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WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

RANDOLPH L. P. HARRIS

October 10, 1991
Washington, D.C.

Interview by: Richard Webb and 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.

Randolph L. P. Harris
October 10, 1991 – Final Edited

[Begin Tape 1, Side A][1]

[During this interview the battery ran out and had to be replaced. This probably accounts for the poor quality of the recording on much of Side A. Some is simply inaudible.]

HARRIS: Perhaps you could bring me up to date on what you've done so far and then how exactly what we can talk about today will fit in.

WEBB: Sure, okay. We started a little over a year ago. The study was requested by the Bank of Brookings *[Institution]*, following the format that was used in 1970-71 and *[inaudible]* to do a 25-year history. Now with the 50th anniversary coming up, the Bank asked Brookings again what they just described in the terms of reference was simply to--there was very little discussion in between the lines to inform us to *[inaudible]* the emphasis is on the Bank as--let it be known they want something that looks back, a history, whereas the people at Brookings keep asking us, “Well, are you going look--are you going to come up with any recommendations or think about where the Bank might go in the future?” They can't help but think in that way. We actually have a lot of things, that kind of an issue. I think there's no question but that a good history will raise questions about the future, but it certainly won’t attempt anything systematically.

And now this first year John and I were both working very half-time because we both were involved in other things. I just moved here a month or two ago, and I’m mostly living here now, we’ve established a home. And John has just retired. You know the other author, John Lewis?

HARRIS: I know him by name. I don't know him.

WEBB: Yeah, he's an economist *[inaudible]* He arrived—he was dean of the Woodrow Wilson School of economics after working AID *[U.S. Agency for International Development]* and before that in the American government *[inaudible]*

HARRIS: *[inaudible]*

WEBB: John has been at Princeton since then. And he just retired last month, and so now he is available to write, to work on this special assignment. But fortunately over the last year Devesh, who’s *[inaudible]* his participation, he’s actually *[inaudible]* Princeton to work full time with us, and he’s really helped us enormously. We’ve managed to do a lot more than I expected. Devesh and I, now we’re completely *[inaudible]* So we have our headquarters at Brookings. The study is partly paid for by the Bank, but Brookings *[inaudible]* Brookings is helping to fund *[inaudible]* The idea was to . .

HARRIS: Independence.

WEBB: Independence as well.

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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 *[ ]*.

HARRIS: That's important.

WEBB: Yeah, especially as I go along *[inaudible]* And the way we are pursuing it is that John and I have sliced up the job into about eight volumes, chapters, doing four each, but so far we've been *[inaudible]* talking to people in a very open way to get a sense *[inaudible]* We haven't really sat down. We're just getting to that now. *[inaudible]* But so far we've been—we're getting a sense. And we've been doing a lot of interviewing with people who've been around for a long time. We've actually getting to some Bretton Woods veterans who are still here.

HARRIS: Retired.

WEBB: Yeah. *[Aron]* Broches *[inaudible]*

[inaudible section]

HARRIS: Herman.

WEBB: Yeah.

HARRIS: Eugene Black is around.

WEBB: He is?

HARRIS: Living in Georgia somewhere. I'm not sure where he is, but I did notice the article about him in *Bank's World.*

WEBB: Yeah. We'd better check that. *[inaudible]* available.

HARRIS: I don't know if he is available, but as I say not too long ago there was an article about his retirement *[inaudible]*

WEBB: Well, we've been trying to identify interesting issues, stories, people in the Bank—I mean to hang the thing on. We've come up with some ideas. I think there's a lot of interesting stories *[inaudible]* And now we're beginning to try to focus in on some of the long list of topics that I have to deal with on projects. There will be the first chapter obviously *[inaudible]* And I have to admit I'm having a hard time getting *[inaudible]* on that. I've never worked on projects. I was in the Bank for five years doing studies and *[inaudible]* there was no operations *[inaudible]* And we're hoping some of these, the discussions, debates, controversies on the Bank's management of projects and left quite up in the air what is really going on and so, well, obviously, *[inaudible]* getting a better sense of some of the general issues and practice *[inaudible]* and the changes in.

I have a sense that you have this literature about development and it's more than a literature, it's something that people carry in their minds, it's a sense *[inaudible]* but then there's *[inaudible]* and it's not *[inaudible]* I mean it's formalized.

HARRIS: I think that's true. I think we operate almost in an entirely oral tradition. That's one of the things that we're trying to capture. I think it's something we are becoming increasingly aware of as we move away from the 1987 reorganization *[inaudible]* move in that general direction. One of the things which we need to do that I think *[inaudible]* is to develop information systems, including people-based information systems. I would agree with your observation that most of the knowledge work that goes on is in peoples' heads and is not reported. And if you were to put everything into a huge data base you'd miss probably 70 to 75 percent of the real content, which is, as you know, how things were actually done. So one of the things—not, you know, I can't take full credit because for *[inaudible]* in five years. It's been very well developed *[inaudible]* with a people-based information network which is very well managed both centrally and locally. And we're trying to use, among other things, to develop such a system here along with some more traditional sort of electronic access to information through computer systems, local area networks that are tied into each other and so *[inaudible]* I mean, a lot of the knowledge resides with people and, you know, naïve.

You know, I can go into some of my own experiences and perception of the role of projects *[inaudible]* if that's helpful. I mean, I guess it's maybe part of the oral tradition; it's one perspective on the oral tradition.

WEBB: Something that would help me focus, I think, though, is this draft that we were given of this report by a committee headed by *[inaudible]*

HARRIS: Yes, that's the economic analysis of Bangladesh *[inaudible]*

WEBB: Yes. That's right.

[Interruption]

WEBB: I'd rather start with your own . . .

HARRIS: Well, let me, to put that report and other similar things in context, some of that work, because I think if one looks only at economic analysis of projects as a subject without looking at the context within which economic analysis was and is carried out—I'll give you a view of it. I think it's important to understanding what's happened.

My experience with the Bank starts with the early '70s. Some graduate work I did in the '60s was based on World Bank project analysis. And at that time we—I mean, projects was definitely the backbone of what the World Bank did, stemming from the Articles, the great, 90 percent, 95 percent of our work was, certainly our lending work, was project work. We had some program loans to a few countries, important generally for financing loans, but basically we were doing projects, and that came from our tradition developed in the '50s and '60s. Lending for projects, which we--I think the Bank had also had a very strong and I think well deserved reputation for its economic work at that time, mainly in the context of economic planning which was, you know, the way--macroeconomic planning was very troubling in the '50s and '60s, and projects were identified within plans and funded. And I think the Bank was doing, you know, the leading work in both economic planning and review and advisory work, at that level of the national economic plans, multi-year plans, and so forth and also project work.

And I guess I would describe the projects at that time--our work was very much based on multidisciplinary teams that would go out working with borrowers, almost invariably government entities, to identify projects, many of which were within these plans. And once we agreed on the general focus--in fact, it was at that time that the Bank got more involved in identification and preparation. I think up until the early '70s and the time that we started program lending a little bit more deliberately, the sense I had was that the Bank waited until the time a proposal was presented to it, and then it would go out and look at the proposal. That may be a little bit of an exaggeration, but I think probably in time up to about '65 I'd say things were a bit that way. The Bank was more passive in receiving the project loan application than going out and looking at *[inaudible]* process.

By the time I had joined the Bank in the early '70s, we were more actively engaged in working with governments and identifying projects. My first experience was in *[inaudible]* Bangladesh, '67 war, independence from Pakistan. In the agriculture sector, and I think that was probably typical of the work or maybe even a bit in advance of the work the Bank was doing at that time, going out, looking at the agriculture sector very comprehensively, working with government agencies, and coming up with a very large list of projects *[inaudible]* U.N. auspices at the time. And eventually a number of these projects found their way into the World Bank's lending program and other donors picked them up *[inaudible]* large donors. I don't know if there was the formal consultative group at the time. I don't remember, but, you know, it was a plan which a number of donors supported in one way or another, a very large plan.

And I think that was probably typical of, you know, the work that the Bank was doing. We were focusing mainly on physical investments, looking at it as in a very much multi-disciplinary way, I mean, agriculture and fact finding. There was a fairly heavy emphasis on engineering and agricultural technical skills. Maybe a little less so in agriculture on the purely financial aspects; fairly heavy emphasis on economics and shadow pricing. At that time I think there were a number of Bank people who were skeptical about the value and use of shadow pricing, but they were becoming very much central to the way we evaluated costs and benefits. You know, at that time *[inaudible]* project lending decision.

So I guess the way I would describe projects at that time, at least from my own personal experience, is that they were fairly isolated events. We would identify what the physical investment was, who were the participants, who was going to build it, who were the farmers (in the case of agriculture) in the areas, who benefited, how much, what physical facilities to build from an engineering point of view, how much it was going to cost, what crops you were going to produce and so forth. It was very much within any boundaries, fairly, you know, defined boundaries of project activities. That's how we would define projects. Clearly there were outside influences impacting on what went on within the boundaries such as pricing and subsidy decisions, whether inputs were generally available in the country, whether markets were available for outputs, exchange rate issues and so forth.

Again, from my own experience, which is probably typical, you sort of took those elements of data. If there were distortions, as there were many times, we made adjustments analytically for those through shadow pricing. We didn't attempt to do much to affect the environment, the constraints, policies, the distortions.

And I would say if there was anything in retrospect that we should have done that we didn't do was to address those factors because, while I think, you know, analytically, you know, the work was pretty solid and we were developing good tools for doing that, we--that didn't translate very well into behavior of the various actors, and I think on two important dimensions. One, the price signals, the availability of inputs, the access to markets and so forth was not always accessible to farmers, and we looked at these things. Theoretically, if everything worked, if everything went according to plan, they would be available to the farmers who produced, but invariably we found that was wrong and that on the ground *[inaudible]* measures. And there were no--frequently not many agreements built in to make those things happen. If there were agreements they were rarely enforced. Second is that we looked at institutions, particularly the project implementing institutions and those responsible for operation and maintenance after construction, in a fairly narrow sense. You know, we created a lot of project units to implement these projects in countries, say in South Asia, where there were relatively strong institutional cultures, we relied pretty much on those agencies to carry it out or form special groups of engineers, administrators and so forth to do that with the government. In countries in Africa where a lot of those skills were missing we relied more heavily on expatriate consultants. In fact consultants even for large engineering projects were prevalent in some of the Asian countries. So these projects tended to be somewhat in the nature of enclaves so that if things went well they got built properly.

I think--again in retrospect--we probably didn't pay enough attention to the implementation, the operation maintenance and in a way the sustainability factors of a lot of these projects. We didn't—we made assumptions in the analysis that things would carry on, but we didn't deliberately build those into the project design at that point and we probably should have with the clients. It became very muddy—it was not unilateral, not what the Bank was doing, but in discussions with our clients we focused to a great extent on the building aspect and not the carry-on or follow-on activities.

You know, I think we learned a lot of those lessons over the course of the years. When we realized on evaluation of projects, I think--you should check the records with OED *[Operations Evaluation Department]*, but I think you'll find that a fairly systematic and in some years dramatic decline in the success rate of projects *[inaudible]* I think the world, you know, over this period has become more complex. We were, you know, being bombarded with debt crisis, the oil shocks and the debt crisis and international recession so the environment within which these projects has carried out has been problematic from the developing countries' point of view.

But, you know, I think along with this, you know, we recognized that we didn't really--certainly in our project work we didn't anticipate a lot of these events, and we realized that after the oil shocks and the debt crises and the fiscal crises in many of our client states that we did have to take these factors into account. After we got involved in the agriculture in a big way, particularly in Africa, we realized that all the distortions and the disincentives to farmers were actually affecting the performance of our projects, so in the next generation of those projects in succeeding five-year periods we developed adjustment lending. I think that was partly in response to the balance of payments crisis; I think also in response to the recognition that our projects and a lot of other productive activities were not taking place according to plan because the signals were not reaching the producers and increasing *[inaudible]* the plans and projects alike.

So I would say then, you know, from the--I think a recognition, probably, from the time of the late ‘70s, the first oil shock and certainly starting implementation in the ‘80s, people more involved in adjustment lending, partly--I'm not sure that this has ever been explicitly stated--but I think partly to address some of the issues that we had not addressed in the project work. So I think rather than--you know, the emphasis shifted, and I think this is the context that I would put the--what I would call probably an erosion of the quality of economic analytical work that was in place.

I think the counterpart to that analytical erosion was a correct focus on the real world factors that were being reflected in the analytical corrections, so I think the economists' focus changed from, you know, shifted from the microanalysis to the macro and sector policy and incentive framework, the fiscal framework, exchange, trade regimes and so forth, which we didn't really look at in an operational sense. We looked at it really in terms of understanding where the economies were; there was not much attempt to translate that work into the factors that were impacting projects. And I would say a shift in the emphasis so that the economists who in the 1970s might have been doing micro analytical work ended up in the ‘80s doing macro fiscal or monetary balance of payments analysis. And while we had an expansion in economic work, I think we also had this shift in emphasis.

WEBB: I’m sorry. This erosion of analytical quality, was that--what period were you talking about?

HARRIS: I would say from the period between the mid-‘70s and the mid-‘80s. You know, I think I would--probably starting in the early ‘70s up through the late ‘70s, up to the time of the oil shocks.

WEBB: And you're thinking of micro . . .

HARRIS: Microanalysis of projects, of really, you know, economists working full time on project economic analysis to really come to grips with questions of price distortions at the project level and doing analytical corrections to—or not corrections but, you know, analyzing projects, well, to correct, you know, the distortions analytically without translating those corrections into corresponding policy recommendations.

KAPUR: Now this erosion occurred, in a sense, relative to the ‘70-‘79 or it occurs after?

HARRIS: I would say it was a shift in emphasis.

KAPUR: Right.

HARRIS: I mean, I was reminded—I'm getting ahead of the stories--Hollis Chenery on this. We're talking about computing country economic parameters, you know, for use in project analysis, and Chenery saying something to the effect that if country economists aren't doing, aren't calculating those parameters, what are they doing. In other words, that's what country economic work was supposed to focus on at that time, and you had a lot of activity going into measuring economic parameters. That's the time that inspired *[Herman G.]* van der Tak's work and *[inaudible]* specific diversion factors within, you know, sectors of the economy and so forth. And that work was going ahead pretty actively. And for some reason or other in the Asian region where I was working we had, you know, for each country we published a list of shadow prices and specific and general diversion factors and *[inaudible]* factors. And project economists were expected to use those, and we were encouraged to look at the local situations and if we found that the, had a difference between labor markets that we were to do our own estimates. There were a lot of work and attention and interest paid to that kind of work.

WEBB: Is early sort of . . .

HARRIS: Well, early to late '70s. Probably up until the time of the '78, '79 oil shock. I think that *[inaudible]*

KAPUR: And this began to get relatively de-emphasized?

HARRIS: Yeah. Now, at the time of the oil shocks and we'd--receiving for adjustment policy and changes to affect the center, which was a perception that started about 1980 and continued through the '80s. I think I would say development emphasis shifted to doing the work necessary to support that and a wave of *[inaudible]* And I would say, in retrospect, with some justification. I'm not saying that that was the wrong thing to do, but I would say looking back on it there was a definite shift in emphasis from *[inaudible]*

WEBB: It's hard worry about trimming the sails when the boat is filling with water.

HARRIS: Well, yeah. It's difficult to worry about trimming the sails. Secondly, a lot of the sail trimming that we did turned out to be irrelevant because, you know, since that the boat was filling with water, it didn't matter if you trimmed the sails. You know, it was that kind of--if you'd done it, it wouldn't have done any good.

WEBB: And I guess you didn't know which direction to trim them in. That was part of the situation . .

HARRIS: Well, I think it's . .

WEBB: . . relative prices, the environment was changing.

HARRIS: The environment was changing fast. Yeah, I mean, we were facing things internationally that we had never faced before like, you know, *[inaudible]* international inflation and the debt crisis that followed five years after that. So I think then, you know, we began to focus on dealing with the external environment, which was impacting on both countries and projects within countries. And I think right--rather than focusing as we had traditionally in the ‘50s, ‘60s, and ‘70s, focusing on essentially projects as a vehicle for World Bank lending and the World Bank activity.

In fact, I think, if you haven’t read it, in this month's *Bank World* there's a very good article by Oktay Yenal *[inaudible]* which I think puts what I've been saying now in a slightly of a different perspective, but I agree with his perception that what the Bank has been doing over this past 20 years has shifted. The world environment has shifted. I think the nature of the problem has shifted. The nature of the response has shifted. And, you know, maybe we haven't always reacted as quickly as a lot of people would have liked, but I think the World Bank today is looking at very different things than it did when I was *[inaudible]*

KAPUR: We’ll probably come back to this later on, but the whole thing on more theoretical terms, but one issue which really not been looked at much is flexibility.

HARRIS: Flexibility in project design?

KAPUR: Right, that particularly as involves *[inaudible]* and especially for projects which extend over a long period of time. Both the methodology and *[inaudible]* never really incorporate that *[inaudible]* and the relationship between flexibility and uncertainty has come to the fore more and more. And I thought maybe you would have some comments to offer on that, how, to what extent has that affected or the lack of attention *[inaudible]* locked in, because it’s not really built into the design itself, whether it’s *[inaudible]* oil prices were coming down *[inaudible]*

HARRIS: Okay. Again, I'm not sure, you know, what analytical technique or what specific design factors would be used to, let's say, evaluate the flexibility or give a value to flexibility of actual project design. But I think there is a recognition of what you just said, that the projects do have to be designed flexibly. This came—there’s a paper in agriculture which you may have read about *[inaudible]* diversification of agriculture and agriculture evaluation in Asia, which you’ve probably read about. And I think it makes this point that projects, agricultural projects should be designed more to be flexible as far as choice of crop or irrigation regime and so forth are concerned, so that you don't build projects which can only produce rice or only produce tobacco or . .

KAPUR: Whose paper is that?

HARRIS: The person to contact is Shawki Barghouti.

KAPUR: Right. I think it’s out with a blue cover.

HARRIS: I believe so. Shawki Barghouti, as you may know, technically is in the agriculture department *[inaudible]* So in agriculture that was certainly recognized, and I’m sure in industrial projects as well. There’s *[inaudible]*

KAPUR: I guess *[inaudible]* people starting to look at *[inaudible]* price.

HARRIS: Yes, I think some of that is happening. Again, I haven't followed all this very closely in recent years.

The other thing that you--there's two dimensions. One is project design. And I think there's a recognition in project design of flexibility. The second is project implementation. And I think there's a growing recognition that it's the implementation of projects that really matters at the end of the day and that we should be shifting some of our attention from the actual design and appraisal and expecting that just because—well, that a project as a phase will be implemented and operated exactly according to the blueprint, and that rarely happens.

KAPUR: And so then the supervision *[inaudible]*

HARRIS: So, well, there was a downward trend in supervision at that time. I think you'll see in the last couple of years that there has been an upswing, and a very deliberate upswing, particularly in Africa, and some of the other regions as well. In fact, I would suggest talking to Miguel Martinez, who is the senior operations advisor in the Africa region. They have developed a program under the heading of implementation culture, and for a year or so they've been holding seminars and trying to draw lessons from project implementation leading to recommendations for such things as more formal mid-term reviews of projects, extreme correction in the course of implementation and . .

KAPUR: And *[inaudible]*

HARRIS: Well, I mean, it's just coming under the heading of the implementation culture or strengthening the implementation culture, and the Africa region is doing the most work on this right now.

WEBB: In the Bank's filing system, this sort of thing now is classified under *[inaudible]* capacity building?

HARRIS: Well, in our major business process it probably comes under supervision, related to project supervision. Capacity building is related to it. There's another dimension related to capacity building and the native *[inaudible]* because I think one of the things we've recognized is that there were these sorts of economic, macroeconomic environmental factors that were affecting a project. The other thing we recognized along with that was the institutional problems. We used to look at institutions very narrowly, as I said, create project units, build projects. Experience showed that they were rejected by the governments, you know, they were operating with inadequate funding and disappeared. And there was very little institution building that went along with that original finance. Expatriate consultants would be there, and *[inaudible]* transfer skills *[inaudible]* so that there is another dimension where the institution development work which went along with it. So today we're talking much more about developing national institutions and . .

[Interruption for change of battery]

WEBB: The Bank sees it that way or the Bank doesn't see it in that way?

HARRIS: Well, this is something that, you know, from the personnel perspective, we're trying to deal with more systematically. I would say that it sort of happened haphazardly in the past. I mean, certain people became recognized for having, you know, skills that were required.

WEBB: Is this explicit in the Bank?

HARRIS: Well, now we're trying to do more deliberate succession planning, and we're trying to develop some standards and criteria for identifying people who--I think Mr. *[Lewis T.]* Preston uses the word--who are "institutional assets." I think that's what you're talking about. A person—you know, I'm thinking about another director who I think his background is in chemical engineering.

WEBB: *[inaudible]*

HARRIS: No, I am thinking of Eddie *[Edilberto L.]* Segura. But Eddie comes from a sort of industrial background; I believe chemical engineering. That's my background; I'm a mechanical engineer. I didn't *[inaudible]* had that background, but, you know, Eddie I think has a wonderful sort of systems view about how processes and systems and, you know, linkages and information flows work, and so he has headed up this operations information technology task force. He also happens to be interested in computer technology and its application to the work, you know, so he's developed this vision. You know, he has organized task forces around the Bank; he is very good at that. He certainly wasn't hired to do that, and I think people—yeah, I mean, you can multiply this.

Steve *[Stephen M.]* Denning it's probably another case in point. I don't know what his background is, but what he's doing today, it probably has very little to do with that.

I think when you get into—I mean, you're talking about department directors, they're basically general managers, and I think they can come from any professional background, but they will have certain skills and interests and abilities that need to be recognized in more than just a haphazard way. I think we've been pretty good at it, but maybe we've been pretty lucky. I think we are choosing people who are much better suited to the general management needs of, let's say, the '90s and beyond than we might have been 10, 15 years ago with certain people--or maybe those were the right people for the time.

I think the challenge will be to, you know, have enough of a vision of the future that you can select people today and groom them to handle the challenges of tomorrow, right? I can't tell you exactly what those characteristics are, but that's one of the things that we will be looking for under the general heading of succession planning which is recognized as something that we need to do much more deliberately than we've done in the past.

KAPUR: This—it's sort of unclear how to disentangle this, but in '80s who--I was going through Mr. *[Alden W.]* Clausen's files, his personal succession management files, his very confidential staff files, and I find this *[inaudible]* the managers were comparing where they said who is, you know, X, you know, will replace Y, and as to what it is now. And sort of it's unclear if the mismatch is because *[inaudible]* was the right choices for the time, and the times changed or these are to an extent more personal interactions.

HARRIS: I don’t know. That would be an intriguing subject to look at, but since I don't know *[inaudible]*. But you said that [both speaking at once]

KAPUR: It was all the senior management, basically the directors.

HARRIS: But you're saying there was not a very close match.

KAPUR: Yeah, I didn’t really sit down with them all, but some of the more prominent names were striking because . .

HARRIS: Some of the prominent names of that time are now missing. There were many who were probably victims of the ‘87 reorganization.

WEBB: Now, people that might be very good at some deal-making or *[inaudible]* heard the same thing: What is this deal-making?

HARRIS: Well, I'm not sure that that's the essence of World Bank work. I mean, that's one of the things. I'm thinking of a person now, Johannes Linn, who was just announced as vice president, and when he was a country economist, he was doing some of the best work in sort of calculating and putting together the country economic parameters for project work. He did that very well.

KAPUR: Which country was that?

HARRIS: Somewhere in Asia. Maybe Indonesia? Thailand? I'm not sure, but you could check the record or ask him. But my recollection is that he did that very well. He’s always been more mainstream, and he's a top-notch economist and, you know, he was the staff director of the *WDR [World Development Report]* a few years ago and has really moved in that area, and now he's just recently become vice president. So I think--the reason I mention Johannes as an example is that he seems to be much more systematic or the recognition of somebody who has just higher level skills more or less in the same area in which he has been working. There may be others who were working in one area and then they demonstrate a flair for something else which is needed.

You know, that’s—you know, part of what's interesting about looking at succession planning questions is what exactly are you looking for in a person who's more junior which will sort of have payoff for the institution when this person becomes a general manager. And if, you know, if you look at the recent vice presidential appointees, I don't know what kind of patterns you could develop, but they're very different ones. It’s very hard to categorize.

KAPUR: Did you make some balance on *[inaudible]* explicitly at that level, *[inaudible]* balancing the nationalities is another *[inaudible]*

HARRIS: I think there's a dimension of that, but I think we have—I don’t know; people will have different views on it, but my feeling is that the general managers are not chosen primarily by nationality. I think when the population of eligible people is defined, then they will be chosen with some view as to national mix. I think that's certainly true. But I don't think it would be the other way around; you know, a way of saying, “Well, we need to move somebody from Country A and somebody from Country B.” But certainly within the population of people who are recognized as having those characteristics, I think that you look for balance. That's my view. I mean, it’s not official.

WEBB: When I was talking about deal-making skills, I guess I was thinking more about bread and butter work, country level, regions, and that's where I get a sense that a typical director now talks *[inaudible]* “We’ve worked together and now he's in charge of my country.” And I see how his job now seems to be to a large extent what the vice president of a bank might be, dealing with some problem loans. It was exactly what he's dealing with in the case of Peru, so it's a kind of much more, maybe more imaginative, requiring more of diplomatic and personality skills in order to relate to people at a critical moment.

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

WEBB: It’s quite different from what I had thought of at the Bank and I suspect was more director’s empire in the past, much more managerial now . . .

HARRIS: Okay. Well, I think that's a very astute observation. I think it sort of parallels what I might have, where I might have started out the evolution of the Bank's product, in terms producing projects, and there is a fairly standard way of doing that: multidisciplinary teams and you make sure that they're technically and organizationally and economically sound. You can manage that process. And again that comes out of the generation of people who I would say, well, probably in the first generation were financial analysts and then engineers primarily in the ‘60s and then moving on.

Now you're talking about people who are general managers, and the word that kept coming into my mind as you were speaking was leadership. You're talking about people who have gone beyond being managers to being leaders, people who have a vision of what the relationship between the World Bank and a country or countries ought to be, fitting within the vision of what the president and the Board *[of Executive Directors]* to some extent have for the Bank as an institution, and people who can convince and influence, and a lot of it has to do with their own personal presence. You know, in one sense without trying—this is sounding a little trite--they're salesmen in a sense. They're trying to sell something to a lot of different audiences so that they have to be attuned with the customer and the client who is the country and all these other suppliers which may be the other donors. I mean, there's a certain element of that, and that's where the deal-making comes in.

WEBB: You have to find these people, identify them?

HARRIS: Well, I think you have to identify people who have these skills and interests.

WEBB: Then do you not also have to worry about the fact that these people are likely to be less good as managers in the traditional *[inaudible]*

HARRIS: Well, interestingly, we have a study there which we will be building into our managerial performance assessments, sort of anticipating what the *[inaudible]* going on. The study is a managerial competency study, and it deals with this kind of issue—I mean, what is it that managers are expected to do. And it's based on—and this is based on Bank data and a lot of interviews and answers to survey questionnaires with managers and staff. And so these are the competencies that managers are expected to have and will be used for managerial selection and managerial performance evaluations, succession planning and so forth. So, yeah, we are looking at this. I mean, we're doing it right now. To some extent we're putting in place *[inaudible]*

KAPUR: *[inaudible]* for example, talking of Brazil, there's a lot of, for example, sort of environmental, I mean, sort of this firefighting. Suddenly, you know, environment, for example, it's an immediate issue; I mean NGOs, the number of meetings *[inaudible]* you cannot ignore it. You have to deal with it now because it comes up in Congress or a *Wall Street Journal* article or what have you. Then also what I sort of get a sense from the people *[inaudible]* from YPs *[young professionals]* on the *[inaudible]* is a sense of how little is checked, cross-checked on the numbers simply because there is no time at the moment because of the environmental, because of the *[inaudible]* because of—you know, the commitments have increased much more rather than down but across and wider. So the cross-checking which I think perhaps might have *[inaudible]* that element almost because there are only 12 hours in the day, I mean, which you have as a manager.

HARRIS: Okay. And that may have suffered. What I was hoping you were going to say, but I think you're probably right, is that, well, that reflects trust in the staff. If the Bank is able to get to the point where that reflects trust, and the trust is well founded and we're really doing good work. I'm reminded of something I saw yesterday which went to our Board--and I looked at two examples at random--and this is the monthly report, monthly operational summary which goes to the Board. Every quarter there's an environmental annex, okay, that went just the first of October. And I looked at two of those entries--just picked them at random—and both of them had, I think, some major, you know, conceptual problems, just didn't *[inaudible]*. The little bit of information that was in there just didn't add up to a sensible story, and I'm sure if I went and talked to the manager or task manager for those particular projects, with a little probing I'd find that what was in there was wrong. One of them appears to be a typo, but it has, deals with your trust. I mean, and the problem is there--I was talking to the person in the center who is responsible for that system--is that, as you say, nobody is checking. Now, in that case they are starting to check, and in fact on this one they did call a few people. And the response they got was, "Well, gee, I didn't think anybody ever read this. You're the first person that ever asked me a question about this." We have to build this in, and these are some of the systems that didn't get built into the reorganization.

A kind of general observation on that: When we decentralized in 1987, I think we did a lot of the right things. And one of the things, one of the objectives that I felt very strongly about and which Hans's *[Hans Wyss]* predecessor, Ducksoo Lee, felt very strongly about is that our role in Central Operations Department was to make the decentralization work and to resist pressures to recentralize a lot of controls. I think we succeeded in doing that, and we were not very popular all the time for taking this deliberate hands-off attitude. I think one of the costs of that, or, let's say, one of the problems, is that infrastructure to do the kind of checking and the cross-communication and to make sure that that happened and it was of high quality, that infrastructure was not in place. We didn't have a good management information system. We didn't have good office technology. We didn't have good information networks. So what happened is we got decentralization, which I think is a good thing, and the pendulum probably swung too far in the sense that there was not enough checking and accountability, coming back to your earlier question. Again, I think people are aware of this. I don't think I'm the only person who's aware of this, and we're trying to build this back in.

And I think what's happening in the personnel function, quite a different dimension, is another case in point. You may have read the article in last month's *Bank World* about the [both speaking at once] decentralization of the personnel function, and then there's a rejoinder from the personnel officers and so forth. But I think essentially the same thing happened. There was a decentralization of a function, people operating—I think with very good intent, very capable people--but there were not, there was no infrastructure to link what was going on in the decentralized units in the periphery with what was going on in the center with the result, in my personal view, that a lot of is going on, a lot of good things are going on, but collectively we don't know about a lot of that, so there's no context. And I think there are some parallels between what's happened in personnel and what's happening in operations, that there was decentralization without a good sense of what kind of infrastructure you need from an institutional point of view to support that.

KAPUR: In some sense or putting it somewhat crudely, is it your sense that while the mean quality might have been, perhaps increased, but the awareness of this *[inaudible]*

HARRIS: That's one way of looking at it. I think you could be even more explicit. I think one of the things we do much better is our country focus and our client responsiveness and our ability to make deals which are relevant to countries. And I think the ability of people like Kemal Dervis and Armeane Choksi to do those kinds of things results in part from the way we're now organized because they can really devote their attention to, you know, doing that. And that's a good thing.

But there are, you know, other aspects like, you know, consistency of the material which goes into all our reports which has probably suffered. So I don't know. Maybe the mean quality in some sense is, you know, the same or has gone up or down. I don't know. There are a lot of debates around that, but whether you think the changes are good or bad depends in part on what you're looking at when you ask the question.

WEBB: As I mentioned earlier, one of the companies that I worked with is IBM, and all kinds of problems--I don't know if you've heard or not that they're having all kinds of problems, and it seems so familiar here in the Bank in terms of an organization that is built for one environment and the environment has changed. I don't see—I mean, one always, one of the things that I sense in the Bank all the time, especially in the

Bank now but in general, is a kind of paradoxical--there is always a refusal to accept trade-offs.

HARRIS: That's funny. Before I came to this meeting I was having a discussion on exactly that subject with somebody.

WEBB: Is that right? Do you think that's right?

HARRIS: Oh, I fully agree.

WEBB: Yeah. And it was particularly strong with *[Robert S.]* McNamara? Growth and equity; volume and quality.

HARRIS: Yeah, but it was not unique to McNamara. I think that Mr. *[Barber B.]* Conable perhaps was even more that way, I mean in terms of personally the way he ran the Bank. I mean we were always, I think, even more trying to be all things to all people. I think—I mean McNamara had a much more explicit objective of making the Bank a larger and more meaningful and important institutional player in the world, and we went from a small peripheral player, I think, to a much more central player in the eleven years that he was here. Conable, on the other hand, had much more of a containment mission. The Bank was not growing. He was under some pressures to reduce it, and yet he continued to make these commitments. Again, a personal observation.

And I think that's what became so frustrating for so many people, that—and I'm not saying we were working as efficiently and effectively, using our resources as well as we could have. My own view on that is that we could use them a lot better if we could make some of the explicit trade-offs that you're suggesting. I'm not necessarily even talking about giving up programs, but anyway I think there are ways that we could probably do things more efficiently and effectively. But part of that means making deliberate choices about what we're not going to do. Again, intellectually we recognized in 1987 that we had to do that and you can find all sorts of statements saying that we have to do that, but we never did.

KAPUR: How real has, quote, the "damage" been since '87, increase in the function *[inaudible]* you know, I mean sort of adding on functions in a sense and at the same time constant budget pressure. Has—I mean in a sense you can't have more people, you have less time to, perhaps, reflect, see the larger things because *[inaudible]* you're adding on more functions to individual staff members. Has that meant that, say, cross checking *[inaudible]* Is there a sense of that perhaps?

HARRIS: I think there's some evidence of that. Probably the biggest cost I would say may be a cynicism on the part of staff that people recognize that they can't do something. I think, you know, we as staff come to most of our work with a very high standard of performance and almost perfection, I mean, almost sometimes to a fault. I mean, a lot of us tend to be perfectionists. You know, I think that's one of the areas in which we have to learn to make tradeoffs. But I think people coming to work with those very high standards and realizing that they're being asked to do so many things that they can't meet those standards, at some point—and I don't know where that is--at some point become a little cynical and they only go through the motions and will start producing things like the information I described on the monthly operational summary. They don't really care. You know, somebody filled that form in. Probably it was a secretary. Probably she didn't care about the accuracy of that number. The fact that a task manager for that project asked him or her to fill in that form because they were doing something else, it means that they didn't care about that particular function. So in some sense, yeah, we're doing too many things for too many audiences. We haven't learned to say no.

The other thing that strikes me about this monthly operational summary is that we've been publishing this now for over a year with all these errors, and nobody has ever mentioned that. So my question is, “Who's reading them?” You know, we went through a lot of internal agony and a lot of external negotiation with EDs *[Executive Directors]* and member governments on what we were going to report, at what frequency, and, you know, this was really negotiated--what we were going to put in, what we were not going to put in. It was going to be a summary that was going to be available, the whole report was going to be available, and so forth. And everybody thought that we had this great agreement that we were going to produce this monthly operational summary with exactly this well-negotiated content. Now we produce nonsense information, and nobody reads it, I would guess.

KAPUR: In a way it’s a great strategy toward a huge mass of information: it’s submerged.

HARRIS: Yes, but at some cost, and the cost in this case is--there are two costs: one is cynicism and two is the just absolute number of staff weeks that go into producing that. And it's at that level that I'm saying we could be a lot more efficient and effective if we would make choices and say, “Right. These are the things we're going to do. We're going to provide meaningful information about this that and the other, but we're not going to give you everything that you asked for because it's just not cost-effective for us to do that and probably not cost-effective for you to read all that stuff anyway.” But, I mean, that's where we have to be much more selective, and it comes to your question of trade-offs.

KAPUR: But isn’t that true sort of internally in the Bank also, I mean like how many operations people read OED other than their specific . . .

HARRIS: Well, the OED material is not as accessible as it should be. But interestingly, the OED—I mean, that’s one of the things that we were pushing in Central Operations is to get people to pay more attention to OED material. And a couple of the regions have now put that in their electronic data base. And in some departments, particularly Russ *[Russell J.]* Cheetham's department, the Indonesian department (whatever you call it), and the Africa region and a few other places, I think--well, each region now has some program, and they differ, for making that information accessible.

Now, I agree with your observation, but, well, I think that maybe comes back to one of the things I said when we first came in about the information system. There's probably too much information available. One of the things I'm trying to do now is, you know, I’m trying to discipline myself. Some of the things I get on normal distribution I'm just going to say, you know, ask not to be sent, (1) to save paper and

(2) to save my time in looking at stuff which is not really relevant to what I'm doing, I mean, I don't need to look at. But I think if everybody were to make those kinds of decisions--which we don't make characteristically--you begin to pare this down.

And we have to be much tougher in negotiating with the EDs. I mean, I used get all sorts of calls, “Can we have a weekly report on this, a monthly report on that, an annual report on something else.” And most of it is duplicative, and you get this from every ED's office, and sometimes you get several because they're serving multiple constituencies. We have a tendency to say yes to everybody. We're too polite. I think we have to decide there is a core set of information and we provide that, and that's it. And people have to understand that. You know, I think we could be much more disciplined about what we do, in the name of efficiency. And if we somehow—I mean when we do that, we have to be able and willing to hold ourselves accountable for doing that. We can't just say, “No, we're not going to give you information,” and then, you know, not be able to demonstrate that that's had some beneficial impact somewhere else. We have to think these things through.

WEBB: Just to throw in a personal opinion, I think that operations summary is great for an institution that is moving into its role. It's a much more global, much more related to other institutions because--it's just my experience in other institutions I've worked with--it will make the Bank much more accessible to a thousand other institutions, offices and governments, NGOs and so on who want to relate or need to relate somehow to the Bank, and they make that relationship, invite them to relate and know what's going on, talk to them, fully orient them.

HARRIS: I fully agree with that. One of the things that we have achieved in my old job is making our Operational Directives accessible to the rest of the world. They used to be for internal use only, and we had a debate for some time with some of our legal colleagues about whether we can disclose these. And a couple of years ago we changed the disclosure rules in such a way as to make that permissible, and I think for exactly the reasons you mentioned, that, you know, what good does it do to have some operational rules and guidelines and procedures that only we know and nobody knows how we operate? You know, on the one hand we're saying that we want the regional banks and the bilaterals to do things like we do because we think we do them right. That’s one reason. Secondly, I personally believe that we should be held to some kind of market test and accountability to the rest of the world. We should be, you know, willing to tell people the way we do things and be willing to accept comment and criticism that maybe it's not the best way to do it, and that's how we're going to learn, you know. But that attitude of being open and sharing is very difficult to push in this institution.

WEBB: It’s going against the bureaucratic . .

HARRIS: Culture.

WEBB: . . culture, yeah.

KAPUR: But also, I mean, it will leak in any case.

HARRIS: Well, that's the practical point. These things get out in any case.

KAPUR: In any case [both speaking at once] very few Bank documents, unless the numbers aren't correct.

HARRIS: And there has to be also [both speaking at once]

WEBB: The really bad things *[inaudible]* the good things.

KAPUR: In fact, I think the best way which I've seen the most sensitive stuff is to have a very thick document and don't write "highly confidential." No one will read it. I've seen this now on so many Bank reports. The moment you put "highly confidential" immediately people pick it up and read it.

HARRIS: Of course.

WEBB: You know, I did something like this when I worked in the central bank of Peru. When I arrived, just after the military government, and they each week issued a current, a weekly tracking of the economy. Each report had a huge, about this big, "confidential" written on it and a number because there was a list of about 30 people in government who got it. One of the numbers was the government reserves. And then we started getting these attacks in the newspaper saying our reserves had gone down and so forth and so on. And then we wondered who was releasing this information, and then decided to do exactly—we started publishing this, three times as much data, all the detailed, infinite details of the reserves but added up by about ten different ways so you had *[inaudible]* So what were the reserves is hard to say always. Do you want it this way, or do you want it this way? And they even started publishing a thousand of these. It effectively--it killed the whole issue.

KAPUR: I think that you *[inaudible]*

HARRIS: Yeah, we'll have to wind up.

You mentioned agriculture. Let me just make one observation about agriculture, which you may have picked up, and that is that, you know, under McNamara particularly and the immediate aftermath we did have--I guess when Monty *[Montague]* Yudelman was here--we did have an objective of lending so much for agriculture. And I think the way we were organized, the way we saw things going in the world, that was probably the right thing to do. But I think now that we're much more country-focused and we have to have a much more tailor-made kind of product, my own view is that we can't have those kinds of micro-targets. That tends, again just puts another burden on people.

KAPUR: Micro or Bank-wide?

HARRIS: Well, I mean, it's a Bank-wide target, but I think when you start getting—you know, there are all sorts of advocacy groups. You have your agriculture advocacy group. We've got pressure from population groups; we have to lend a certain amount for population. Environmental groups, we have to do a certain amount for environment. All those things are valid, but they need to be translated into country programs, and country programs have to be responsive to the needs of the borrowers.

And I think that's what your country directors are held accountable for. And if the aggregate of all those decisions means that we're lending, making 15 percent of our commitments for agriculture as opposed to 25 percent of our commitments for agriculture, I think that's fine. We will be under pressure from various groups, as we are, you know, for having this go down.

I think there are some much more important things that we should be doing. Whether we're lending a certain amount of money for agriculture, a certain share of our lending going to agriculture, I think is not very important. I think if we are giving the right kind of advice to governments about the role of agriculture in their economies and the appropriate incentive structure and the mix of private and public sector support and so forth, you know, the proper policy incentives and that results in investments being carried out by private sector or other institutions, that's fine. And it's in that sense, you know, of bringing the sort of changing nature of the Bank's product into the context of agriculture, we have to start looking at different measures of what we're doing. You gotta see--the outside world of the Bank's critics sometimes make the same mistakes we make internally. I mean, if you look only at the volume of lending, that gets us back into the lending target syndrome. So if we're responsive to people who say we need to keep up the lending volume in order to maintain the World Bank's leadership, I think we're drawing the wrong kinds of linkages.

So I for one would not be defensive about, you know, any particular percentage of lending. I think we've already agreed that lending is not a very good measure of what we do anyway. And I would look for much more meaningful qualitative measures. You know, that's not to say that everything in agriculture or in any other area like population or environment is perfect, but I am, you know, suggesting that we need to look at the right thing in doing that.

The other point is--and I don't know where Michael Lipton stands on it at the moment, but where I think we did have one substantive disagreement is that he, I think, was saying a couple of years ago that the Bank's adjustment lending was somehow competitive with agriculture and adjustment lending was, you know, coming at the expense of agriculture, and I see the two as being very much complementary for the reasons I have just been discussing now. I mean that's a difference of view, but I . . .

KAPUR: Right. He sort of sees it as having driven out agriculture, and he sees it more . .

HARRIS: Yeah, and I don't see it that way at all. From some of the countries that I worked with, you know, Turkey, for example, I think the adjustment lending and the policy changes that we worked through with the Turkish government were much more beneficial to Turkish agriculture than if we had used the same amount of money for traditional livestock projects, for example.

KAPUR: One thing is—I haven't again looked at the data, but this might be a more meaningful *[inaudible]* is whether the adjustment loans, if, say, looking at agriculture, because in any case the Bank's own lending is a very small fraction of the country's, say India or Turkey or wherever: Did the country itself increase its commitments, so the overall resources in agriculture are and the Bank's resources in agriculture are engaging at the time. That might be more, because then you can say . .

HARRIS: Did it increase commitments, did it improve the pattern of production relations, management in terms of its trade regime, I mean, did agriculture form a more appropriate or take on a more appropriate role in the total economy. I mean, those are the kinds of questions that I--not how much is World Bank lending to the sectors or projects. It is much too narrow a . .

WEBB: *[inaudible]* the influence, really.

HARRIS: Yeah, and so I think it's more important, but it's also much more difficult to grasp and it reminds me of a general kind of comment I read somewhere that the really important things are the ones that are difficult to measure, but that's where we ought to be putting our attention, not on measuring the easy things and then acting as if that were the answer to the question. And that is easier said than done, but I think we have to keep that kind of thing in mind.

KAPUR: In a way, it's the same thing which Mahbub ul-Haq *[inaudible]* We had this seminar where this issue was raised . .

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