 billion equivalent in the three replenishments.

So that's one of the major achievements, being able to talk about Africa. I don't think that would have happened without the merged Africa region, because the amount of work
required to generate that information and consistently hold control of the quality of that data just couldn't be done by two separate regions. I don't think you would have gotten the energy behind your program.

Q: But it also put you in a key position in terms of negotiating. You could negotiate for that whole entity.

A: Right.

Q: And you were in a lot better negotiating position.

A: Oh, yeah. If I were down the line in the organization that would not work. But if you take the guy who was going to operationalize the thing, put him also in the chair for raising the money, this really increases your credibility with these donors. Some central Vice Presidency or other force would have to deal in abstractions and would not be as effective. We were able to go to these people and say, "Okay. This is the status in Burundi today." "This is the status in Malawi today." We would have meetings on each of these countries, each of these cash flows, the nuances of these countries, and we developed this information system which the donors needed.
Q: You are dealing donor to donor, you are dealing with one donor at a time, or are you dealing with them in groups?

A: All together--and one-on-one--in the sense that each one gets the entire picture. Each one sees what everyone else is doing and what we are doing. They are able to ask questions, they are able to say, "Why are you slowing down here? Are we all together on this?" The amount of communications between us and the donors was expanded just a thousand-fold. Each of my directors has a responsibility to some donors, to know what their policies are, to be there when it's time to raise money, be there when it's time to answer questions, get to know the parliamentary committees that have got the money, make sure that they understand where we are coming from. So we have a big outreach program that keeps these guys on board. We meet every six months, once in Washington and once in Paris, and we've been doing that for nine years, since '87. Eight and a half years.

Q: Are you satisfied that you had more or less all the money that was needed?

A: Yeah.
Q: So at the end of the process you could say, money is not the problem now to get Africa back on course.

A: Yeah. Money is not the problem. In fact, we are not able to use all the money we've got now. That's partly because of the political transitions. The thing is so dependent upon African performance. That's Number One. You cannot get the money flowing unless reforms are taking place, so if there's a slowdown of reform there's a slowdown of money. But as long as the reforms are moving at a fast pace, then we could run out of money. This would be a fortunate day, in a sense. This would be ideal. This would mean that we got 30-odd countries in Africa going full bore for economic reform. And they need a lot of money in order to make that happen.

Q: Is your four percent figure the top or is four percent, the average?

A: Well, the average. The average growth rate of population in these countries is a little over three percent. So the target for reforming countries is minimally four something. Now, as a matter of fact, nobody is quite on target, so the
average growth rate is substantially less. But there are 21 countries with positive per capita income growth over five years, and that's never happened since 1968 in Africa.

Q: You do have a fair number of countries, though, that come in and drop off again?

A: Yeah, this is always happening particularly now with the democratic transitions. We've gone from four countries with governments that are based on contested elections to 30 in the last four years. If four years ago you had said that there were going to be 30 countries in Sub-Saharan Africa where, you had oppositions in the parliaments and governments based on national elections which were contested by opposition parties, you would have been laughed at. This was a big surprise.

That's a phenomenon that marks the end of the Cold War where basically every African government was dependent upon some outside power for its legitimacy domestically. That meant that Mobutu could get away with bloody murder inside Zaire because he had a Big Brother outside. He didn't have to worry about what his people thought. Now, at the end of
the Cold War, that game was finished. So each of these regimes has been destabilized and is looking for ways of legitimizing themselves domestically. Some of them tried to go to the ultimate dictatorship, but that has not worked and most of those countries are in civil war now. The others have chosen the democratic option. Some of these are false, phony developments, but they are easy to spot. And the others are legitimate but they are very fragile, and they are not necessarily performing very well. So one of the problems now is that governments are not very capable of making decisions. They are less capable than they were four years ago.

Q: Democracy is sloppy.

A: Yes. And there's a tremendous educational backlog, because nobody was brought along. In the reform process the economic side started before this political transition, and the opposition parties are all against economic reforms. Economic change is a very painful thing and if they were not included in the beginning, they naturally develop negative
views against those changes. So we are paying the price of that transition.

Q: Do you get involved in this democratization process?
A: Well, we cannot get involved with the politics of this process. We do not use the word "democracy" very often. We use the word "pluralism," though. We break monopolies wherever we see them, and this has gone beyond economic monopolies, it's been applied to informational monopolies and, by extension it definitely involves political monopolies. One way or another, these things are really one piece. The Bank tries to avoid the appearance of supporting the opposition per se but stimulating public debate, why we feel perfectly free to do that.

Q: How does one stimulate debate?
A: Well, we give interviews to the press. The press is now freer, not free but freer. That means that if I were to give a speech, that's critical of government, it would probably be printed now in Africa. I avoid doing that about a specific African government but I talk about African situations in generalities so that where the shoe fits, the message is
heard. The trouble is the shoe fits all over the place, and everybody knows it.

Q: That's a fairly recent phenomenon. You wouldn't have gotten that kind of publicity before.

A: No. Not unless I was the most complimentary commentator. Except for the international press. I mean, the international press was always looking for criticism of Africa and you had to watch it all the time because if you come across as only critical obviously you are not going to be very effective. But the emphasis on governance is now accepted. We invented the application of that word in this Long-Term Perspective Study. I can remember sitting around with seven or eight really serious, civilian Africans up in a hotel in Baltimore, and they said, "Look, you cannot publish a long-term perspective on African development unless you talk about the quality of government. The governments are a part of the problem, vampire state, the rapacious vampire state." This is the kind of language they were using with me, referring to "the corruption, the mismanagement, the tribalism, the shunning of professionalism, the shutting down
of old active mines, the pushing away of young trained people. All of these things are, the real problem, and if you do not talk about these things you are not going to be believed by anybody in Africa. That's Number One. "If you do not talk about the issues you might as well quit." So while we wondered about how we could get this into this report. This was a new departure for the World Bank, to write about something like this. Dunston Wai was interested in this angle of external affairs for Africa. He was there with me and we were going to search for a word that would talk about the quality of government. This word "governance" came up. "Governance" is more broad. It has a kind of a positive ring to it. Governance is something that is positive. It can be bad, but mostly when you talk about governance you tend to think in terms of the art.

Q: It is more of a technical term.

A: Right. And it has a small "g." It goes beyond "government" with a capital "G."

Q: "Governance" is a lot different than "government."
A: Yeah. So we found this word, and I think we found the right word because the minute we got it, it went right into chapter 3 of the Long-term Perspective Study. The Bank has taken it up and we've talked about governance. Of course, there are those people who don't like it. In fact, maybe we've over-used this word now, but at the time it was capturing something that had not been discussed in polite circles about Africa, and all of a sudden it was center stage and indeed we've been dealing with it ever since.

The way we look at it is that governance has always been part of our work, in a project sense. If you make a road loan, you are interested in the sanctity of the contract, you are interested in the transparency of the award, of the bid, the accountability ultimately for the contract and the procedures in the use of monies. You are interested in the ownership by the government of this whole process. In other words, governance covers most of the main elements, that we've got, accountability, transparency, the rule of law, predictability and sustained policy, the participation of the stakeholders in the decision-making process. That's about as
close as we get to democracy. But if we can insist on those things in a project context, we've got all these little doors and windows into governance.

Now the issue is if we get into structural adjustment we are underwriting the whole economy and the gap is what we are filling. That means, we have to worry about every nickel that comes in and goes out. We have to worry about the accountability and the transparency and the constancy of policy, the whole bit. So we are into governance. We are into the issues. And I think that many governments, in fact, not all democracies have those features, as we all well know.

Q: Right.

A: Certainly not all governments that have multi-party elections backing them have all these features. We are more concerned with the essence of the development role of the state rather than the taboos of political involvement, the things we want and the things we don't want when we talk about governance as opposed to democracy.

Q: On the question of taboos, there's a contradiction between getting deeper into the process of the societies,
particularly with conditionality, and the idea of having greater client involvement. There is a certain tension.

A: Right.

Q: When we interviewed Ernie I thought there was one very telling moment where I believe we provoked him, and he said, "You know, if they knew what to do they wouldn't need the money." It was one of those blunt things that you say. Did that come up as you developed your dialogue?

A: Well, I think, there is always a tension between conditionality and ownership. But, if you look at conditionality as a substitute for ownership, you are dead in the water. I don't think that's going to work. We've tried it, and we've got a lot of it, and those are the loans I wish I'd never signed. In fact, the whole study on adjustment in Africa shows that those loans didn't work. That's why we had a lot of adjustment lending and very little adjustment. So I think that we've changed the way we looked at things a long time ago.

Q: Is that because you have now a better formula for structural adjustment?
A: Well, no. It is because we were trying to reform these economies. Now, I've come to believe it's impossible for us to reform these economies. We can only support people who are reforming these economies. But we cannot reform these economies. There is a distinction there.

Q: Right.

A: You see, if we decide what they have to do in order to get the money, that's a formula; it's a substitution of our commitment and ownership for theirs, and it's not going to work. We are anxious about this because we see that time is money, we see that if they don't reform it's going to cost more, we are going to run out of money, we are going to run out of aid, aid fatigue will set in, these people will be written off. These are legitimate worries. And yet, they have to actually do the reforming. That's the way I look at it, anyway.

Q: You didn't look at that, you didn't look at it exactly that way in 1987?

A: No. Well, the point is you don't want to make the same mistakes over and over again. If we make mistakes, I think
we catch them early and don't repeat them twice. I don't expect to avoid altogether making mistakes. You've got to remember that we started with this Fund approach where the whole thing could be done in a few months. But the Italian model was not going to work in Africa. Some of us foresaw that. Others hoped that we would get through this. And maybe we believed, like the Africans that it was a temporary crisis, that it would be reversed, that the Americans wouldn't just say, disinflate the whole world economy. There were all kinds of things that might have happened if the world was managed in a different way. But, it turned out to be a lot longer, a lot more painful, a lot deeper, the dangers of adjustment became that we might do it in a wrong, improper way rather than support real adjustment. But we saw the mistakes after a while.

Q: Presumably the Africans also began to look at things differently?

A: Oh, sure.

Q: Initially they may have said why should we do this? It hurts.
A: Yes. And the world is unfair and you've caused all these problems anyway, for God's sakes. Yeah.

Q: And eventually they came to recognize that they really didn't have any options.

A: That's right.

Q: --but to confront these problems.

A: I think that's correct. So we didn't have to do all the reforming by ourselves. That's another thing that evolved. But I still think that the real tension, is between the agenda that we have and the agenda that the Africans have. We are under pressure from the people who provide our resources and govern our Bank, the majority of votes, to get these economies reformed.

Q: Right. Achieve results.

A: To get these girls in school, and get these birthrates down, and get these environmental action programs in full swing. If you go to Africa there's no African minister, there's no African, there's hardly any African that has that agenda. They are looking for where their next square meal is going to come from. And what's in it for me? You know, this
reflects the breakdown of their tribal culture, and we've reached it pretty fast in some of those places. But my point is that our agenda doesn't match with theirs, so reform is a very tricky thing. The vast majority never goes for reform.

It's always a tiny minority that starts this process anywhere. Certainly that's true inside the Bank as it is out.

A tiny minority thinks they have the guts and the will and the determination to make changes. The mass are fine. I mean, the status quo is the way it is, and they've all made peace with that or they are voiceless. So when we get this movement, we start supporting this tiny minority. Sometimes this tiny minority needs the conditions in order to force the rest of the cabinets or the rest of the government or, the labor unions, or the customs collectors to straighten up and fly right. They need that conditionality. By God, if we do not do this, if you do not do this, the World Bank is going to stop the flow of money. So we end up putting these conditions on, not only because we want to reform these economies but we are trying to support those who do.
Q: I'm going to stop you right there for just a second. How good is your intelligence that you get on the political implications of, say, conditionality of the sort you were just talking about?.

A: I think we have very good intelligence.

Q: Do you?

A: Yes. We are probably not experts enough. We ought to have more information. But I don't think there are many surprises. The thing is that we are in this hard situation and the implementation is in the hands of the weaker partner.

They have to implement. If they make one false move in Zambia, if they don't come across with a program that's credible to the millers, to mill what they call the "roller-meal", they messed it up. The whole damn thing comes apart and because of this, our Board sometimes says we don't have enough conditions while in reality we have too many conditions. If we had tried to save the day in Zambia by telling them how to tie their shoes, you can imagine the uproar that we would be having about our legal documents cluttered up with this kind of minutiae. But in fact that's
where this thing in fact began to unravel big time. This was a disaster, from my point of view. It set the whole thing back five years, and made what we are doing now in Zambia just that much more difficult.

My point is that this tension between ownership and conditionality is extremely tricky, at least in Africa. And I'm sure this is true anywhere where the government is weak, where the reforming mentality is fragile with few supporters, where they need a lot of outside support to be successful, and where the urgency is so great because the alternatives to adjustment are a chaotic and extremely painful development for the society at large. We've got enough of that in Africa, and we cannot afford to leave that unattended.

Q: From whom are you getting your best feedback in terms of ideas and information?

A: Our customers.

Q: Any particular people that you've identified as being particularly important in terms of feedback? You've talked about how the first part of the structural adjustment ran into problems and that you felt you needed to get information
about this, and I'd like a little bit more on your sources of information. There must have been certain people you really found superb.

A: Well, first of all, I think the staff is an important source. This goes back to before the reorganization, that the team working on Africa was always a relatively close-knit team providing close communication with what's going on out there in the field. We have 30 resident missions now in the combined Africa; we've got 400 people working in the field, in different time zones. We are practically 24 hours around the clock working on Africa.

We also set up this Council of African Advisors that comes twice a year and gives us a straight assessment from their point of view. We are definitely reached out by doing an awful lot of traveling. The motto of the Africa region is "If you don't go you don't know." There's no point in sitting around here expecting to know anything. You are not going to know anything by sitting behind this desk. That's clear. However, the one consistent theme I've got in my annual evaluation was that "You travel too much, Jaycox. You
are never here when we need you." Whatever the hell that
means. I don't think they need me around here at all. You
really have to be out in the field. I get feedback from
ministers, feedback from heads of state. A lot of this is
inarticulate and problematical and self-serving from their
point of view. But it is all extremely valuable feedback,
from my point of view.
Q: There is a tendency for people to cover their ass, and
that, indirectly, was the question I was asking. How do you
deal with that? You've got a lot of people and you've got a
lot of money, and you've got a lot of different people with
very different perspectives and motives. Is that the key,
that you keep on the move, that you talk to enough people and
you get 18 different stories, and then you sift them out?
A: The way we have actually set this thing up really
maximizes the number of inputs, the sources of input. We
meet twice a year with interested donors on all these
countries, donors who have field offices and points of view
and complaints about the World Bank. We meet in the field,
and I do a lot of traveling. The directors also do a lot of traveling, and visit all of these donors in the process.

Q: But do the donors ask difficult questions of you?

A: I think we are constantly under fire. The anecdotal evidence that they gather, the concerns that they have, they register everything here with us. We are not immune from that. The customers also have complete access to us here. We meet with them a lot in the field, and we meet with them here. I think communications are good. We have all these resident missions. I think we are the only region, until very recently the only one, that had anywhere near like this establishment in the countries, and the job there is to communicate reality.

Q: And that's because of the problems of Africa, that you have more resident missions.

A: That's because all these countries have structural adjustment programs and because of all the handholding that is required, including the feedback that you are mentioning. Now, in fact I have at times felt that I was not getting reality, that I was being sold the Pollyannish stories. This
is a very serious problem, generally in any bureaucracy. But I don't think it's a huge problem in this region. I hope it's not a huge problem.

Q: You know, you are talking about the structural adjustment loans and there is a provision that you can't use them directly for debt relief. Is that the case?

A: But that's what we are doing. We providing debt relief. Well, there is no direct debt relief. If you look at this SPA document you'll see the total needs of the country, including its unavoidable debt payments, the imports required for investment and for consumption and to achieve per capita, positive per capita income growth. You add those things together. That's their total requirements in the way of money foreign exchange. And then you've got all these outflows including the unavoidable debt payments. In some countries these unavoidable debt payments are huge. But we regard them as a legitimate expenditure, you can't regard them as somebody else's problem. Now, the gaps are defined in a way that we can associate this money with the imports, but in fact in some countries, like Zambia, there's no doubt
that the amount of money required is greater than the gap that is required to finance imports. So external assistance has to go for legitimate debt service, including our own debt, although we are extremely positive. So we are paying other people's debts in addition to the imports.

Q: We are now coming under fire from these Christian alliances who claim that our debt really represents the hub of the problem.

A: That's wrong. It's numerically correct, but it's a red herring. I think we'll have to somehow deal with that. This has been analyzed to death in fact. What we are doing is we are substituting World Bank debt for other people's debt. We are paying off the Paris Club, we are paying off the IMF, we are paying off the African Development Bank, and where the hell do they think the money is coming from? It's coming from us. And it's also coming from the SPA donors who are giving it in the form of a grant. So this money doesn't show up as debt. But our one dollar of debt. What goes in is 40 years, 10 years grace, 3/4 of one percent, and it's going in to replace debt that is four years, 14 percent, four points
above LIBOR. Our money replaces the most expensive crap that
is out there. It's what's on the books of these African
countries.

Q: But that means that they are then borrowing money at
this time?

A: No, no. They are not. This is all old debt. In fact,
a lot of it is the capitalization of interest that has not
been paid previously. Once it gets rescheduled, it's beyond
the cut-off and cannot be rescheduled again. It really builds
up. Now, we are trying to change these things. It's very
much in the interest of IDA, and the Bank, to get this debt,
this heavy, hard debt, out of these economies, because until
we get rid of this debt, our money is going to go to pay off
this debt. We've got to have a reduction in order to make
sure that our money in fact goes for development. I think
the NGOs have got it, absolutely upside down. They do not
understand the role that the Bank has played in this debt
business. We have been the sherpa. We have been developing
the ideas. If you go back to the Trinidad or the Toronto
terms, the Enhanced Trinidad terms, the Naples terms for
rescheduling, these were all ideas that were developed here. Of course, we are not necessarily successful in every case. We have not got always found the consensus readily among donors and creditors. But, the idea that we are interested in holding the feet of some country to the fire so that they pay their debts is just absolutely wrong.

Q: It is a very common complaint because even the Chancellor of the Exchequer is making these noises.

A: Yeah. Well, the commercial debt is the worst aspect, but we've got to look at the total debt service. There's a lot of IDA money out there now in this whole debt. But what kind of debt is this, with all these huge grace periods and no interest practically?

Q: Soft debt as opposed to hard debt.

A: Yeah. You don't add them together to make two, these two dollars. It's a very different kind of debt. I just don't think that the thing has been analyzed correctly. We've written books about it.
Q: One area where progress must be made is on these old debts whether they are short-term or long-term including our own Bank debt.

A: Yeah. And we are getting rid of the Bank debt. We've got the fifth dimension, that's part of SPA. These dimensions you may hear about; first, second, and third. First is debt relief, second is the SPA, or maybe the first is SPA and the second is debt relief. But under the fifth dimension the reflows to IDA are used to buy down World Bank debt in countries where we, the Bank, as distinct from IDA won't be lending anymore, and has not been for some time. Before these countries went into freefall they were creditworthy, so they did have some debt, and this was relatively long-term, 20-year debt or more, sometimes 25. So there are a few payments left in some of these countries.

Q: Tanzania had some, Zambia had Bank debt.

A: Right. These countries are now repaying these loans with interest with the new money. We are adding special allocations of IDA reflow money to these countries to get rid of that debt. Now, we are also buying down the private debt
at a deep discount. I’ve got seven countries in Africa, in this program, this is the sixth dimension. The sixth dimension is a debt reduction operation which deals with private but publicly-guaranteed debt. We try to clear it. It’s like going after an elephant herd. The deal there is we make an offer and try to make a deal. On the average we have paid about nine cents on the dollar. We buy it all. We usually put in $10 million and then other donors put in as much as they like. The Swedes are very good at this. The Swiss and others have come to the party with similar amounts of money. And we’ve bought all the private debt outstanding in a country. Niger, Mozambique, Tanzania, I think we’ll be moving on to. Of course there is no transfer of money to these countries because they are not paying this debt. The cash flow consequences are zero. If they were paying the debt we couldn't buy it for nine cents.

So we are just clearing it out. The feedback we get from the debtors, is however very positive. They say:"Okay, we are indebted and we can't pay. But the debt is building in terms of its principal because we don't pay the interest."
That gets capitalized. And it's growing fast, because it's capitalized at eight percent. It's growing much faster than our economy, so, there's no way we are ever going to be able to repay it. So let's get it out of there." The private entrepreneur who may want to invest in this country, all he sees is this, unpaid debt and the fact that these other creditors were there first and are going to have a prior claim on any revenues. Of course, the reformer sees that and he says, "Oh, my God, you know, if I reform and I get a little success these guys are going to suddenly wake up to the fact that they've got debt in this country and they are going to swoop in here and take the benefit of all the effort that I'm making, even though it was my predecessor twice removed that incurred this debt. There's no point in trying very hard to reform this economy under these conditions." That's why we've got to get the debt out of there. So that's what we are doing.

Q: I want to ask about the Wapenhans Report and what input you had into that report
A: Well, we had tremendous input because before the Wapenhans Report was even commissioned, we had had a number of very bad news kind of reports coming out of OED and out of our own portfolio review, our annual review. These were showing us that the portfolio in Africa was not succeeding and in fact I think our agriculture sector in Africa was the worst portfolio in the Bank. It was something like only 52 percent of the projects being a success. This was probably stretching it. The reasons for some of this had to do with the poor economic context because when domestic prices went into hyperinflation and export commodity prices declined, the combination of that and the slow movement of the exchange rate meant that these countries were cutting their links with the world market. It also meant that a lot of our projects, even those that depended on road traffic, were not performing, not generating enough benefits or revenue. So, we were very unhappy with this. Also, we were finding that disbursements were lagging. We had at one point $13 billion tied up in accounts. In Nigeria we had over $2.5 billion, I think almost $3 billion. This also reflected a lack of
institutional capacity. Sometimes corruption interfered. They couldn't award contracts because they couldn't figure out how to get their own money out of it. Our transparency and accountability rules stifled them so they didn't award these contracts. And in some countries it was as bad as that. So we launched a number of efforts to deal with this problem.

Q: You started this about when? Can you fix in on the time?

A: Yeah. I think '91, '92. And that was when the Wapenhans effort started. We had a team already focused on the problem and they participated in the Wapenhans Report Task Force. They looked at best practices, like mid-term review on projects, special in-country portfolio review sessions etc. In fact this was already common practice in the Africa region. The issue of ownership and participation, we'd just started that. But now we have one department that's 100 percent and we intend to be 100 percent by the end of '96.

Q: One hundred percent of what?
A: Beneficiary participation in the projects. Quality at entry was as much of importance as portfolio management, of course. I think we've made a big contribution toward the Wapenhans Report. We had no difficulty with the finding. There's only one minor issue which I think is important, where I don't agree with the Wapenhans Report and we are not going to implement it. We can't afford to implement that, and to me it sends the wrong signals, and that has to do with co-financing. Co-financing is absolutely essential in the Africa region. But the problem for our borrowers is not so much our portfolio as much as their portfolio. I mean the country's portfolio. In Uganda we have 2,300 projects, all of them financed by donors. But Uganda doesn't have enough shillings under these programs to finance their part. The donors are all hounding and competing for those limited shillings and for unlimited Ugandan managers. I'm just using Uganda; you can put any country there.

Their portfolio is a complete chaos. A tremendous overhang of unfinished and unfinishable projects, with no management and no prospect of success.
Q: What do you do with an unfinishable project?

A: Well, if it's supported by a donor who is dead-set on hanging in there competing for their shillings, nothing. It just hangs there and eventually I don't know what happens. The point is that we broke the camel's back a long time ago by putting one straw on top of another and nobody paying attention to the total weight, the macro implications of what they were doing. Macro in the sense of management or institutional capacity.

So my view is that co-financing is the highest form of coordination. What we do is by co-financing we reduce the number of projects. We enhance the focus of donor money, and we get the projects appraised in the appropriate context appropriate, i.e., the macro framework.

Q: Right.

A: We don't do anything that we don't think we can finish. I'm all for co-financing because I think it upgrades the portfolio of the borrower and it upgrades the quality of the donors' assistance. This may sound arrogant, but if we didn't do it we would hope somebody else did it. Somebody
has to provide this vehicle for getting a higher quality assistance. And since everything is donor driven now, there's virtually no investment taking place in these countries that is not the brainchild of some donor. Donor-driven is what we call it. So the idea is to get this donor-driven program more focused and to be of higher quality.

Q: Do you agree with Wapenhans' analysis of the reasons that led to this problem? Do you agree that there is a culture with emphasis on quantity rather than quality?

A: Yeah. I do. I think that's part of it. That's a real syndrome. That goes into personnel, skill mix, issues, everything. And it comes back to the definition of the project as of the product of this Bank. Is our product this report? This appraisal report? Or is our product what the results are on the ground out there in Africa? It's obviously the latter. That's the way we ultimately will be judged. But the reports are the focus of our staff incentives. They are the focus of what drives the budgets of the Bank. Talking about budgets, I've done a rough back-of-the-envelope calculation. Taking my entire budget and my
entire portfolio and dividing it by the number of projects that we approve and supervise, and we have about $1 million per project in the administrative budget. We've spent 75 percent of that by the time we get to the Board. And we've got eight years of implementation to go. The idea that a project is going to look like what we have described in that report eight years from now is preposterous. Not in Africa. If it did it would be another project. That project has to be redesigned probably twice if it's going to be successful in eight years. I'm not talking about a simple road project. But the attempts at institution building and capacity building are all built into the project. It has to be redesigned at least twice. But don't have the resources; we've spent all the resources getting the damn thing approved. This is obviously wrong.

Q: Is that changing now?

A: Yeah. That's changing now, but it takes time. I'll tell you, it is very hard to get more flexible sounding appraisal reports, shorter things with less polish, less detail and getting the people on board that are willing and able to
spend most of their time in the field as opposed to here, people who don't worry about whether they are glib enough to present something to the Board but whether they know enough to actually design these projects and help these people get results on the ground.

We are rewarding generalists here very strongly because of the way we are organized, the way our product is defined incorrectly. The generalist is the overall guy. He may not know anything about getting results on the ground, but he can get a decision, he can talk people into things, and he may be pretty good with the government too, by the way, in policy reform and all that. But the thing is we are rewarding him not for the policy reform but for the reports he writes, and as a result his energies are concentrated in the wrong place.

When we get a finished product in terms of recommendations to a government on policy the thing should be a dirty white cover. That's when it should be discussed with the government, when it's still in draft. If the government needs further work in order to be convinced, we ought to do it. If they don't get convinced, we ought to stop there.
The time we spend going to gray and green cover of a report that finally ends up on some shelf in Iowa University is a waste. Yet, that's about half of the cost, and that half is providing no value-added whatsoever as far as results on the ground in Africa.

Q: But you still have the process of going to the Board and country strategy discussions and PFP?

A: Yeah, but I think we could systematically starve this beast. Just put it on a steady diet and after 10 years this will require less caloric intake than it does today. You will be satisfied with less food for thought.

Q: Is that something that you are doing because you are recognizing this has to be done? Or is that something that you view as a signal from the top of the organization?

A: This is the Mickey Mouse end of this. It's the change agenda for the Africa region.

Q: Yeah. I've got one of those. I studied that very carefully, I must tell you.

A: Did I give you that before? We are serious. We started with Benor's operations in Africa. We are trying to make a
report, a five-page report, the total reporting requirement.

This is a cookie-cutter thing. It's really a system and all you have to do is change the name of the country and the numbers. There's no reason to write any poetry about this. We do not have to describe our inventory of the whole goddamn agricultural sector to make these cookie-cutter loans which are obviously right on the mark, so why bother? Who are we doing this for? The Africans don't need this, and we don't either.

Q: You do it for the top.

A: They don't need it either. They could just read them, but what we intend to do is persuade them that they don't need the reports, that they can rely on the product. But we are having a little trouble with that. There has been a lot of criticism of the extension process lately, but I haven't figured out the source of that.

Q: You called it a real syndrome. Now, looking back from 1995, to what extent was that syndrome produced by McNamara's changes in the Bank?
A: I think that what McNamara did was the beginning of this, it's the way the thing was managed more than the focus on project approval as such. The idea that we should be sitting here waiting for everybody to come and that resource transfer is not part of our job is ridiculous. We have an obligation to move these resources in a timely fashion. They are entrusted to us and we should move them. These countries need them and they are urgently required. There is no reason for us to be going limp. We have to be aggressively trying to make development happen. That means money, numbers of projects, pressure. It's appropriate I think to have pressure. Now, on the other hand, where is the pressure for quality? Where is the pressure for ownership? We are just getting this thing back into some proper framework. It was rather open-ended and going the wrong way in my opinion. That's the way I look at it.

I've had this argument 50 times since McNamara left. But if you think about what the Bank was like before McNamara, then I don't think those were the "good old days," as far as I'm concerned.
Q: Right. No, I'm not saying that, but as historians, we are always looking for something that breaks at a certain point in time.

A: I think that we've had that break. I think it was Preston's influence. From my perspective right now, it was Lew Preston.

Q: Well, now going back to the Wapenhans Report, when I read that the numbers on agriculture were disappointing, it didn't surprise me. Because if you look over the whole world, everybody's efforts to change agriculture have failed. If communism failed in any one place it was in agriculture.

It seems they spent decade after decade re-educating the agriculturalists. The United States Department of Agriculture invested literally billions of dollars for decades in the agricultural system and got very little productivity change until the Second World War came along. Then all of a sudden all of that surplus was used, so it was a wonderful thing then. So the disappointment in agriculture didn't surprise me, just from what I know about agriculture and how difficult it is to change it.
The one sector that did surprise me was water supply and sanitation. Apparently those projects got into an enormous amount of trouble, and those statistics on, on what the Wapenhans Report called "major problems" were as high for those projects as they were for agriculture. I couldn't understand that. Was that noticeable in Africa?

A: Well, the Africa situation I don't think that water supply was a particularly weak sector. But, maybe it was. I was mesmerized by the agriculture sector because I regard agriculture as so crucial in Africa that I wasn't going to live with that another minute. By the way, that's changed. We now have the second strongest portfolio in agriculture in the Bank. That's partly due to getting out some of these dogs but a lot of it has to do with really turning these projects around one by one at a tremendous cost.

Q: How do you turn projects around?

A: We went in and restructured every one of them. And we turned the area-specific and the crop-specific investments into more general services, a systemic approach. We
cancelled a lot of projects and immediately redesigned them back in place. We consolidated the extension services.

Q: When you consolidated the extension services, what did you do?

A: Take Kenya, for example, the darling of the donor community until recently. They had 11 separate extension services, each of them donor-driven, in Kenya. If I'm not mistaken, we also had three in there. Because we had area-specific kind of operations. For instance, that Bora Bora Project, it had it's own extension service. It was not part of the National extension service. It's a big irrigation scheme and we had an extension service there. It had its own little research station, it had its own vehicles and offices and officers and all the overheads. It turned out there was no output. So that was not a successful project. Apart from ourselves, the donors all had their crop-specific, area-specific, sometimes gender-specific extension services. None of these had anything to do with each other. They were not linked to sources of knowledge, domestically anyway. They had no links to a research center, so there was no system
there. It was not adapted to Kenya. This is where we had to, instead of just fixing our own portfolio, fix the portfolio of Kenya, and then knock everybody's heads together. We had to bring this all into one extension service, the National Extension Service. If anybody was not aligned with that, we got the Kenyans to assert themselves and say, "By God, we have an Extension Service. There is no other Extension Service. You guys are either in this or you are out altogether." Finally the donors found their way into the system. They still have their little areas, but they are conforming to this system at last. Similarly, in research we had a half a dozen systems, and also different credit systems. We had the Japanese passing money on directly from the taxpayers in Japan to credit systems where the farmer got free credit. Wow! You know, that meant the farmer threw big weddings for his kids.

Q: He withdrew that money for his kids?

A: Yeah. There were some donors insisting on market rates and then others had subsidized rates. There were all these different crop-specific, area-specific, gender-specific,
farmer size-specific credit schemes, all over the country.
No consolidation. This had a big impact on the financial system as basically these schemes didn't work, and were a drain on the public budget. We consolidated that. We fixed these things. And it was very painful. It took us three or four years of solid work. It was more important than any of the new lending, as far as I'm concerned. So, we did change the culture, and I hope we can keep it that way.

Of course, this year we are supposed to do 80 projects. We are only going to do 63. One of these days somebody is going to say, "Hey, now, wait a minute, you know. Where the hell are these 80 projects you are supposed to be approving?"

So I expect the pendulum to come back. But right now the pressure is off on lending, and Lew Preston and Ernie and I think the Vice Presidents tried to transmit that down.

At the Department and the Division level they still see the budget driven by the number of approvals. So there is a constant tension between the upper management saying, "Look, what we want is results on the ground, and you are going to get the budget that you need. Just be accurate in your
projections." Of course they say, "Well, if we only have eight projects in this Department that means we are going to have to cut X number of staff. We don't want to do that because next year we want to be able to do the 12 projects we have scheduled, probably optimistically, nevertheless, so we don't want to cut. So this year we'll put 12 too, and of course we misinform the bean counters." Then the bean counters have their own revenge at the end of the year and say, "Well, goddamn it, you didn't deliver 12, you only delivered eight, and we are going to cut your budget by X." So these things are not going to go away. I think they are management issues internal to the Bank that will always be there. They are natural contradictions that have to be managed.

Q: I must be one of the few people in the world that you'll meet outside the Bank who is fascinated by extension services.

A: No. You know, in fact, it's such a passionate business that we have practically riots over extension services. The French are giving me a terrible time over these extension
services. You know, I sent a mission to France to see their Extension Service and it turns out it's exactly like the one we are advocating. But it's not the one that they are advocating in Africa. And the difference is a very colonial attitude.

Q: It's also a great French attitude.

A: They do not act vis-a-vis their Brittany farmers the way they would have us act vis-a-vis the African and the way they act vis-a-vis the African. They don't trust these Africans. That's basically it. But anyway, the (Bretons) don't trust Paris. So things even out.

Q: You were describing how it took you about three or four years to consolidate all of these extension services, and I was trying to imagine the politics of that. I was imagining, the reaction of the donor countries. You just described a big problem. Every American has a problem with the French. We always have. And the French have problems with us. They beat up on Eisenhower all the time.

You've got these, you've got not only the donor countries, and France being an example, but you've got the
local political system as well. All these people who are involved in the extension service, many of whom are passionate and have a lot of pride in what they do. I'm trying to imagine how you brought about the consolidation. I'm trying to imagine the politics of that.

A: The first thing is that the last assumption is wrong. The agricultural extension workers in Africa are demoralized. They don't have any budget, they don't have any results. They are not esteemed by the farmers, and they hide all day in the market place rather than going out and expose their ignorance to old farmers who know how to grow corn. These guys don't know how to grow corn. They don't know anything, and they've not been given any training. They are not informed. They do not have a message to give to these farmers. So they skulk around and they are not exactly ashamed to take their pay, but they are not getting paid and they are not getting any perks or anything to go with it. The whole system is defunct.

Now, in some of these little pockets, they have trained extension workers, but these extension workers, in some cases
are white. This is a sinecure. There are all kinds of guys in "lederhosen" walking around out there telling people how to grow corn. These African farmers are polite but these guys are overqualified, overpaid, and they are not getting results either. They can't see enough farmers to ever bulk anything up into anything but the most luxurious showcase operations. And these operations are irrelevant.

We appeal to the government. First of all, we say, "You need an extension service that's going to serve your needs. You've probably got twice as many people as you need. So one of the first things to do is cut the service down to a chosen few. Then you adopt this system in which you train them every two weeks and they go visit the farmers every two weeks, so they have their own clientele and they have something to say." And then we back them up with a research system. This is all really part of the deal. The research is the back end of it. And that's the failing end at the moment. But the middle part is what we call the "subject matter specialists," and they deal with livestock, field crops, perennial crops, tree crops or whatever. But they don't have a separate
extension system for each of these things. The farmer sees the same guy, whether he's growing maize or cocoa, but this fellow is trained by these subject men who serve as a constant reference. Not only that. Everybody knows where this Extension worker is every moment of his working day. He's got an appointment, he's under a tree, he's in the schoolyard or in a public square in these villages, and he's got to be there at ten o'clock. He's got a bicycle or a motorcycle and he's going to be there. And the supervisor can find him there, and does. I mean, these guys are supervised. So this system seems to work, and there's not a white face in the entire service, not one. We are now working in 22 countries and there is not one expatriate. World Bank staff is organized in the field, they visit these projects, they do a lot of supervision. It's very expensive for us.

Q: How did you get all the white faces out of there?
A: Well, that's a real problem. Africa is completely peopled with what you call "middle level" functionaries and professionals who really are out of touch with reality
anywhere else in the world. They are no longer considered employable. They are doing just fine and loving Africa. But they are overpaid and they don't have much impact. They are hanging on tenaciously. They are not going to be put out of business. And they are bad-mouthing any attempt at reform.

The French believe that this extension system is such a powerful organizational technique. You have 4,000 or 5,000 people, you know where they are every day and they are talking to 60 other people every day. So you get this incredible machine, you could put anything in it, propaganda, political organization. The French are worried about the power this entails, that governments are going to have this highly effective tool. It's like giving them an AK-47. They can do anything with it. But I'm not going to worry about that. We are delivering agricultural technology and that is essential. But now we are also thinking about using the system to maintain roads, we are thinking about using it in the school systems, we are thinking about using it in family planning. And why not? Why can't we use, not the same people, but the same technique for this?
It has the great advantage that it is not very capital-intensive. The loans that the World Bank makes for it are small, so it looks like we are transferring less money. There are a lot of recurrent expenditures which we are regarding as capital in the sense that we are creating capital. Technology in the hands of farmers is capital in the production process. So we are getting rid of the religiosity of capital versus recurrent expenditures.

We are willing to finance recurrent expenditures. We think other donors should as well. In a few other areas, like schools and research centers, we deal with the issue the same way. But the point is that our internal costs have risen amazingly. Instead of this one million dollars per project, it's probably going up to a million and a half total. But we are spending only about a third of it by the time we get to approval, and we are spending two-thirds in the field in the course of usually four years. This means the administrative budget is going up, and the capital transfer is going down in the sector. So it's looking like a very cost-ineffective operation. So there's resistance.
Q: It's politically vulnerable.
A: Yeah. But it's the wrong impression. The impression is wrong because we are dealing with a highly catalytic approach. 95 percent of the effort is on the farm with the farmer, his land, his labor, his inputs.

The other element here is the environment. Without this technology the environment is on the way to the garage. Because these farmers are growing in numbers at this phenomenal rate and they are using a land-extensive technology, and shifting agriculture cultivation.

Q: Just like we did when we probably settled America.
A: Exactly. They've gone into the forest, they are going into the pasture lands with crops, they are changing the ecology, they are going to ruin it. The cost of this 25 years from now will be irredeemable if we don't turn it around in the meantime.

Q: Still on the same subject, when did you begin to feel that the new extension techniques were taking hold? How long did that take?
A: Well, Danny Benor was doing this in Asia long before he came to Africa. Africa was, is only his latest and greatest success.

Q: Most difficult.

A: Well, he says it's not. You know, he was amazed. The quality of farming in Africa is actually potentially very high. He's always saying, "Look, you show me an African farmer and I'll show you some of the best, most clever people in the world." These people may be conservative, too conservative. The way we've tackled that is by saying, "Look, just devote 10 square meters to our crop, to our technique. You know, take a risk. If you don't like it, forget it. But if you like it, then, you extend it. Right?" That's the agreement. And, you know it makes such a phenomenal difference. Planting in rows, proper spacing, so there's less weeding and more product. Applying the fertilizer in two applications rather than one and doing it in the right amounts at the right time. It makes all the difference in the world. And it costs less, in the end. The thing is just going like wild fire with a demonstrated doubling and
tripling of yields. Even in Burkina Faso, which is a very austere place. Most of the technique was transferred from Maharashtra and Thailand and Indonesia, by Danny Benor who is from the extension service of Israel. He is the guy who devised this system in Israel and is now taking it to Africa.

As I said, we are in 22 or 23 countries, and we've gone to scale in five or six now with the whole country covered. Virtually, every farmer in the country is being seen by extension workers on a bi-weekly basis with a specific message. They don't go out at the beginning of the year and say, "Look, this is how you grow corn, maize." They go out and they say, "I see you've got maize in your field. Now let's see if maybe we could, take 10 meters here and plant them closer together" and use some devices, give them a little stick, a little measuring device to work with.

This is how far apart to plant. This is how far apart to put the rows. Or a little

[END OF TAPE 1, SIDE 2]
--dixie cup, which contains the exact amount of seed for one row of maize, or fertilizer. And then the guy gets this phenomenal result.

Danny is really a genius. He is a messianic type, and he wears this little horned beanie on his head so you can see him for miles. In Africa you can see this guy literally a mile away walking through the fields. He spends a couple of hundred days a year in African farmers fields. He is known all over Africa as Danny Benor." He'll sit with these farmers, like in Burkina I was with him, we went and looked at this erosive edge of the desert moving 200 meters a year in our direction. And it had been doing that for years. Trees half-buried, just within sight. And he said, "Well, what are we going to do about this?" He may look at a farm, a farmer's field and say, "You must have had too much water here." And the farmer says, "No, I have no water." Benor would say, "Well, it looks like you wanted to grow very fast.

You know, you put the rows up and down the little hills here." And Danny just says, "Well, why don't you go across instead of up and down?" And they would talk about this for
a day and a half. And eventually it becomes this guy's idea to change the way he does business. There are the extension workers, and they get these little rocks and they put them in line, just to slow the water down, about every 15 meters they put in a little line of rocks, run them across the contours.

There is only about three weeks of rain in the entire year. What happens is that the water slows down, sinks in, the wells fill up. They use mulch on their fields, the next thing the whole country is transformed and they've stopped the desert in Burkina Faso, right across the whole place. Hundreds of thousands of farmers have now adopted this technique. And if you go there you'll see a mark, right across, you can see it from the air, right across the country, about 700 miles. The desert has been definitely stopped. And that has all been done in four years.

Q: That's in the most recent four years?
A: Yeah. Since 1990. And I'm very bullish. Agriculture is growing at seven percent in West African Sahel. That's partly because of this onchocerciasis. We've got rid of this river blindness which allowed people moving in there and culti-
vating the land. Now we've got a potential ecological
disaster and the extension service has got to be there right
away in order to make sure that they don't use the old
extensive technology. They've got to stay on their plot.
They've got to maintain the fertility of that plot. And they
can all do that if they farm it with some technology.
Q: When would you date the breakthrough on river blindness?
That's been fairly recent?
A: Yeah. They declared that the back was broken I think
about 18 months ago. And before that of course they knew
they were on a winning wicket.
Q: The big thing is Neptazane, isn't it? Developed by
Merck.
A: Merck was donating it to ITP.
Q: There's a funny story about that. When the CEO of Merck
started to read this literature that implied that WHO
developed the drug, he insisted that they had to say who
developed this. One of those funny anecdotes.
A: In our literature Merck is given credit for that
development. And that was a big deal. But more important
than the drug which creates immunity or a cure was to deal with the flies. That was the costly part of it, of course I guess if Merck had charged us for this drug it would have been very expensive, but the way it was the expensive part of the program, getting rid of the flies that transmit the disease. The first stage was getting rid of the fly.

Now, you've been going around giving speeches, telling people about how much progress has been made, that there is in fact progress in Africa and that it is not a lost cause. At the same time you have the feeling that those people who are saying, Africa is a basket case, are on the up and coming, and seem to be even using this to blame the Bank. They say the World Bank has failed. Here is the example. This is how it has failed. Africa isn't moving. How do you explain this? Why are people saying this? How do we reach the point where even IDA is to some extent threatened by this?

A: Well, I don't agree with the last point. I think the only thing going for IDA is Africa. Without Africa IDA is
dead. Very few countries could carry the IDA story the way Africa must and will, whatever the ideas.

But I think your point is right. First of all I think that what has happened in Africa, while it has its positive turn to it and it's undeniable, the fact of the matter is that nobody is satisfied. I certainly am not satisfied. I don't think anybody in the region or in the Bank is satisfied with how long it's taken, how many slippages there have been, how much money it's required up to now, and how much money it will require if we can't speed up the effects. The slow response of the private sector, which I think we understand, that's also part of the syndrome, and without the private sector we are not going to get an acceleration of the results. So private response has got to come. Since aid is not very buoyant, since debt is very important, since the economies are not diversified enough to withstand the kind of shocks they are undoubtedly going to meet, we need a diversified private sector, a more diversified economy. If we don't get it we are going to remain at this very fragile and unsatisfactory level of performance.
But I think if I were talking to people who would in fact make the argument that way, we would have no big disagreement. And there would also not be much criticism of the Bank because it would be seen as a very tough job, one that's going to require a long-term perspective, a lot of effort, some luck, and a lot of other things.

But, unfortunately, what we do have is people who come for a very quick take and they look at the averages on Africa. This includes Zaire, Sudan, Somalia, Rwanda, Burundi, Liberia, Sierra Leone, Angola, Nigeria, countries that have not been going in the right direction or are still in a freefall or in chaos. The negative rates of growth of these countries are offsetting, in the averages, the positive growths in the other countries which are more numerous but smaller. And, of course, these negative rates are much higher than the positive rates.

In the whole Franc zone before the devaluation we were getting a negative growth of four percent per annum growth. That had a hell of an impact on Africa. Now all that's turned around. It's back to one or two percent positive.
This year it will be around five or six percent on average I think in the Franc zone. Certainly in Cote d'Ivoire it will be around six percent. Senegal, probably. So, you see, these averages distort the picture.

If you look at Africa as one place you get this result. Unfortunately, most of the world does not look at Africa in its diversity, it doesn't break it down, it doesn't unbundle it. It doesn't look at what's happening in Senegal, Benin, or Togo, or Ouagadougou, Burkina Faso, or in South Africa or in Malawi. If you looked at Asia like that in the late Seventies you'd see the same phenomenon.

If you took the averages of, say, in '78, China, Burma Laos, and Vietnam and threw them in together with the Philippines, Indonesia, Thailand, Malaysia, Korea, you would have a stagnant performance. In fact you would have probably a negative growth rate for the whole place. We would not see the "Tigers," this phenomenon that has happened since then, although it was beginning to happen then. We wouldn't be able to see them if we didn't have a more discriminating view of that part of the world than we do of Africa. But we
didn't lump those countries together, we didn't look at East
Asia the way we look at Africa as simply one place.

So I think that's part of the issue, and it's got to be
overcome. That's why we've written another Long-Term
Perspective for Africa. It's called "The Continent in
Transition." It disaggregates Africa and talks about the
fact that quite a lot of the spectrum has opened up. Some of
the countries that tightened up during the negative trends of
the world economy, now are beginning to move with the little
sea breeze that's coming from the world economy. But the ones
that are in chaos are still anchored there. They are still
flapping in the wind.

You are a sailor. You got the analogy.

Q: Yeah. The addition of South Africa to the whole game
plan has presumably increased the prospect for changes. This
may give Africa a lift.

A: Certainly Southern Africa. It's already happened in
some respects. But South Africa is not a strong economy.
It's a very sick economy. It's not competitive. It's not
modern. It can't compete. It has been cut off from the rest
of the world, and it's had a negative growth rate for 10 years. It still got various political problems. But I think the political energy unleashed by the success of southern South Africa is going to have effects on its neighbors. In DEC they now talk about neighborhood effects. This is definitely a positive neighborhood effect. It could become very positive when the South African economy really starts to move again. The negative effects, though, of the neighborhood effects of Nigeria are equally strong, if anything outweighing the positive effects of South Africa in Africa as a whole. The negative effects of Nigeria probably more than offset the positive effects of the CFA devaluation in that part of the world. So we have a very serious economic objective in West Africa, to get Nigeria back on a positive growth path, and with their political problems that's going to take a lot of doing. That's not going to be easy.

Q: That's another governance issue.

A: Exactly.
Q: When did the general critique of the Bank come up on your scope? When did you notice that there were a lot of people that don't like us?

A: Well, we became much too important in Africa. We are like the judge in the bankruptcy court. You know, they can't even pay their debts without our permission. I think I've said this before.

Q: Yeah.

A: And the other donors are sort of in the back seat of us because we are leading this economic reform. The African countries can't come up with the shillings to finish the projects that are financed by the Danes or the Swedes because the IMF and the World Bank have said "You cannot inflate, you can't create any more money. The NGOs think that change is painful for the poor, even though without change, the poor would be the first to get it in the neck. So I think that we've earned all this because we have become too important. I don't think we've made a lot of mistakes. Of course, we've made mistakes. I'm willing to admit that.
Q: Sure. Could the Bank have done anything to prevent that, in your view?

A: Belatedly we are doing some of the things we should have done earlier. One is to reach out to the NGOs. I believe the NGOs and the World Bank are natural allies. They should be, because we have similar objectives. In the case of Africa, though, the African governments were negative about NGOs by and large. NGOs were considered to be not just non-governmental but anti-governmental, and as a result we couldn't really operate with them because these governments own us for better or for worse, and you just cannot operate with loan money in a country without the permission of the borrower.

So the idea of cooperating with NGOs, both domestic and foreign or international, in Africa really is only becoming a possibility now, because the governments are recognizing a role for the civil society as they accept political pluralism. And it's coming pretty rapidly. So I think there's a whole new world there for us, and we should move in that direction. The trouble is that the NGOs, in their anti-government mode, have put the World Bank back there with the
enemy, the government because we were with the government. We have to do something about this general situation. The NGOs are becoming more welcomed. But now there's a lot of tension between the northern NGOs and the domestic NGOs. We are going to have to walk that mine field and learn how to do this. We are doing it. We are now doing a hell of a lot more with NGOs than the Bank used to.

Q: You are not too late in doing that.

A: But Africa is really the acid test for more participation in my opinion. And I think that what I'm saying now is not so untrue of the rest of the world. When did Latin America become a place where NGOs flourished in cooperation with government? It wasn't until quite recently.

Q: Right.

A: This may or may not be true in South Asia, but in East Asia governments are very chary about these northern NGOs. In Indonesia I don't think they practically exist. They are not allowed in there at all. Then, of course, there are the single-issue NGOs which we treated in an arrogant fashion, and they treat us in an arrogant fashion. Wolfensohn I think
has started a good dialogue with them. Hopefully he will follow through.

The fact that the African public is so ignorant about the Bank is also something that can only now be dealt with because the newspapers, the press is becoming open. We can now communicate directly with the African public, rather than just through BBC and Voice of America and those other vehicles. In the old days you practically lost your job if you were quoted in the press, managers and staff alike. It was not expected that we would discuss our business with the hoi polloi. In fact, McNamara had the attitude that any nickel spent on public relations was a nickel that was taken away from the caloric intake of some starving child. That attitude still persists and anybody who speaks up is either on some incredible ego trip or is otherwise jeopardizing the sanctity of the relationship and all the coziness that goes with this government-to-Bank relationship, which is exactly what the NGOs and the public are screaming about.
Q: Business got over that. There was once a time when Vanderbilt said "The public be damned," but they don't say that anymore.

A: No. I don't think we ever said that. I think we've thought it.

Q: Do you want to look back or sum up with something here. Do you want to say something about what you personally feel were the accomplishments that you've logged in your career and, and any disappointments you may have had.

A: I have no disappointments about the content of the job. With my interest in the job, the kind of passion that I have, this is juice for me, this is the real stuff. I wish that the Bank had been and could be more effective. I think that the problems of dealing with some of the issues we are now dealing with from so far away can be solved. We need to change the way we are governed by heavy bureaucracy and internal checks and balances. It's probably necessary to some extent but it does in fact curb our agility, our effectiveness and our timeliness, and a lot of other things that are important to our customers. So I really think that
those are areas for the future to be addressed. We are
certainly doing it here in Africa, and I hope to be involved
in that.

Q: Okay. I really enjoyed this.

A: Well, I enjoyed it too. Thank you very much, you guys--

Q: I've learned a lot about the extension service.

A: You should be interviewing Danny Benor sometime. I think
he's one of the great men. At one point we were thinking
about having a prize. We thought in the context of the 50th
Anniversary. A prize to, even if posthumous, to Bernie Bell
or to McNamara and Danny Benor, I guess John Crawford already
got his rewards in many ways. But, we would, pick some of
these really outstanding people, people who had made a
contribution to some of the important issues in the world.
They used the Bank as the bully pulpit or as a platform or a
launch pad or whatever you want to call it, to magnify their
influence. I think it's one of the greatest uses of the
Bank, I have not exhausted the number of people involved
here. I think that the question would be to really identify
them.
Q: It depends on how much money you have.

A: We could do it about every five years or so. I mean, why not? If we are going to have a 50th year, we are going to have a 55th, we are going to have a 60th, we are going to have a 65th, we are going to have a 75th.

So, every five years or so, pick, two or three people, go back 20 years or so in order to really see that their contribution has stood the test of time. It's just a thought.

[END OF RECORDING, TAPE 2, SIDE 1]