

**THE WORLD BANK GROUP**

**ORAL HISTORY PROGRAM**

**Transcript of interview with**

**GLORIA DAVIS**

**June 28 and 29, 2004**

**Washington, D.C.**

**Interview by: Marie T. Zenni**

*Gloria Davis*

*June 28 and 29, 2004 – Final Edited*

**Session 1**  
**June 28, 2004**  
**Washington, D.C.**

**ZENNI:** Good morning. Today is Monday, June 28th, and I'm Marie Zenni, senior interviewer for the Bank's Oral History Program.

**DAVIS:** This is Gloria Davis and I'm an anthropologist by training and retired from the Bank in 2000 as the Director for Social Development.

**ZENNI:** Okay. Welcome, Ms. Davis. I'd like to begin by asking you to talk about your background prior to joining the Bank in '78, including your educational background and development as an anthropologist?

**DAVIS:** Well, as I mentioned, I'm an anthropologist. I actually started out as a psychologist, and perhaps that counted as much in what I did and some of the ways I thought about what we were doing as my anthropology background.

I did my anthropological research in Indonesia between 1972 and 1974, and I happened to work on the movement of Balinese to central Sulawesi, a part of the Indonesian transmigration program, which, in fact, after a few years is what led directly to my being hired by the Bank. We can talk more about that. I completed my dissertation at Stanford in 1975. I taught at Yale for three years, and while I was teaching a person appeared at one of my classes--and I'm quite serious about this--he came up after my lecture, and he said, "The World Bank wants you." [Laughter] And I have to admit I didn't even know what the World Bank was. I had a kind of a general notion, but nothing specific. To make a long story short, [Robert S.] McNamara had been to Indonesia and committed a billion dollars to the Indonesians to expand the Indonesian transmigration program, which he regarded as a very important mechanism for poverty alleviation. This was the very beginning of his poverty alleviation thrust in the Bank.

So in 1978, I agreed to go for six months. I took six months of leave from Yale and went to the Bank to work with a newly-established group under Robert Sadov, which was called Transmigration and Land Settlement. It was focused on Indonesia. And that's the way I got to the Bank and, in fact, a lot of the experiences of my research, and especially the evidence that poor people could improve their lives, even though transmigration doesn't have a great reputation, affected me throughout the whole time I was in the Bank. Let's talk more about that when we can get to some of the more specific questions, however you want.

**ZENNI:** Why do you think the Bank was ready then to hire its first anthropologist, having hired its first sociologist in '74?

**DAVIS:** Well, to speak specifically of my own case, I mean there had been a lobby for increasing social input into the Bank projects generally. That was already happening, and it certainly happened in the case of Michael Cernea, who had been hired in 1974, but also Bob Sadov, who was responsible for--in those days, the '70s--a series of very large, very technical programs. For example, the Bank was involved in the allocation of water for the Indus River

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Basin when Pakistan and India were partitioned, and that was really important to development there. And Bob Sadow recognized that the human, social and cultural impacts were critically important, and he wanted somebody who, one, was focused on social impacts. He was very supportive, and he was the person who ensured that I was hired as an anthropologist when I was hired. But he also wanted somebody who knew Indonesia.

And this is only a decade after Indonesia had opened up to the West at all, and people--Bernie [Bernard R.] Bell, who was the director out there--were not still very certain about what could be achieved and what couldn't be achieved. So they were looking for not just social knowledge but also for this Indonesian knowledge. And I've mentioned this in some of the things I've written: a lot of the early social scientists came into the Bank not because they had social knowledge in general but because they were familiar with countries that had very large Bank programs. Another example is Maritta Koch-Weser, who, among other things, had knowledge of Brazil at a time when the Brazil program was very, very large, and she was doing lots and lots of consultancies for the Bank before she became a regular staff member. There are many, many others who brought country knowledge to the Bank as well as specific thematic information.

**ZENNI:** So what were your initial responsibilities when you first joined the East Asia and Pacific Project Department to work in its Transmigration and Land Settlement Division, and how much were these in line with your expectations as to what you wanted to do?

**DAVIS:** Yeah. I've already alluded to this. I mean, what I did--and, again, I guess it's very formative in how I saw the work of the social development staff--is that I went out with teams, rural development teams in this case (they happened to be the people who were doing the land settlement and transmigration program), and I interviewed farmers.

Now, frankly, the rural development people at that time sent out huge missions and did a lot of that work themselves. So the fact that I had the language, I had knowledge, I had planted my own rice in Indonesia, was helpful. But they were also very good. This is something that has changed over time.

The first mission I went out on had perhaps ten people on it. My first mission in Indonesia was ten weeks. The rest of them were there for six. So we had the liberty. There was no, you know, cost accounting for individuals and things like that. People could really get into this in a lot more depth. And for them, then, it was very helpful to have an anthropologist who knew a lot about the sending areas, Java and Bali, and I knew those areas very well, understood a little of both local languages and spoke Indonesian and could tell them a lot about what the farmers were saying about what they could and couldn't expect. When you're using a translator, you always get the official version, you know, everybody got 1.2 tons of rice. But when you actually ask them, you know, how long they could feed their families and things like that, you get very different answers.

So that was sort of my job, and I'll tell you what I loved about it. Well, first, I've always loved working in Indonesia and I really valued working on teams, and my agriculture colleagues were enormously supportive of me--this seems very different than the stories you hear today--because they wanted to know what I knew and they also wanted to teach me a lot about what they knew about agriculture. We'd go out with the world's most famous rubber processing specialist or bull specialist or things like that. So I was also learning a lot about technology and what could be introduced and what couldn't be introduced and so forth. And I always felt very valued during this period as member of a team; gradually, I would become a mission leader for certain parts of the

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activity, and one thing I want to stress about that experience is that I had a long and very profitable apprenticeship, I would say. You know, it was sort of three years where people were teaching me the Bank. They were teaching me how to work in the Bank. They were teaching me the importance of the economic analysis. I learned how to do economic analysis.

And when we get to the end of this story, one of the things I feel that we may have lost in the Bank is a real kind of apprenticeship program where people are brought in, they learn about the mechanisms and objectives of the Bank, they only write major reports as they are ready to do that, and they really, really are involved as teams, as part of teams.

Sending consultants out by themselves is a very different experience and very different than my own experience when I came into the Bank, which was very rewarding.

**ZENNI:** It sounds like it. Moving on, from January '82 until late '85, your main focus was still in the East Asia and Pacific Department, centered on agriculture, at a time when, as you had already mentioned, the Bank's poverty alleviation emphasis was through rural development. Please discuss your contribution to the Bank's rural development agenda at the time.

**DAVIS:** Yeah. I think I've mentioned a lot about sort of what I did. It may be an overstatement to say it was rural development specifically because what the Bank was doing--and remember there was a big transition between the very technocratic Bank and the more poverty-oriented Bank--it was still involved in very large infrastructure programs, so rural development meant large-scale irrigation, lots of dams. Sometimes it meant roads. There was a lot of emphasis on huge plantation development, whether it was tree crops or if you were in the Middle East it might be cotton and so on.

Some of that was very successful. Some of it was discredited over time as our views about small-holder development have changed. And, in fact, that's one of the big shifts that happened during my period and I contributed to in minor ways. When I started, for example, the Transmigration and Land Settlement Division was responsible for creating very large plantation developments, and because Indonesia at that time was very nationalistic and very oriented towards small-holders, the Indonesians were pushing for allocating those plantations to small farmers instead of holding them all in plantations, and the Bank was sort of moving in that direction.

This is perhaps a longer story than we need, but the problem was that the Bank agriculturalists favored high-input/high-output agricultural activities; that is to say, you have lots of fertilizer or you borrow money for this; you have very high-quality plantations that are not very well-suited to small-holder management. They are suited to very large organizations and administrations. And, if you look across the Bank, what you'll see is that in agriculture we had to learn that small-holders didn't want to be in debt. Of course, they would love to have a huge, wonderful plantation just given to them, but they didn't want to assume debt for it. They couldn't maintain it at the level that it had been developed at and so on.

So beginning to adjust small-holder agriculture to small-holders was the main activity that I had during those three years, constantly arguing that farmers should be doing the planting themselves. They should be doing it at a scale that they could manage; even if that wasn't optimal from the point of view of production, it was probably optimal from the point of view of those small-holders.

I wrote many, many, many papers during that period to show how small-holders thought about the agricultural activities that they were involved in. And gradually, over time, you don't see large tree crop developments anymore; that was something we did 20 years ago. Today, we try to work with small-holders in situ to improve their production practices in ways that they can manage. And some of the lessons have been learned and some of them are still being learned.

**ZENNI:** Okay. Well, up to that period, as you look back, what influence, if any, did these few years have on the direction of your future career in the Bank? How did that shape your direction?

**DAVIS:** Well, certainly, I mean my career wouldn't have been the same if I hadn't had that experience. One thing is that, as I've mentioned, at that time I learned a lot about the Bank. And I always felt--later on when I was the Director of Social Development, I tried every six months to have instruction courses on the Bank, on the Bank project cycle, on all of those kinds of things for social scientists because I felt that they were being isolated from the real activity of the Bank, which was making loans for agricultural activities which were benefiting, we hoped, the small-holders involved.

So one thing is that I felt, and I continued to feel during my period as a manager, that social scientists needed to be integrated into teams and they needed to have a very broad knowledge of the objectives that the Bank teams had in order to be helpful to them. I mean, that was my experience, and I benefited from it, and I was effective in that situation. And I felt that there was not any reason for antagonism because my contributions were welcome.

The other thing is that, as I've just mentioned, this was a time when we were moving from large-scale infrastructure—and this was literally the moments in which this was happening--to, first, the idea of a poverty-oriented program. I mean, what would that mean? And what we see over the next 20 years is just a constant sort of refinement of this, which leaves the Bank, in a way, less and less in the control of the outcomes. I mean, if you're building a dam, you have to build it to certain technical standards. You can do it entirely with expatriates if you need to. It can have training components to bring people up to speed. But if the dam isn't built to the highest standards, it's going to fall down, and that's a great technocratic activity for which the Bank was very well-suited.

The Bank was not very well-suited for, at this early stage, the kind of low-input, kind of low-output, highly uncertain sort of outcomes, constant adjustment. I mean, as you can see, our project cycle isn't like that at all. You know, it starts out with a six-year plan, and even in those days we barely thought of modifying it. There might be a mid-term review where, if you look at what the Bank does today, you'll see that when it's really working on the ground, working on issues related to social capital, village organization, village formation, trying to work on conflict and stuff, the project changes every year. So there still are big technocratic projects for which the Bank is very well-suited, but there's also this other kind of poverty-oriented project where the learning was occurring during this particular period.

**ZENNI:** Please discuss your move in February of '86 as senior loan officer from the project department to the Indonesia Division in the country department and what were your main responsibilities.

**DAVIS:** Yes. This is just as background. This is a time when, in theory, not so much in practice, we had project departments who did the loans and then we had the program departments

that--we've kind of come back to this. There was a period when they were integrated, but the program people did the country relations, helped sort of set the framework for doing all of these kinds of things. And some of my interests were--I was working across the Indonesia program by then; I was not just agriculture, but I would go out on other kinds of projects as well if they had particular problems of a social nature working in some associated countries.

But there were also big issues to be dealt with, and I was very concerned at that time about--well, I must tell you frankly that the Bank did not predict that the Indonesia transmigration program would move ahead under the Indonesian government on the scale that it did. And the scale of the program, which vastly exceeded our expectations, was having social and environmental impacts that I felt needed to be addressed. And although we had written several assessments of the Indonesian transmigration program, all of which I wrote, there was an opportunity in this as a loan officer to write a more analytical piece. And so, actually what I was doing was in '86, I wrote the very first environment report for a country. It was on environment and social issues. The next one was on the Philippines, so a lot of these were being done in Asia. And it was called "Forest, Land and Water." I was concerned about the natural environment on which transmigration, among many other things, was having a very large impact, but also on the issues related to pollution and so on that were coming about because the country was developing much more rapidly than most observers had anticipated. So that's the year in which I sort of wrote that, as well as managing a lot of other loans that were coming through and doing routine sort of processing kinds of things.

**ZENNI:** As a result of the newly-created Environment Department during the '87 reorganization under President [Barber B.] Conable, environment units were initially set up in the technical departments in each of the four regions.

**DAVIS:** Right.

**ZENNI:** In July '87, you were promoted to unit chief, and then became division chief of the Environment Division in the Asia Technical Department.

**DAVIS:** Right.

**ZENNI:** Please discuss the circumstances leading to your move and what were your main responsibilities as a newly-appointed manager.

**DAVIS:** Right. Well, this was kind of fun, and actually this is another time that I must say I really enjoyed in the Bank. It's true that environmental awareness was increasing enormously, and also the Bank's involvement in countries was increasing in a very significant way, so the environmental consequences of Bank activity were increasingly important. There were a number of people like Robert Goodland, among many others, who had been pushing this for a much longer time than we had been involved. And so in '87, the person who had been appointed as the head of the Technical Department in Asia--and this was all of Asia, east and south Asia--asked me if I would consider being the Environment Division chief. And I talked to the Vice President about that. I don't know if you remember Attila Karaosmonoglu.

**ZENNI:** Yes.

**DAVIS:** A very, very humane, very, very decent man with a great deal of integrity. And I talked to him about some of my reservations. I have a background in natural sciences. I certainly didn't feel prepared to deal with air pollution in China or water pollution in India necessarily. But what I did think I could bring to this--and I talked to Mr. Karaosmonoglu about this at some length--was a social perspective. And I asked him if he would consider calling this the Environment and Social Unit for East and South Asia, and he said yes. So although it doesn't always appear and only was formalized for everybody much later, the initial unit for the Asia Region was an environment and a social unit. And the first three people I hired were, as we said then, one green person, one brown person and one red person, who was the social scientist. And there we were, the three of us and me, trying to deal with these enormous environmental issues in the Asia Region. I can't imagine there was a region that faced greater challenges in those days.

And what I could see--I mean, in a way it was all right that I wasn't a technical specialist in all of these areas, but I knew the Bank well, ten years by then--was that you had to have really good staff, and you had to have their work divided into sort of manageable units, and you had to have people who were willing to prioritize. There was no conceivable way we could deal with every single issue in every single project with three people, for example. And it was a process of negotiating with the divisions about how we could have--not "we" as an Environment Division but "we" as a region--could have the most important impact with the kind of (at that stage) relatively limited resources and leverage and ideological clarity that we had in these areas.

And I worked--for example, Richard Stern was the China Country Director, and he said, "There's no way that I can address every single environmental issue in every single one of my projects, but we'll work together to identify the most important environmental issues in China," which turned out to be, for example, air pollution from coal-burning as one of the--to take the "brown" issue. And Richard said, "Okay, we'll develop a strategy with the Chinese for how to reduce air pollution over the next decade in this particular area."

**[Interruption]**

And I felt at that time like, beginning, as I say, with the very limited resources we had, that that sort of a strategic approach on a country-by-country basis, where the country departments had the ownership of the issues--they identified them, they owned them, and we worked in a supportive way with them to think about how to address these strategically--was the most important thing we could do on the environmental and the social side.

And, of course, we had a backup role--and not everybody would be pleased to hear me describe it that way--but that was to catch issues that had been overlooked, I mean, so you do have that where you look at a project--I can think of one or two in Thailand that hadn't been done adequately that would pit us against the country department director, for example, because you could see that there would be an ongoing environmental issue. It wasn't a question exclusively of outside scrutiny, but that was important, but that would have real environmental and/or social impacts that we weren't ready or able to approve.

And, unfortunately for me, and I don't mean that in a sense that it--well, it will become obvious, but this is exactly the time of the Narmada projects. So we were confronted with the Narmada projects, and whereas our relationship with all of the other country departments was constructive, this is one that was very, very, very contentious. The Indian environmentalists, in particular, were extremely active, and the country department was extremely entrenched, leaving the Environment

Department, the environment team, in the middle. And time after time after time, we tried to work constructively to resolve the problems, but they were accelerating and accelerating. And a lot of what I learned during this time--and Michael Cernea had learned something completely different--was how enormously politicized these issues were. It wasn't a matter of a technocratic solution. I mean, we were focused . . .

**[Interruption]**

**ZENNI:** You were talking about the many environmental and social challenges you were facing in the Asia Region, and specifically you were talking about the Sardar Sarovar Dam on the Narmada River. So do you want to continue with that?

**DAVIS:** Yes. I think that the point I was making was that our solution to problems at the time was, to highly oversimplify it, a planning solution. So this was a time when, in fact, the major advance, I would say, was one that was being made by Michael Cernea in terms of improving planning. So you needed to speak of Narmada specifically, very detailed plans by state for resettlement, for environmental management, and commitments, then legal commitments by the government to respect those plans, to carry them out in ways that had been agreed with the Bank and so forth. And there was a tremendous amount of emphasis on identifying the problems and improving the plans. And probably what we failed to recognize until things got quite completely out of hand was the importance of the political agenda in which these specific activities were embedded, both in India and then later in developed countries.

To be specific, the Indian environmentalists perceived this as one--as it was planned--of a dozen or more dams on the Narmada River that would cause the displacement of hundreds of millions of people and significant modifications of the environment. And it didn't really matter to them that you could solve the problems of this one specific dam because there are always people who are disadvantaged in the resettlement process and who are concerned about environmental implications. There was an enormous sort of political uprising that eventually became unmanageable. And just reflecting on this later when the Three Gorges Dam came up in China, I certainly argued as forcefully as I could with Javed Burki, who made the decision, that the Bank simply could not manage those kinds of internal political forces; that if it was a technical problem, we could solve it, but where a country was deeply divided about the impacts of a development project, we're simply in no position to manage it.

And what happened at Narmada--and I don't think it's even fully appreciated now--was that the Bank got in the middle. The government wanted to build the dam. The NGOs [non-governmental organizations] and many of the affected people did not want it built, or didn't want it with all of its associated canals, which are gigantic, and so on. And because the government wouldn't listen, they focused on the Bank. And this is not to say that all the state governments didn't listen. In fact, some of the states managed it very well and some of them didn't care, and that was another problem for the Bank.

So, what I took as a lesson from this is that we really had to have a partner in very large-scale operations like this that could manage the impacts. And I still am concerned about this in things like the Chad-Cameroon pipeline, and so forth. The Bank can't do the job. The countries actually have to do it in this day and age. So it was a very interesting and salutary time.



The upshot was that resettlement policies were enormously strengthened. Resettlement planning was greatly improved. Michael Cernea, as you know from previous interviews, did a very important paper at that time which brought social issues very much to the forefront of the work we were doing. But eventually the Indian government asked the Bank to withdraw from the Narmada project because the Bank was getting so much pressure from the NGOs and then transferring that to the Indian government that they could not cope with it and they felt they couldn't work effectively in that particular context. So, we won a lot and we lost some. The dam was built or is still being built. The irrigation canals are not in. The benefits have not been realized. It was a very, very costly effort for everybody involved. So it was an interesting time for us.

**ZENNI:** Okay. Please discuss your contribution to the development of the Bank's environment policies.

**DAVIS:** Well, in addition to the kind of both firefighting and strategic planning we were trying to do on a country basis, the various environment division chiefs in the regions recognized that it would be useful to have common policies. Actually, Asia was the most advanced. Its countries were more advanced than Africa or Latin America, for example, and we wanted to standardize our sort of approach to policies. So, for example, I chaired the group to prepare the first environmental assessment policy, and that simply set out a process. It didn't say what the outcome had to be, but it did talk about the process that you had to go through to investigate and mitigate adverse impacts in various kinds of projects.

At the time, the social implications were not as clear in that policy; that has sort of dogged us to this very day. But we did have the first systematic environmental assessment policy on the books among the developing organizations. We began to be more uniform internally, but it also began to put the Bank in the forefront of environmental policymaking.

Subsequently, the other regional development banks, for example, prepared environmental impact assessment policies; in some cases--for example, in the Asia region--modeled entirely on the World Bank's policy, in some cases introducing elements that were particularly appropriate to different regions. So this whole idea of using policy as a mechanism for improving the uniformity and the quality of Bank projects was something that I learned in the context of the environmental assessment policy and, as we'll talk about later, tried to introduce in the social context. We weren't quite ready for that at the time, although there are some references to social impacts, particularly resettlement and indigenous people. But this is an area that broadened in the forthcoming years.

**ZENNI:** Okay. Moving on to NGOs, the recognition within the Bank as to the benefits of NGO involvement dates back to the late '70s. In your view, how much was the Bank's early handling of the implications of its decisions on the environment primarily prompted by external pressure mainly instigated by NGOs?

**DAVIS:** NGOs were very important. They provided a very, very important external pressure point for changing the Bank. It's also true to say that the whole world view was changing at that time. It wasn't only NGOs that were waking up to the importance of environmental issues through their work and through the activities of different organizations. People across the world were becoming increasingly aware of the importance of water pollution and air pollution, declining rainforests and so on and so on. So the two came together: widening awareness within the Bank and constant and unrelenting pressure on the parts of our friends in the NGO movement to consistently improve Bank policies. In the end, although we had a lot of conversations in the

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meantime, not all of which were happy ones, in the past few years NGOs have argued with other organizations that they should adopt Bank policies. So that was a good strategy on their part. They moved the Bank along because the Bank was sensitive to some of their concerns, certainly not all of them and not as quickly as it might have in some cases. But it was an entry point for NGOs in the international arena.

Now, you mentioned the 1970s, and one of the points that's important to make is that in the late 1970s and early '80s, the Bank's interaction was almost exclusively with international NGOs and Western NGOs--the World Wildlife Fund; there are many, many that we could mention. And it had very little to do with developing country NGOs, but there weren't very many of them to start with. They weren't well-organized. They were very much under-funded. But certainly the phenomenon that we see now about widespread public organization in developing countries was not one that we were dealing with initially. That also grew up during the time that we're talking about, these past 20 years, and that very much changed the dynamic and put pressure on the Bank in individual countries to pay more attention to environmental issues. But as local activists became more involved, social issues became more important.

**ZENNI:** So what impact did the creation in '87 of an NGO unit within the Strategic Planning Department have in terms of incorporating participatory approaches in the development process?

**DAVIS:** Well, the NGO unit, which eventually was headed by John Clark, was initially an information resource for NGOs who wanted to know what the Bank was doing. In fact, they were also fundamental in sort of eventually promoting the disclosure policy; that is to say, of this particular unit. And people would come and ask questions and so forth. And then a committee was formed, again, largely of what we call today Northern NGOs who could meet collectively and ask questions. This went on for a number of years. They would come; they would be given access to the regional vice presidents. They would ask questions about what they were doing in individual projects. It was sort of a two-way street. The Bank, of course, was trying to educate the NGOs. The NGOs were trying to educate the Bank about their concerns, their priorities and so forth. So for quite a number of years, the NGO unit had this function as an intermediary, getting the NGOs to the right people, getting the questions to the country departments that needed to answer them, staging this at least annual and sometimes biannual meeting between decision-makers and NGOs who had specific concerns. And it had no particular agenda of its own.

Toward the end of the early period, when it was still in the Strategic Planning Department and when John Clark came from OXFAM, the emphasis shifted quite a bit from environment to poverty, because the emphasis in OXFAM, of course, is on poverty and John was very instrumental in the leadership of this. So more and more, the group that was involved came to define its interests in terms of poverty impacts. And they decided quite late in the game, certainly in the mid- to late '80s, that they would narrow their focus on poverty, and also trying to get people in developing countries to have a greater voice in the design and implementation of projects, which was the beginning of the emphasis on participation. So it was the belief of these largely Northern NGOs, later supplemented by Southern NGOs, that if planners listened to the people, they would design better projects, and that was participation. We had yet to sort of define how we thought about participation and what to do about it and so forth, but even before that was fully integrated into the social agenda, the idea that people themselves, those people who are affected, should have a voice in project planning was already part of the strategic planning work.

**ZENNI:** Remaining on the subject of NGOs, how would you assess the evolution of Bank-NGO dialogue in terms of long-term impact on Bank activities, given the current burgeoning number of NGO engagements in the development process resulting in over half of Bank projects involving NGOs?

**DAVIS:** Just to talk about the evolution, as I noted for a time the NGO dialogue was dominated by Western NGOs, Northern NGOs, who were relatively well-funded, could come to the Bank, could have their leaders present, and certainly not by Southern NGOs. And then in the '80s, it very much shifted to those groups who could kind of fend for themselves in the Bank environment. As a matter of fact, some of them had Bank units who knew all about the Bank and often knew more than we did about what the Bank was doing. And it became much more a committee of developing country NGOs that were trying to define how the work should progress.

Now, they were not as effective in the old organization of the Bank as the sort of rich and powerful ones because it was really difficult for access. What brought those two things together was the decentralization of the Bank. So when the Bank decentralized and began to have organizations in-country, there also was a sort of a cadre of developing country NGOs that could pick up the pieces and begin to interact with the Bank in country at a more appropriate scale, let's say, and begin to make their voices heard. In the meantime, of course, we'd also done quite a lot to advance the idea of participation, participatory processes and so on. But that's more in the context of the work of the social development unit and team which took over a lot of this work in the mid-'90s and then moved that forward.

**ZENNI:** Last question on NGOs. How welcome, in your opinion, are NGOs by governments in borrowing countries, and how truly representative of the poor and disadvantaged are they?

**DAVIS:** Yes. I mean, it varies a great deal, and at various times we've tried to sort of classify NGOs because, you know, for example, the NGOs we hear the most about and think the most about are often advocacy NGOs that may or may not be well-connected with local constituents. Environmental groups are sometimes like that. They have agendas of their own, but they may or may not be representative of developing country people. But there are many other kinds of NGOs. I mean, a PTA [parent teacher association] is a kind of an NGO. There are groups that assist and support health services in many developing countries that are also NGOs that didn't have these big advocacy agendas but knew a great deal. And I think governments have a finer discrimination. There are many groups that they see as supportive of their efforts, and gradually today we're in an environment where in some countries they're the only groups that can deliver education and health; for example, in Pakistan. But they are not the same as the NGOs who were getting people onto the streets in Narmada.

NGOs themselves recognize this long and very diverse continuum, and it has bedeviled major conferences and all of these kinds of things, with some wanting to work much more closely with funding agencies and those who are in power, and others wanting to stand outside of that environment. Regardless of that, NGOs of both kinds, I think, have been and continue to be instrumental in shaping policy. Some succeed, some don't, but they've been a very, very important force. Again, we can talk a little bit more about this when we come back to the issue of social capital; I'll just introduce it now. But the only major NGOs that we found in our surveys on social capital that are actually working in villages are religious groups, and particularly in Islamic countries where the mosques and various other kinds are looked to as--normally, you wouldn't consider them an NGO necessarily, but they are certainly non-governmental organizations. So it

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is kind of interesting. They don't necessarily know about the World Wildlife Fund or some of the children's organizations, but they may have locally-oriented groups that we didn't know about in the past that are actually providing important development and social services at the community level. So let's come back to that.

**ZENNI:** Since we're still discussing around 1987, so far, as an anthropologist working in what was back then a more technocratic institution, how much of a challenge was it to incorporate social science concepts and methodology into theoretical and empirical models already being used by economists?

**DAVIS:** Yeah. You know, it has been a constant challenge, to put it positively. People forget that economists were not the major force in the early development of the Bank, that they came in with McNamara, but they were very rapidly successful. So we've been talking about a technocratic Bank, but that technocratic Bank built large-scale infrastructure and the important people were the technical people.

**[Interruption]**

**DAVIS:** In that setting, oddly enough, and continuing to this day, social scientists have found it relatively easy to make an input. But economists had a particular view. Certainly, initially economists were simply prioritizing among projects. They weren't doing macroeconomics; they were doing microeconomics of all the projects that will have an impact on this economy, which ones should go first in an environment of limited resources. But, gradually, as they became the dominant forces in the country departments and in the strategic planning of the Bank, it's clear that the Bank led the way in a paradigm which held that economic development--that is, a great expansion of the economic productivity of countries--was the engine for poverty alleviation. And there are many examples that seem to prove that.

Japan is a classic example of that: a very poor country, many people under-educated, not well-educated, poor services in many sectors. Its last loan was in 1964. It had moved from being an under-developed country and through huge infusions of capital had managed to put social services and infrastructure in place and become a force in the developing world, not in '64 but certainly within 20 years of that. And that's the model that the Bank had in mind, that the missing ingredient in development was capital and that that capital had to get into the country and be used appropriately and development would result. And they weren't actually as interested as earlier technocrats had been in some of the unintended consequences of those capital flows necessarily.

The Bank also got itself into a relatively difficult situation by graduating countries that were successful. So more and more, as a country became, you know, all the European countries--Portugal disappears; Australia was getting aid and that of course goes; Japan, Korea, Taiwan--all of these countries that have developed along that path are disappearing from the Bank's portfolio, and there are a set of new challenges in terms of equity, who benefits, who doesn't, corruption.

We began to see in the Cold War period an alignment between U.S. interests in keeping leaders of countries in my area--[Ferdinand] Marcos, Suharto--in power because they were pro-development, because they were pro-Western, because they could be counted on as allies. And around them would become these nucleuses of patronage and corruption and so forth. So there was a sort of a whole new constellation of issues that were emerging that were bigger than what the social scientists were used to but also not being addressed at all by the economists. And I

think it is fair to say, and current leadership would agree, that the notion that economic development is, you know, the tide on which all ships rise was the predominant paradigm. You know, it was the Washington Consensus, and it was a very hard one to crack.

And this was the first time in my experience--and we're getting a little bit ahead--where it was harder to make the point that the kind of narrow, small--we had developed tools and mechanisms for dealing with project-related issues, while economists were moving to economy-wide issues for which neither environmentalists nor social scientists were well prepared in terms of their methodologies, in terms of their own sort of concepts and tools to prepare. And that's a kind of an awkward moment and one that we're only just beginning to resolve.

Let me stop there because there's more to say, but it kind of comes along later as we move forward.

**ZENNI:** What impact, then, did the '87 reorganization have on the role of non-economic social scientists in the Bank, and how did this in turn affect the consideration and mainstreaming of environmental issues in Bank activities?

**DAVIS:** Right, so the time I've just been talking to is obviously well beyond '87. I think '87 had a major impact on the Bank in terms of its treatment, first, mainly of environmental issues, but all environmental groups had social scientists by the end of this kind of transition period. There was the reorganization in '87, and then the next one—what--in '93?

**ZENNI:** '92.

**DAVIS:** During that period, they all added social scientists, so there was a social component. And by the end of that time, there was the expectation that projects with significant environmental impact, certainly, those impacts would be addressed, and that social issues needed to be handled. So we had moved quite a way. As I was saying, the next stage of that would be the time when the macro issues become the predominant issues, and this is an area that we can talk about further.

**ZENNI:** Okay. Moving to January '93, as a result of the '92 reorganization/fine-tuning, the Bank established a central vice presidency for Environmentally and Socially Sustainable Development, known as ESSD, that included a newly-created Social Policy and Resettlement Division. In your opinion, what significant factors contributed to the creation of this division, how did the '92 reorganization help institutionalize within the Bank's socio-cultural perspectives, and what effect did this have on links between the environment and social agendas in the Bank? In other words, how did the '92 reorganization sort of bring together the environment and social agendas in the Bank?

**DAVIS:** I think that the main--if I could, just speaking generally--the '92 reorganization sort of clarified the relationship between the center and the regions. Again, it was one of those periodic changes. And, as it happened, Ken [Kenneth W.] Piddington, Mohamed El-Ashry and Andrew Steer became the heads of the environmentally sustainable development part of the center. Now, that was already reflected in the regions. Ken Piddington had been there. When I was asked to go to what was ESD then, it was to bring more of a social perspective so that the environmentally sustainable development group, which was already at the center, would reflect more of what was already being done in the regions.

And another shift that happened at that time (which is just an organizational one, but it accounts for this anomaly of having the social development people in the Environment Department) was that Michael Cernea was debating about whether he could be more effective in agriculture and rural development, which did not give him an overview of other sectors, or whether he should move to the Environment Department. And he decided at that point that he would move and he would become an adviser to the environment director--as I mentioned, it changed--on social issues.

So I actually moved first, with a mandate to deal with social issues in an environmental context. And we focused on--and believe me, there are a lot of them, but you would see, if you looked back on our work at that time, there was a lot on land tenure, social forestry, the impacts of irrigation, agricultural revolution, all of these environmentally-related social issues.

We did not yet have a mandate to deal with social issues in general. And to give another example, Shelton Davis eventually moved into the division which I headed when it became formally recognized as a social division to bring the indigenous people's agenda, which had been mostly in the Latin America Region at that time, to a more central level to see what could be done with people who had traditional ways and traditional cultures in other regions. It continued to be focused largely on Latin America.

So there were a number of changes that were occurring. I'm not sure that I've described them very well, but I moved to the Environment Department. Initially, I was dealing with natural resources management issues. We agreed, under Andrew Steer, on a reorganization where there would be one unit that explicitly dealt with--there was one on pollution, going back to our old organization; one on natural resources, which I did not have; and then one on social. And at about this time Ismail Serageldin came into the picture with a passion for social issues. And I can't overemphasize how influential he was in also shaping and influencing the direction of the Bank during this sort of transition period in how we approached social issues.

**ZENNI:** And then you were made division chief of the newly-created Social Policy and Resettlement Division?

**DAVIS:** Right, yes, yes. I pushed for a reorganization that would recognize that these issues did have a technical element to them, that there really were pollution-related issues and the center wasn't dealing with those technically, that it was very green--it was dealing pretty well with natural resources issues; we were all doing that--and that social issues had a technical component to them and needed policies, needed tools, needed all of those kinds of things and should be recognized as a separate division cutting across all of these others. Andrew agreed with that. That was not a hard sell to anyone, and that reorganization occurred at that time.

**ZENNI:** Could you talk more about the responsibilities and priorities when you were division chief?

**DAVIS:** Well, as I say, I see this as kind of an interim moment because we . . .

**[Interruption]**

**ZENNI:** Okay. Please discuss what prompted a management review of Bank-assisted projects entailing resettlement in 1993, and what long-term impact did this have on the Bank organizationally and conceptually.

**DAVIS:** Yes. We've talked a little bit about this already, the fact that the Narmada projects were particularly contentious. As you know, Latin America had its Polonoroeste which had similar elements, but in the Asia regions and in the Bank as a whole, I think Narmada was a critical watershed.

One of the things that was extremely important was that as a result of the sort of acrimony and the difficulties of managing this, which (as I mentioned to you) were as much political as they were technical, the Bank commissioned its first independent report, which was the [Bradford] Morse Report. And the Morse Report, 1992, was very critical of the Bank. And, in particular, it criticized the Bank for failing to fully plan for the resettlement of people. It covered a broad spectrum of issues, but it focused on resettlement, which had turned out to be a flash point in this particular project, as well as a number of environmental issues.

Now, the Morse Report is important for two reasons. First, it led to the resettlement report by Michael Cernea which made a number of recommendations, which I'll come back to, which had a lasting impact on the Bank. But the second is that it led directly to the Inspection Panel, and the Inspection Panel has had a very profound effect on the Bank in terms of keeping it honest and, in fact, in some cases terrorizing staff about the variety of issues which might be encountered in a particular project. It's had, I think, positive and some negative impacts.

But the resettlement report, which was orchestrated by Michael Cernea, reviewed all of the resettlement projects that the Bank had been involved in and found that we had been associated with the resettlement of 2 million people; it was quite an extraordinary revelation to most people. And although Michael and a number of people who assisted him who have since become very senior social scientists in the Bank (Scott Guggenheim, Bill [William L.] Partridge, a number of these people) concluded that the Bank's policies had had an important impact and significantly improved resettlement, which had been a very informal activity in the past. They were not thoroughly applied. There were omissions. And in many cases while the planning had been good, the implementation was poor. And as a result of this conclusion, the Bank actually required that any project that had poor resettlement implementation develop an action plan to address those issues. Again, this was at the urging and with the advocacy of Michael Cernea, and that was very important.

So this was not only a critique of a Bank set of projects, but something that had built into it after it came out a mechanism for resolution. So those action plans also considerably improved the quality of resettlement implementation. And it's fair to say that resettlement was sort of the flagship or keystone policy for the entire social work at that time and it was an important entry point for other kinds of social impact assessment. Now (and we will get into this) the reason this is important is this is the only place where we had a formal policy. So it reinforced for those people, who, as I say, became the nucleus of the social development family, the importance of having a policy, having it on the books and having a mechanism for external scrutiny that could say whether or not the policy was being appropriately applied.

Of course, the Inspection Panel was not focused exclusively on the resettlement policy but on following all of the Bank's policies, which has led to revision of many of those policies in addition to improvement in a lot of Bank projects as a result.

**ZENNI:** How did social assessments then find expression in Bank projects, and what long-term impact did this have on improving project quality and affecting outcomes?

**DAVIS:** Well, by this time--this is probably in 1992 to 1994--there was for the first time a sort of a critical mass of social scientists in the Bank working in the different regions and at the center. And for those of us who had kind of come up through the environment channel, so to speak, and also observing the weight of the resettlement policy, we wanted a broader social impact assessment policy. And certainly for projects, the emphasis was initially on identifying adverse impacts and avoiding, minimizing or mitigating them. But by '92-'94, we also realized that there was a very important positive role to play in ensuring that social impact assessment was linked to participation, that it involved participatory processes, that we talk directly to affected people, that we were able to introduce elements into projects that would improve their effectiveness in terms of the people who were intended to benefit. And there was a great deal of work at that time on social impact assessment.

Now, we weren't alone. There was a lot of resistance to formalizing this policy at the Bank level. People were concerned that it was too broad, it was too specific, and it would be too onerous to actually apply. But during this period, if we look around, the Bank was one of many institutions trying to formalize policies that dealt with social impact assessment. So we were about a decade behind, so to speak. The approach to environmental impact assessment had been formalized in the early to mid-'80s. The approach to social impact assessment was being formalized, whether we got a policy or not, in the early to mid-'90s. And during this period, although the policy itself was not on the books, so to speak, actually every region in the Bank began formal social impact assessment, sometimes in parallel with environmental impact assessment, often if the environmental issues were not so important as a concomitant part of that.

And there were several occasions during this period where we actually got additional and incremental resources to support the work of project teams that wanted to do social impact assessment but felt they did not have the funds to do so. Some of the things that mitigated against moving more quickly were--and I'm sorry to say this--the formation of the Inspection Panel. Once we had an Inspection Panel charged with ensuring that the Bank followed its policies to the letter, many Bank staff and managers were very worried about the major policies, that they not be too, as I said, onerous, that they not apply too many requirements that could not be met.

Another thing, to be perfectly honest, was that this was the period where we were moving to full cost accounting. Teams had only a certain amount of money. We were no longer in the time when you could say, "Oh, I need an environmental and a social scientist and a financial analyst and everybody, you know, that I want for a small project." Resources were being allocated according to the scale of the project, the impacts that were expected and the country programs and so on. And it made it more difficult.

That's one of the reasons why incremental resources at various times through the Fund for Innovative Approaches, for example, were very important in moving social assessment forward. That has an interesting story in and of itself. Actually, the sort of like-minded countries, the Scandinavians and the Dutch, agreed to give the Bank 2 million dollars to advance social



assessment. And Sven Sandstrom said, "If it's that important, we have to finance it ourselves." And that's the source of the Fund for Innovative Approaches, which we called FIAS (it was called FISH for a time). And it was absolutely critical. That Fund supported some kind of social impact assessment in about 170 projects in the kind of '92 to '95, '96, '97 time. So it was another important asset.

So by the time that we were beginning to talk about reorganization again, social impact assessment, while not finding expression in policy, was pretty well-known and becoming increasingly standardized as a tool or an approach to identifying social issues and improving the quality of projects.

**ZENNI:** Right. Well, just to continue on with what you were saying, social issues were advancing inside the Bank agenda in what seemed like a departure from previous Bank thinking in terms of emphasizing the social dimension of development and recognizing that economic growth is only one part of development. In your opinion, how much of this was due to external pressures and increasingly consulting with NGOs?

**DAVIS:** Well, certainly, the external pressure I just mentioned that the Scandinavians, for example, had been willing to provide financial support for social impact assessment. While there was a very important environmental contingent within NGOs, there also were NGOs that were now beginning to argue for broader participation, as I've mentioned. So that was part of it.

But also, again, the entire environment was changing. Almost every major institution was looking at the social impacts of its projects. The lending institutions realized that they didn't have license to simply introduce projects that weren't benefiting people; they were going to be criticized. And, as I began to allude to, the next phase of this, and one that's going to be essentially the crisis that leads to the task force report and a number of things that we'll come to, was that our economic policies were having unintended social impacts that were not always benefiting the poor. So it wasn't only NGOs. They had been very important. They've always been allies in moving these certain causes into the mainstream of the Bank, but there's also a change in the visibility of the Bank, in people's knowledge about what the Bank does in the countries it's working in, and in the kinds of things that we're trying to do, that was sort of pushing the social agenda forward on the Bank's agenda.

**ZENNI:** Okay. What are the highlights of the various factors and Bank-wide initiatives that contributed to a significant transformation of the Bank's social agenda between '95, let's say, and '97, and what impact did the change at the helm with the arrival of Jim [James D.] Wolfensohn in June of '95 have on this transformation, and what was your contribution?

**DAVIS:** Yeah. I mean, this is really an important period. I guess it's the watershed in a way for the way in which we approach social issues, and I don't think any of us could have anticipated the impact it would have. Basically, what happened is that Jim Wolfensohn came to the Bank and Michael Cernea approached him very early in his tenure and told him that he was a sociologist. I remember Michael saying that Wolfensohn said he didn't know there were sociologists in the Bank. And Michael urged Mr. Wolfensohn to consider much more broadly how social factors were taken into account in the work of the Bank. And Wolfensohn agreed. You remember that he came in with an emphasis on sort of human impacts, human values and so on, and he felt that these needed to be much more mainstreamed within the Bank. So he passed this along to his

senior management, and it was agreed that there would be a task force report that would be prepared.

Somewhat unexpectedly, it would be half economists and half social scientists. And it was chaired, not (as we might have originally thought) by Michael Cernea, but by Javed Burki, who was a senior vice president in the Bank at the time but also one who had very humanistic values and a very broad view. Although an economist himself, his view of economics certainly embraced the kind of social and equity concerns that the rest of us shared. So he was, in my view, a very good choice to lead this. And the emphasis of the group--which was not fully achieved, I have to tell you--was to bring economists and social scientists together and to get them to decide on how social factors should be incorporated, social impacts, but broad social factors, political factors, issues related to equity and so forth. And the mandate was just that: to get these two sometimes polarized groups, the macro economists and some of the micro economists to speak to the social scientists. In order to make that happen, Javed formed a number of subcommittees dealing with a whole variety of issues. One of them, for example, was social capital, interestingly enough, involving both social and economic staff.

But to be perfectly honest, the social scientists had everything to gain from this initiative and the economists who were involved in the group were willing participants but also felt they had a lot to lose. They felt they were already dealing with social issues and social impacts. So Joanne Salop, who eventually had the thankless job of writing the final report in conjunction with a senior economist and myself, said that we often talked past one another, and that was true. The economists, as I've often said, felt that the social scientists were too particularistic, too interested in differences to be able to recommend universal laws or approaches. And the social scientists felt the economists were too universal, too generalized to appreciate the particulars of what were going on in countries and to actually adapt and tailor projects and programs to the realities of what was happening on the ground. And we did see a lot of talking past one another.

The one thing that I think gradually--and this may have had a lot to do with the leadership of Javed as well as the advocacy of many other people--is that there was a grudging acceptance of participation as a test for both groups. And it reinforced the sort of--we had been promoting participation, the NGO group, among many others, and the social group in the Environment Department, but people recognized that it was a test of economic policy if people were not satisfied, if the impacts of economic policies were not positive in a relatively short amount of time on poor people, there would not be political support for these kinds of activities, they would not be successful, they would be undermining the political regimes (as we were beginning to see) that subscribed to these policies. This was particularly evident in the emerging Soviet Union, the dissolution of the Soviet Union and so on. So people--or at least some of them--did have an interest in advancing participation.

The report came out. It was an extreme compromise. The social team--there was an original report to which they subscribed and a kind of a compromise report written, as I said, between the three of us, based on the input of all of the others. It was a middle-of-the-road report. Its importance was that even this kind of discussion and dissent led everybody to recognize--no, or at least some people, and certainly Ismail--to conclude that there needed to be a formal structure that recognized the importance of this. We also had some important advocates in very high places in the Bank, so when the Strategic Compact was prepared there was money included for advancing social development. A lot of that was used for social impact assessment. I'm not sure if I'd known where we would have come out in five years that I would have been as adamant about that,

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but that is what happened. And also the emphasis on conflict, for example, as a social phenomenon, there was a sub-group on conflict and there were people already working on conflict that were able to show that 16 of the poorest 20 countries in the world were in conflict; that this was no longer an isolated phenomenon; that it wasn't post-war reconstruction of the sort we'd had at the end of World War II; that these were civil conflicts, often conflicts between governments and their people; and that this was going to be an important element of poverty. So there were a number of substantive issues--social capital, conflict, culture--that were addressed by these subcommittees, as well as the overall concern that, as we said at the beginning of the report, the success of development is measured by its impact on people. And that was very important.

Michael Cernea had written a book called *Putting People First*, but I think it was the social development report that brought that home in the Bank as a part of Bank policy or a part of Bank mainstream thinking.

**ZENNI:** Is there anything you wish to add in that context?

**DAVIS:** Let's see. We might want to stop.

**[End of session 1]**

**Session 2**  
**June 29, 2004**  
**Washington, D.C.**

**ZENNI:** Good morning. Today is Tuesday, June 29, 2004, and I'm Marie Zenni, back again at Ms. Gloria Davis' private home to resume our interview with her covering social development at the Bank. Welcome again, Ms. Davis.

**DAVIS:** Thank you.

**ZENNI:** We begin today's session by asking you to please discuss the circumstances leading to your promotion to director of the newly-created Social Development Department in July of '97.

**DAVIS:** Well, as we have discussed, we had written the task group report, and I was the social scientist that had provided the major input into that, into the report not necessarily the workings of the committee, and also among others was a major advocate for the creation of a network particularly to advance the social development agenda. And that was quite a struggle. As a matter of fact, if it hadn't been for Ismail Serageldin and his strong views on that, I think there wouldn't have been a social development network. But having created one and looking for a leader who was relatively senior and had been involved for a time, I was fortunate to have been selected.

From the outset, I was mainly interested in setting up the network and handing it over to others, and this is in fact what we did over the next sort of three to five years, tried to develop a structure, an institutional structure, and leaders that could take over from some of us old hands that had been doing it at that point for about 20 years.

**ZENNI:** Among the priorities you set for yourself, what were the challenges of the newly-formed Social Development Network and the various components comprising the social development agenda at this stage when you took over as director?

**DAVIS:** Well, I mean, obviously this was the challenge: to agree on the substantive agenda and also to get agreement among the various regional participants. Let me just say that, like other networks, our social development board consisted of a representative from each of the regions who normally headed a social development division or at least a unit in that particular region. And each region having had somewhat different social problems, it was often very difficult to get agreement on what should be the emphasis in a newly-emerging agenda. So I think that collectively the board was interested initially in determining what were the areas of work to which we should devote our limited resources and then also building sort of a record of results on the ground, actually demonstrating that a consideration of social issues improved the project itself and also improved the impacts on the poor and vulnerable groups. So those were our main sort of big objectives.

But in the end, and after a lot of sort of trial and error, we could see that emerging from this sort of broad spectrum of issues that we were dealing with there were several that really characterized what we did. I could mention them: the idea of social impact assessment; participation; we haven't talked about local institutions and social capital but that was an important part of our work program; and then there were these things that cut across all of the others, poverty and diversity, and poverty and culture. I could also say a little bit about safeguards. But I thought just for the

record that it might be important to just kind of go through those and just say a little bit about their relationship, how they emerged and their relationship to one another, so that we have that on the record.

**ZENNI:** Okay.

**DAVIS:** We've already talked a lot about social impact assessment. That's pretty straightforward, social assessment. And I mentioned to you earlier that we had a fairly good idea of the methodologies and tools that needed to be used in a project context. It was difficult to scale up to economy-wide programs, and this has been a challenge all along because between when the networks were set up and, say, three years later, which is the time at which I retired, we'd seen this tremendous increase in program-based lending and often economy-wide lending, up to 50 percent of the total volume of Bank lending, which meant that that was the area that was having the biggest social impact. And yet assessing this is often a long-term issue, and often we didn't have the tools.

In an important step forward, within about five years of the founding of the network--it seems long, but it involved a lot of work--there was a document issued on poverty and social impact assessment. I think it was important for a couple of reasons. One is that the economists in the PREM, the Poverty Reduction and Economic Management Network, worked closely with the social development team to develop that, and basically that gives pointers on tools and perspectives for evaluating whether economy-wide policies are having the desired impacts on the poor. So that was one important thrust, and I think it's also probably the most consistent one. I mean, from the early '80s, we had been dealing with the question of impact assessment.

Now, the other area that developed and was already pretty far along when the network was formed is the subject of participation, and that also had an interesting evolution. In the earliest stages, participation really meant consultation; that is to say that if you were trying to figure out what was going on, you would ask people. Now, they didn't get a say in the outcome, but they could provide important feedback, and that was institutionalized both in the social impact assessment process and also in the environmental impact assessment process, which became much more "participatory," in quotation marks, over time. But with the publication of the participation report, which was a very participatory process led by Aubrey Williams--20 different groups and so forth--the people who were advocating participation came to see this more and more as control over decisions and resources on the part of people who might be affected by them. And, as you'll see, this plays into a lot of things that we did later on--social capital, understanding the institutions of the poor and so on.

And maybe the culmination of that, or at least within the five-year period we're talking about, let's say, from 1997 to 2002, was Deepa Narayan's work. And she had been a member of the Social Development Network, but when the Poverty Reduction Network wanted a social scientist, she was the person who went there, and she took a lot of the vision and concept and really built them. She did what I regard as a very, very important paper on voices of the poor. This was kind of listening to something like 60,000 people in different countries. It was being done in preparation for the poverty report in the year 2000-2001. It was criticized by some for its lack of empirical rigor, but it was absolutely overpowering in terms of what poor people were saying about themselves. It was a very, very important document. It had a big influence on Wolfensohn. It had a big influence, I think, on the poverty people who were working on the poverty report. So this was one place where interests really came together, this very strong thrust toward participation

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and the sort of change over time to being more empowering and getting people more involved in decisions.

And, actually at the end, as I say, I have a questionable role in this. I mean, we played a very important role all the way along, but I do remember in 1997 telling Deepa she couldn't use the word "empowerment" because it was too radical. So she managed to prove me wrong, and I'm very happy for it. But it took a while. I mean, "empowerment" was too radical in 1997, but it wasn't too radical by 2002 when a lot of the sort of tools for empowering poor people and giving them a greater voice and more control over resources were actually being put into place. So this was a very important time in the development, I think, of our approaches.

Just to mention it even if it is possibly out of sequence, this emphasis on participation, empowerment and community-driven development, which is a derivative of that, also gave both socially-oriented economists and social scientists an opportunity to actually be involved in the design and implementation of projects. You remember before we were largely commenting on the impacts and sort of helping in the preparation but not so directly involved. But with the advent of a whole series of projects related to empowerment, civic engagement--which we can talk about--and so on, there was much more latitude for people who were sympathetic to these objectives to be involved in the design and implementation of projects. And that was an important change that was occurring in the five years that are sort of under discussion.

Now, there's another sort of thrust of our work that was also coming together with the rest of this. As soon as we had established--actually, by 1995--and I think this is one of my contributions. I was very, very interested in local-level institutions--in fact, it's sort of what I had done my dissertation on, and I had been waiting to get back to it--because it had seemed evident to me even 20 years before that communities with strong institutions were more likely to be resilient, individuals were not as vulnerable and were more effective in reaching out and so forth, and they could move forward faster than communities within cultures or even the same culture that didn't have strong institutions. So in about 1995 we once again got some funds from our friends in Norway for a study of local-level institutions that eventually became the work on which social capital and community-driven development was based in part. And that was actually an effort--we had originally hoped to get six countries; only three of them were completed--but we actually looked at the institutions in villages in those countries, and we asked people, you know, how much they trusted institutions, whether they trusted the government. And, remember, the idea of social capital is that people were more trusting and so forth. But, basically, it turned out that there were some surprising findings.

NGOs, as we knew them, in terms of advocacy groups and social service groups and so on, were not well represented at the village level in any of these studies. So when we actually go to villagers, they didn't see those organizations. They tended to be more at the capital or at the regional capital.

Religious groups were often more important than we anticipated, particularly in societies that weren't particularly religious. Obviously, every society has its own religious beliefs and constructs and so on, but even where we didn't see religion as a major motivating force, religious organizations often provided a sort of a network for both protecting vulnerable groups and also for reaching out to local-level groups.

But village organization was really important. All villages were organized; they all had head men. Where those people were positive and proactive and where their objectives were linked to the objectives of the community, there was a lot more sense of trust and confidence and people working together than where the head men were corrupt and taking, you know--as you can imagine. It seems self-evident. But it did lead to a series of hypotheses about how we might try to reach communities more directly and how we might try to circumvent elites that had been co-opting resources in the past and, you know, set up organizations at the community level that could actually pay attention to the community interests.

There are many, many good examples of social capital initiatives, some of which emerged from this, some of which had independent origins. And in my paper I have cited the ones that Scott Guggenheim has done. I think he has done the most to develop the idea about how you can circumvent elites, how you can reduce corruption at the community level by making things very transparent, by making people accountable for how resources are being spent. He even has components in all of his projects for NGOs and newspapermen to go to villages and discuss with villagers whether the money is being used appropriately, to cut through this kind of tradition of elite co-option, let's say, of all of these resources. So he has done a lot of both substantive and research-related work on that, and that moved very effectively.

Now, it was interesting--because I think this is one of the success stories, although like all efforts, it has its ups and downs--but as we moved more and more toward economy-wide lending, we also were arguing that there needed to be a component of the Bank's lending program that went directly to people and didn't go into the sort of national coffers and never saw the bottom. And Hans Binswanger was instrumental in bringing that view. It wasn't his view initially, but he brought that view to Wolfensohn's attention, and Wolfensohn agreed that a significant portion of Bank lending should be directed to the community level. This led to, as it often does (not to be cynical), a lot of renaming of projects that weren't exactly community-driven, but it also was a tremendous impetus to having a certain number of projects that were community-driven. And the aggregate total of at least community-based projects is now very large, something around 6 billion dollars. I mean, there are a lot of resources going to the community level.

We could talk about evaluation. Evaluation is mixed. There's certainly elite co-option in countries where that is very intractable; let me mention the Philippines, for example. But even where that happens, those resources are located closer to communities than they are when they go into the national treasury to deal with issues that don't touch the poor directly. So I think that was an area of considerable progress, and it built on things that we had already done: targeting through our social impact assessments, participation, the empowerment agenda, what we had learned about local-level institutions. And a lot of that has continued even though we had only done the sort of bare bones of that in the earlier studies. There's been additional work in the context of local-level institutions. So that's one I think I'm particularly proud of. And in 2000, when I left, that showed signs of significant advance, and it has been continued since then.

There was also another thrust of the participation agenda that I think has promise and is beginning to show it, which is on social accountability. And there are a number of countries now where the team has worked with the government--or perhaps in NGOs in some cases where that's acceptable--to put in place mechanisms for the public to assess public institutions. And let me give you an example.

The Philippine report card is one of them. Two thousand or five thousand people are surveyed about their attitudes toward, let's say, the education department, the postal department, the health resources, and there are a number of sub-questions. And the institutions are then graded publicly, and it's reported in the newspaper according to whether they're serving the needs of the people themselves. And this has had a tremendous impact. Institutions that are getting Ds, Cs even, are sort of publicly exposed in these sort of report card activities, and we have seen some change. The president of the Philippines is a strong supporter of this particular form of social accountability.

I've seen other examples of social accountability, even, for example, in education projects where parents are now encouraged to give an assessment of the schools, and then those are aggregated to see which schools appear to be doing better and which are doing worse in the subjective impression of the people who are--not strictly the objective, school-based results and measurements, but where they are having good luck and where they are having bad. Now, those seem like commonplace things, opinion polling and so forth, in the United States, but here we're trying to formalize them for use in developing countries. So these were interesting areas, and in a way they all have common origins.

In speaking about local-level institutions, there was one part of that that I didn't mention which is moving--I mean, just as we had moved from projects to programs, we also felt that we needed to move local-level institutions from the local level to the sort of state level because it was clear that state institutions were the glue that held countries together obviously, and if we were going to do program lending, understanding accountability, transparency and the relationship to the functioning of the institutions of the state were really important.

And I say this in part to mention that it was also directly relevant to our interest in conflict. When states fail, what you have is conflict, and often civil conflict. And unlike the earlier wars which had been between countries and were ideologically-driven, what the Bank was seeing in these very poor countries it was dealing with was civil war within countries, often based around ethnicity. States had been ineffective in sharing the wealth, in giving disenfranchised groups reason to think that they should be confident that the state would be acting in their interests and so on. And the statistics on conflict were just overwhelming in terms of their effect on poverty, I mean not only in numbers of people killed but in the costs of de-mining and so on. This is a hugely important social issue. And we were able to demonstrate to the Bank, as I mentioned to you earlier, that of the very poorest countries in the Bank's portfolio, the vast majority were conflict countries, and they were conflict countries in part because they had no states. It's only rarely--the case of Sri Lanka, for example--where you had a state that functioned relatively well but a minority group that was rebelling. And so most of the cases were cases where the two went hand-in-hand: failed states and internecine conflict at the civil level.

So the conflict program also became part of the social agenda. We took the same series of steps that we had in a number of other areas to try to institutionalize and give higher profile to that agenda. First, we wrote a paper showing how important conflict was in the poverty agenda. When there was agreement that conflict was a high-priority area, we were able to assemble a group, first at the regional vice president level but then at the level of operations officers when it became more routinized, who met on a regular basis to decide what should be done about the conflict agenda, what DEC [Development Economics] would be doing. We set up a post-conflict fund which became reasonably large--and I think it had about 12 million dollars for small grants at the time that I left--that could provide seed money for studies, for initial operations in countries.



Something we haven't mentioned is that if we don't have relations with a country, in the past we've done no work at all. But under the conflict strategy that the Social Development Department prepared and presented to the Bank, we created what we called a "watching brief." And this watching brief allowed for the Bank to maintain an interest in and certainly knowledge of what was going on in those countries and what other institutions were doing so that when the decision was taken that we would jump in, as had often been the case in the past, we were better connected with those institutions. We knew more about what was going on. We could be working more effectively with partners rather than redoing it all on our own.

And there are many, many countries where the Bank then became an important player. Timor, the Bank was asked in very early to coordinate the funding operations in East Timor. As you know, we managed the fund in Palestine. Social outcomes notwithstanding, the fund worked well. And we were major players in channeling resources to Afghanistan and a number of African countries. So that conflict agenda, which cut across all activities of the Bank--for example, infrastructure divisions, agriculture, and so on--was being coordinated to a certain extent, first, by the country departments who had a lot of coordinating power, but at the Bank level by the social development team, which was an interesting outcome and development.

Just a couple more things, not to draw this out, but we had also had a long history of sort of trying to identify which groups were poorest and most vulnerable, both as part of social impact assessment--and this played into participation--and also how we focused our social capital work and so forth. And there was a lot of work done in this five-year period on everything from indigenous people and gender, which were traditional issues that we had worked with, and more and more on--we finally came to grips with the issue of race, explicitly in the South American context. Projects were developed for Afro-Americans in a number of countries where race was a critical issue, but other kinds of minority groups and vulnerable groups I think we've had an important role in trying to get to focus on them.

Then, finally, there was one part of the agenda--and I haven't mentioned safeguards yet; let's come back to that as a final issue--that I actually was quite sympathetic to and thought had promise but our group was very divided, and this was on poverty and culture. In the end, that agenda has been very dispersed. It now is being sort of administered in a very low-key way by the World Bank Institute, which is sort of a learning center for the Bank. The tensions were around the definition of culture, and when Mr. Wolfensohn spoke of culture, he was interested in those historic monuments and aspects of culture which do reinforce identity and make people proud of themselves and, in my view, have an important development role as a result of that. But he was talking about the Hermitage and, you know, very important landmarks and historical treasures in the Middle East and so forth. And he had a great interest in channeling part of the Bank's resources to renovating them, not for economic ends but for humanistic ends.

This was a time when there was tremendous tension between Mr. Wolfensohn and the Board about how broadly the Bank's agenda would be dispersed. And the Board had the impression that there were far too many initiatives and not nearly enough follow through on the core development agenda. So there was a kind of a stand-off.

Now, the social development group had been given the responsibility for follow-up on culture, but it contributed to the problem by defining it a little bit differently and wanting to work more with the culture of the poor. So the program that Tia Duer developed, again with a lot of external assistance, was more about the cultural assets of the poor. So, for example, she had one program

that worked with radio and local languages because radio stations in many countries were only in the national language and not accessible to poor people, but since local languages and local traditions were the strength of these minority groups, she was actually supporting work to get information out in local languages and using culturally appropriate methods. Another example might be about traditional artisanal activities and crafts and how they might be strengthened, in some cases for sale, in some cases not for sale. But it was a much more kind of locally-based interest in culture.

And the third sort of party to this was that the social development team as a whole felt that culture was a universal and ought to be integrated into everything that we were doing. It wasn't about historical monuments or even about artisanal activities. If you would talk to the people in the Eastern Europe region, culture, you know, underpinned conflict, economic reform, all--there were a whole series of things. They were the ones that were most interested in cultural monuments and cultural heritage in the sort of traditional sense because it was so closely linked to identity and the dissolution of the Russian Federation. But if you went to Latin America, there was a different definition of culture that was smaller, more locally-based, probably reflected traditional practices, for example, indigenous people, where the issue was how the way of life of an entire group could be to some extent preserved and not simply exterminated in the process of development. So there were these sort of contending views on the nature of an agenda that was focused on culture.

And, finally, the Board made it very clear that certainly the Bank needed to be culturally sensitive in all aspects of its work and anything that we were doing or that others were doing that would make staff more sensitive or managers more sensitive was appropriate; that, of course, if work actually had economic benefits for the poor, that using cultural, artisanal activities (to refer to the one we just talked about) were appropriate; but the Bank really had no role, unless it had very clear economic benefits--and there were other institutions much better able to do this, in the UN, for example--in protecting and preserving cultural monuments.

And I have to say this was a very confusing activity. I mean, it's pretty easy to clarify what was going on, but nobody gave up on their own position. And eventually when resources became more and more constrained, the diversity of opinion around this meant that this program was being supported largely with external resources, mainly from the Italians, and became more and more constrained within the Bank context.

So of the programs I've mentioned, I think all were survivors, and I do expect culture to re-emerge as an important issue, even the issue of important historical monuments. We made the comparison with endangered species at the biological level. I mean, these are things that can never be restored. They are part of the global heritage, and that argument, though, did push people to argue that we should have a sort of a GEF, a Global Environmental Facility that included components for culture and heritage that wasn't directly economically relevant to the welfare of, let's say, the poorest people. So that was an interesting time and an interesting controversy, and all of those things drew on all of these other elements that we had been working on.

Now, let me just finish with safeguards, because in a way that was almost the beginning and in some ways the end of the story, and it's a story which is sometimes not well understood. We had a number of policies, including social policies, in the early 1980s. The indigenous people's policy and the resettlement policy actually preceded the formal environmental impact assessment policy. So we had two social policies that are now included among the safeguard policies. But as I mentioned to you earlier, the promulgation of social policies then stopped, in part because they

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were very powerful and they overlapped on a number of areas and so forth, while the number of environmental policies, with the rather focused constituencies they had, continued to expand. Oh, there's one on forests and another one on biodiversity and so forth.

Now, toward the end of the 1990s, the Bank was still getting in lots of trouble about compliance with the policies that had gone onto the books in a time when compliance was not the issue, when these were mainly issued for guidance to managers. And with the creation of the Inspection Panel and their literal interpretation of policies—I mean, if the policy said this, you literally had to do this--this was no longer guidance to staff; it was a requirement for staff. And Caio Koch-Weser decided that we should single out certain environmental and social policies for which we would hold the staff a hundred percent accountable. Interestingly, this was not true with economic policies or infrastructure policies or any others; they were environmental and social. And Joanne Salop put together this list--that we were all a little concerned about--which was kind of arbitrarily picked ten policies that looked environmental and social. Some were left out. The gender policy could have been a safeguard policy, but the gender people didn't want it to be. We had some stuff on participation already on the books, and the participation people didn't want to be a safeguard policy. But the two social policies that were already on the books plus environmental assessment and then, well, seven others, including two legal policies--notification of riparian rights and so on--all became safeguard policies which were to be interpreted literally by the Legal Department and carried out in all of the Bank's projects.

Now, it's interesting that at the junior level most people welcomed this, but almost every senior person or manager, whether environmental or social, had grave reservations about that particular construction because it implied that some issues were far more important than others where this wasn't a systematic aggregation of policies in any possible way. And it also, from the manager's point of view--as was intended-- took discretion away from staff to decide, “Okay, that in this particular project, we can handle these and these and these issues, but we can't handle all conceivable issues and we're going to have to be selective and we're going to have to prioritize.” And it always led to the ability of the Inspection Panel to come back and say, as they did with the China Western Poverty project, “You should have had a separate action plan for every indigenous group.” It wasn't particularly in the policy, but that was their interpretation of the policy.

So this became an increasingly sort of cumbersome area. As I say, the good news is that staff, with the pressure of the Inspection Panel, became extremely aware of the existing policies on environmental and social, where if you had gone back five years they wouldn't have had an idea probably that most of them were there. But the bad news was that these policies seemed to be becoming increasingly oppressive and restrictive. And consistently we had people telling us that 50 percent of the preparation time was in complying with these ten policies; they had less and less time to look at others. And from my point of view as a manager, my social staff would come back and say, “Well, we looked at indigenous people and resettlement, and there aren't any issues, so they have complied with our policies,” where there could be enormous social issues that didn't have to do with either one of those things, both adverse impacts but also opportunities that staff, including our own staff, felt they didn't need to look at because they weren't part of the subset of safeguard policies that were being sort of enforced by the Inspection Panel.

And that's really a perverse outcome. If you have a resettlement team going out and dealing only with resettlement issues--as we saw on a number of occasions--and not dealing with a broad spectrum of other social issues which can have significant consequences for the project and for the Bank reputationally and substantively, then you were getting a very perverse outcome.

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Now, there's been a lot of back-and-forth on this issue of safeguard policies. As I say, they've been important. They've contributed to improving the quality of the Bank's work in environmental areas, specific environmental and social areas, but they had a lot of downsides in terms of costs, inappropriate selectivity and so on.

Now there's a movement--the Inspection Panel has relaxed a bit on this. I can't tell you about the most recent developments within the Bank, but IFC [International Finance Corporation] has embarked on an effort to redefine the areas in which there would be performance standards (they're calling them) as opposed to safeguards. So, for example, instead of having one policy on biodiversity and another policy on forestry and absolutely nothing on how we approach fisheries as renewable resources in the oceans or in the lakes of our countries, IFC has a category called "natural resources management," and it talks about extractive industries where resources are not renewable and it talks about the sustainable use of renewable resources. And that's a much more logical way of setting out what the Bank's policies are in an important area of its work. So it's at a very early stage. The World Bank is very aware of what IFC is doing, and very shortly we would expect to see a public version of that. Probably everybody will be unhappy in some way. The people who want to see fewer policies will be unhappy because in fact this broadens the areas of concern and makes it clear what IFC's interests and the interests of the Equator banks and hopefully the World Bank will be.

So task managers are sometimes unhappy, whereas NGOs and even advocates within the Bank are probably going to be unhappy because these are very short, principle-based, don't contain a lot of detail and may seem to these advocates to be weakening. For example, if you are an indigenous peoples' advocate, you might see this as a weakening of the concerns focused specifically on indigenous people. So it will be very interesting to see how these issues emerge. But I think it describes the state of the art, which is that everyone is aware that the policies were put together in a very ad hoc way, that they need to be rethought in terms of the fundamental areas of environmental and social concern, and that then they need to be expressed in terms of principles that can be applied not only by lending agencies--although they will be the ones that will have to sort of enforce this--but also by countries. At the moment, our policies are so, well, ad hoc that they aren't the policies that countries would normally put in place.

**ZENNI:** Sort of fragmented?

**DAVIS:** Well, they're definitely fragmented; they're highly fragmented. But more important, I mean we have, for example, a 24-page policy on resettlement. It has been very important in pushing forward the rules and regulations on resettlement, but in some cases it literally contradicts the laws of countries that are doing resettlement, and it focuses far more on planning than on outcomes. So it would be possible to have a policy that says, "Okay, look, folks, it is the Bank's objective that income should be restored or improved for any people who are moved, and that such resettlement needs to be done in consultation with them and take into account their values, traditions, ways of life and so on. Now, you tell us how you're going to do that, and you must achieve these objectives of income restoration."

That's not what we do now. We have very, very demanding requirements for planning and no mechanisms for following up to say that, you know, "This isn't achieving income restoration and so on. You need to modify the plan, keep modifying it, keep going, and even after the infrastructure is done to see that incomes are restored." And that's got to be our objective. I mean,

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in all of these policies, we have to be very clear about what we're trying to achieve, and then we have to let our borrowers--to the extent that they can within the laws that they have--work out how that's going to be done. So we don't give up on the objective, but we're not so prescriptive on every detail about what they have to do to meet our standards: not theirs, but ours.

So I'm hoping that this will be much more principle-based. It will be shorter, it will be easier to use for our clients, and that they will understand more clearly not that this is just another sort of hurdle that they have to jump through and then can avoid, but it actually is based on sound poverty and development policy. So I have been a great advocate of this for quite a long time, and I was happy to participate in the early stages of the IFC discussions on this, and I'm really hopeful for a positive outcome there.

**[Interruption]**

**ZENNI:** How important was the adoption of the CDF (Comprehensive Development Framework) principles advanced by Mr. Wolfensohn in January of '99 in putting social development at the center of public intervention and highlighting the interdependence of all elements of development?

**DAVIS:** It had some important elements. I mean, one—and this was very welcome--he did give sort of equal weight to the sort of technical, economic and social variables, and he was very clear about that. So that was very helpful, and it was a very important sort of early statement. One of the things that was slightly more difficult initially to deal with (and I guess my slowing down reflects some ambivalence), but it was that a very important part of the Comprehensive Development Framework, of course, is that obviously the country has to be the center of the activities. This feeds into decentralization, working with our partners, determining what the priorities are and so forth. But this led to, as we decentralized—I'm getting into the decentralization question but that's clearly related to the Comprehensive Development Framework—what we would see were extremely different kinds of programs in different kinds of countries not necessarily reflecting the economic or social needs of a country but the agreement between the Bank and the country about what the Bank's comparative advantage would be in focusing on that.

Now, initially a lot of that seemed quite arbitrary, two countries in two similar situations having completely different programs, and I guess I'm saying, in part, that makes the people at the center sort of unhappy as they can't follow them. But let me give you an example. The program in Colombia initially decided that the Bank would work on certain specific areas with respect to infrastructure in the more peaceful parts of Colombia, but that it had no comparative advantage and there was hardly anything it could do about conflict in Colombia. The work that the social team did with the general population basically argued that if something couldn't be done about the conflict in Colombia and if development couldn't be used as an instrument for undermining conflict in disenfranchised areas where cocaine and so forth were coming from, that there wasn't going to be any progress, that infrastructure was being destroyed, eople were being assassinated, couldn't travel in conflict areas, and essentially people were losing hope in Colombia. And that kind of a real testing of the proposition with the people actually did reinforce the initial concept, which was that one needed to be holistic. And, in fact, the Colombia country program changed significantly in light of this. So it was neither the Comprehensive Development Program nor decentralization that were at fault, but the fact that sometimes the decisions were being made in a

pretty selective way between the Bank and the heads of countries about what the priorities were and what the comparative advantage of the Bank was and so on.

As there has been more and more interaction around the poverty reduction strategies between governments and their people, the poverty reduction strategies have, in my view, become more holistic. I mean, they're broader, they're more comprehensive. If there's a division in terms of support to the country, it's more logical; it actually implies that there are other institutions that are there that can deal with conflict and so on. So, initially, I have to say that my sense is if a country department director was interested in conflict, they dealt with conflict; if they weren't, they didn't deal with conflict and so on. I didn't see this as being very country-driven by the needs of the country. It might be agreed by the government of the country, but wasn't necessarily consistent with the needs.

To just repeat myself, the poverty reduction strategies have introduced more uniformity there in terms of seeing how consistently the issues of corruption, exclusion are, how pervasive they are in very poor countries, in seeing that some of the same mechanisms need to be used in those countries in terms of targeting the poorest areas, actually getting resources to those areas not simply into the government budget, et cetera et cetera. And we are seeing slightly more uniformity emerging over the last five years in how we begin to approach what are common issues across many of these countries. So it's an exciting opportunity.

Both CDF and Bank decentralization gave tremendous power and authority to the country program directors. They had all of the financial resources. They could decide which networks were working there and which ones were not. So it was an interesting sort of balance of power question in terms of actual needs and the kind of specific preferences and interests in terms of the backgrounds of some of these country department directors.

So these are interesting times. As I say, they've worked themselves out, and now what I fear is that the whole issue of networks and countries and so on will be revisited. In fact, this is happening, and there will be another reorganization, and we'll have to look forward to this. But certainly, if we look at it historically, it is absolutely critical that we realize, one, that all these parts are interrelated and, two, that the Bank really needs to be in the country working with the government and the people in determining what the priorities are. So, in general, I strongly favor both of those trends over the long term.

**ZENNI:** Would you say then that decentralization has helped bring the Bank closer to its client and promoted greater policy dialogue?

**DAVIS:** Well, as long as--and this was a debate all the time. The question is who is the Bank's client? Well, clearly, legally the Bank's client is the government. But presumably, in a poverty-oriented institution, the Bank's clients are also poor people, that it is our objective to help people who are poor and to help governments help people who are poor. So as long as this idea of clients includes the idea that our clients are, in the final evaluation, poor people and what matters is how they progress, not the government, then I think there have been sort of mixed blessings, but certainly bringing the Bank into the field will result in closer dialogue with both the government and the people. And that is, in fact, happening, where participatory poverty strategies and so on are going.

Now, social development specialists are a kind of a funny lot because they were decentralized from the outset. When the network was formed in, I guess, 1997, many people who had been NGO relations people sort of concerned with external relations, reaching out to NGOs, particularly in the Africa Region and the Latin America Region, among others that were responsible for social aspects of the program, were mapped to the Social Development Network. And so in 1998 when we did a survey, 75 percent of our people were in the field, and an almost equal number—no, I beg your pardon--fifty percent of all staff were in the field, which was far more than any other network, and 75 percent of all of the people in the social development family, by virtue of the fact that these were relatively new areas of work, had been in the Bank for less than 3 years. None of them reported any systematic training when coming into the Bank. There were no positive responses to this. So what we felt and what we were extremely concerned about was the fact that we have essentially, in my view, the most important issues in a country--equity, poverty, conflict, politics--in the hands of the least experienced people, people who simply don't yet know what the opportunities are within the Bank for influencing those outcomes and also don't know what the limitations are. So there was a lot of conflict during this initial era between people who wanted much more dramatic changes, who wanted to use their positions within the Bank to have much more dramatic changes than the Bank was willing to tolerate and who also in some cases didn't understand the opportunities.

So this was a tricky time, and the members of the social development family in some cases were not always popular. And there is perceived throughout the Bank to be a tension between social development people who wanted to go further faster and, let's say, the Bank country director who is working with the government, among others, but realizes the constraints and limitations of what the Bank can actually do. It doesn't run the country; it doesn't make decisions for the government and so forth. Like other networks, but perhaps more so, this meant that we had to try to do a series of things to get everybody up to a common level. We were very early in the game of trying to bring all the people together here, doing real, substantive orientation when people in our network came together. We had for a time what we called scholarships, where people could be seconded to the center from the regional offices that were likely to continue to see what other regions were doing and to learn from that kind of thing. They had to do a sort of a paper about their area, about what was going on in other areas, and they would be there for three months. Interestingly, in the end that was not continued. I regret that. Partly it was financial--there were lots of commitments--but partly it was because the most valuable social development staff could not get away for three months. They had huge programs, often very demanding in terms of their social obligations and so forth, so that we were starting to get applicants from country departments that were actually less concerned that the staff be there. So it was mixed, but it was part of a general, systematic--we were among the first to distribute all of the minutes to all of our staff of all of our board meetings. We tried pretty much everything we could to improve the quality of communication--it continued to be an issue throughout--so that we might more closely involve people.

Now, seven years on or whatever we are, it has been interesting for me to note that in countries (and this may be inevitable), but in countries that have very large numbers of social staff, and let me mention two--again, it's in my old region area that I know well, India and Indonesia--they do tend to be pretty self-contained and not as closely linked to the overall work of the Bank. But an interesting thing is emerging out of that. There is now some region-to-region learning, visiting, field visits that don't involve the center at all. So in other words, the center doesn't have to mediate between--it's more interesting for the Indonesia team to go to India and find out what they're doing than it is to come to Washington to try to do that. So there's been a kind of an interesting development, and I think there's probably a lesson to be learned there. There was also

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a delegation of Africa groups that went to Indonesia to see their community-driven development operations and to literally see them on the ground, in place. The Bank has some trouble funding those kinds of initiatives, but I think that they're very important in terms of bringing the sort of common perspectives and views to some of the staff.

**ZENNI:** Well, that's interesting because I had a question later on which I may want to ask it now to follow up with what you were saying about knowledge-sharing which, today, is at the core of the Bank's development assistance. As a key broker in an increasingly interrelated and interconnected world, what is your assessment of the Bank as a purveyor of global public goods with its advantage to scan globally, identify good practices, and facilitate learning between successful and unsuccessful countries engaged in the development process?

**DAVIS:** Yeah. I mean, I'm in favor of a broad spectrum of things that try to disseminate knowledge, from the Gateway to the work of the WBI [World Bank Institute] and so on, but my own experience suggests that people don't read. And you know how, for example, I have done some work on project reviews, and when you ask the project teams how many other projects did they review in order to learn, you know, to get lessons from this particular--the answer in honesty is, "None." So people don't have the time to actually read to learn, and we have to think of other mechanisms to do that. And one of the things that has been effective but is not necessarily a strength of the learning agenda has been--at least at the staff level, and even more so at the government level--to get people out to see what other countries are actually doing. You take them away from their work. They can't be bothered for a week or two weeks or whatever they are doing. They actually go into countries. They see how a country at the same economic level is doing. And many of the sort of regional conferences and so on that are being supported now by countries themselves do have that effect.

And it would be good, in my view, if we didn't try to invent quite as much knowledge and we did more to literally promote knowledge-sharing among the developing countries who actually have it. And that's happening. For example, two countries are actually quite--Brazil feels that it has a lot to teach a number of other developing countries [inaudible] and has been actively actually reaching out in education and health and other places and encouraging leaders and development practitioners to come there and see what they're doing. India has done a bit of it. It's more politicized in some ways, and you could always get 18 views in India on every given subject. As I mentioned, the Bank has been a little more proactive in Indonesia, trying to show some of the things it has done where it does feel that it has a unique program in the area of community-driven development. But it's that kind of sharing--I'm not as familiar with the ECA [Europe and Central Asia] and the MENA [Middle East and North Africa] regions--that I think is the most important thing that we can be doing, more important necessarily than inventorying, through the Gateway and so on, experiences that we have.

What is the implication of that? More support for regional programs and things of that sort. You don't want to bring politicians together every other week and keep them from doing their jobs, but really exposing people to what's happening and new ideas, and that's really important.

**ZENNI:** Well, how do you see the Bank's support for global public goods, I mean as a purveyor of global public goods?

**DAVIS:** Well, I think the Bank should do more on the global public goods.



I was going to cite what I think is a good program dealing with global public goods, which is the GEF, because we recognized explicitly that environmental protection, certainly at a global scale, was not in the immediate economic interests of all countries and that there needed to be mechanisms to focus on that, mobilize the resources they had, put them to greater use and so on. I haven't seen a comparable mechanism for dealing with global public goods in other areas, and I'm not saying it has to be an independent funding mechanism, but I am saying it takes a lot of work and a lot of thought and a lot of . . .

For example, on conflict, there is an area where--I mean, conflicts spill over. They have regional implications. The Bank could play a role in looking at conflict much more systematically, deciding what needed to be done about it both financially and in other ways, mobilizing constituencies to do that. But I don't see a mechanism for doing that.

Sometimes this is because there are other agencies that also are claiming a lot of authority in these areas, particularly within the UN. That was very sensitive in the GEF, and it continues to be sensitive. So I'm probably not the best person to ask because the global public goods debate has occurred largely after I left, but what I would use to judge the Bank's effectiveness is the question of whether there are actual mechanisms for dealing with it, not that it is a debate but that there are sort of emerging mechanisms to deal with global issues that require attention.

**ZENNI:** How do you see the Bank's role as coordinator of donor activities and in mobilizing resources for aid?

**DAVIS:** Well, I think the Bank has a huge comparative advantage in mobilizing resources. Let me put this constructively: no matter what you say about the Bank in terms of what the money is used for, the fact that it is used properly and effectively--let's leave out "effectively" for a moment--the Bank can do that. I mean, the Palestinian Fund is a great example where the Bank actually was not the implementer of anything, but it actually was able to mobilize resources, very large-scale resources, and to be the mechanism through which applications and donor resources were channeled to a whole variety of activities within Palestine. Again, we don't want to measure outcomes here. But that's an important function which the Bank can play, and we saw that happening in a number of places in Africa and so forth, where it could play an important fiduciary role.

Now, should it have more than a fiduciary role in deciding how these are done? In order to do that, the Bank has to be a better partner than it's been in the past. The Bank has a tendency to think that its own views--it's not very participatory, let's say, when it comes to the decisions that may want to be made by other donors and participating agencies and so forth. And if it can get beyond that and actually listen to its partners in these areas, benefit from their experience and allocate resources in accordance with what they can do, it could play an increasingly important role. But it has to have some humility to do that.

**ZENNI:** As in more readily recognizing the expertise of others and divesting itself from . . .

**DAVIS:** Right, right. The Bank tends to notice the failures of others, which are many, and to minimize its own shortcomings which, in the case of macroeconomic policies and the use of financial resources at the country level, have also been significant. So we're all struggling for ways to do that more effectively.

**ZENNI:** There is in the Bank an increased emphasis on strengthening external partnerships between the public, private and voluntary sectors. How do you see this?

**DAVIS:** Well, yes. I mean, well, first I think we prided ourselves on working closely especially with UN agencies. It's something I always tried to support. I worked with them early on in the formation of the GEF--the Asia Region had by far the best relationship with the UN in the early years of the GEF--and also on the conflict, on culture, areas where the UN has long, long engagement and the Bank is, not relatively new as in conflict, but in this particular kind of conflict. So I think it's important.

We also had for a short period of time the foundations group as part of the social development agenda. But again the idea that the Bank had was to tap foundations for their financial resources and redeploy them to objectives which the Bank had. And eventually, although we were trying to change that and make it a real partnership organization, it really required far more resources than we as a network had to give to that. We got 400,000 dollars to work with all of the foundations in developed and developing countries, and you can't really do that. So we asked to be relieved of that responsibility, and it went to the financial complex, the resource mobilization group, which had a great deal more resources in the context of its poverty agenda. So if you want to do that, clearly you need to make a major commitment to it and it needs to be reflected throughout the institution. I think we're moving in that direction, but it's just not immediate, and it will take a lot of work for those objectives to be realized.

**ZENNI:** Well, how effective, in your view, is the Bank's coordination and collaboration efforts with the IMF [International Monetary Fund], for instance, and how unified are their ideologies?

**DAVIS:** Well, certainly in my time, our efforts were not very coordinated. I attended a number of meetings, for example, with the IMF on poverty impact and poverty impact assessment. And it really goes back to the question of foundation beliefs. And the IMF, with a, you know, predominantly economic staff--the first two social scientists were hired in the late 1990s, about 1998, I would say. One was seconded from England and another was hired from our group. There was a very, very big language barrier in terms of what they saw as their objectives, and they are very skeptical about the poverty agenda in general. So that's changing. It's changing as a result of external pressures as well as internal growth and changes. But I do see the IMF as much more of an outlier than, for example, IFC where there has been constant interaction and engagement between staff who often have to cooperate on projects and reconcile their views and so forth. And certainly the values and mission statements of the IFC under [Peter] Woicke are very developmentally oriented. So those strike me as different levels of engagement and approach. Now, perhaps at the macroeconomic level—which, frankly, I didn't engage in a lot in the Bank or with the IFC--there is more alignment of views. I would expect so. But it isn't an area that I had a lot of interaction with.

**ZENNI:** How well received, in your view, is the potential of social development by local governments, and how might the Bank's decentralization efforts help redefine the relationship between states and society?

**DAVIS:** Well, one thing that surprised me was that it was much easier to promote social impact assessment than environmental impact assessment. And that's true because countries could immediately see--not that they were dying to do this as a requirement of the World Bank--but that they could see the logic of the fact that they couldn't alienate the people that were going to have to

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support them politically in carrying out projects. So whether or not they had a sort of poverty objective, they could understand that it was important to figure out whether people were going to be harmed, what could be done about that, whether there are opportunities for improving their welfare and so forth.

And even countries--I'm sorry to use all these Asia examples, but it's the region I know well. For example, initially we had a very intense dialogue with China on social impact assessment. Their view was that they didn't need to do it because that's what they do. They were very poverty-oriented. They had government plans at every level. If they had to do resettlement, they did it very conscientiously, and that's absolutely true. And there was a lot of discussion at the local level of plans. But over the perhaps ten years that we worked with the Chinese in requiring systematic social impact assessment in large-scale infrastructure projects, for example, the Chinese realized that it was very good discipline, and they've adopted a policy now where there has to be social impact assessment for all large-scale infrastructure, and actually even medium-scale sort of infrastructure, not for every government activity but for anything that would involve the dislocation of people, for example, or disadvantaging groups. And they have gone actually further than we have in some of these areas.

So it's a kind of an interesting way that countries have said that they are interested. Now, as I say, it's an easier sell than trying to convince somebody that the Yangtze sturgeon really ought to matter to them and that we really ought to find out whether there are any left in this particular river.

Now, how systematically have countries begun to--it's a slow process. I mentioned to you that we're a decade behind environment, but some of the concepts that we feel that we were central in disseminating within the Bank (which we have many colleagues from other places), like participation, engagement of people, you know, in evaluations--countries are picking this up.

**[Interruption]**

**ZENNI:** Specifically, how well received, in your opinion, is the potential of social development by local governments, and how might the Bank's decentralization efforts help redefine the relationship between states and societies?

**DAVIS:** Well, I think the Bank has been instrumental in promoting dialogue between governments and people, initially probably around Bank projects or strategies that the Bank was involved in. But now it's much more general. The Bank's requirements that you consult with NGOs related to activities that are relevant as interested stakeholders have desensitized governments to a certain extent.

I remember when I first began to do this, I would invite advocacy groups, when I was doing my own work in Indonesia, to come in and talk to the government. First it was like a war, you know; neither side had anything good to say about the other. But over a period of five years, both sides got sort of desensitized to one another and they began to talk.

Today, such conversations are absolutely routine. The Bank doesn't need to be in the middle in most countries in the world. States have to be responsive to organized civil society, and they are increasingly responsive and instrumental in providing other kinds of mechanisms for people to express their views. I mentioned these social accountability things, but there are also--in Uganda

there's a whole political process that has villagers speaking about what's going right and what's going wrong and what should be on the development agenda and so forth. It's very systematic and very rigorous. All of these efforts are flawed in some ways, but they are also ways of making the relationships more democratic, more participatory.

We mentioned communication, and probably none of this could happen without the kind of communication that we have today. The fact that an NGO can mobilize 100,000 constituents by e-mail--certainly at the international level and now often at the national level in countries that have e-mail access--is really important in how they communicate. And the fact that groups can communicate with one another across national borders--there are only really, you know, a handful of cases where communication is totally protected and controlled internally. Most organizations now have constituencies outside the country that they can call on for help.

The fact that all this can be done without the mediation of the Bank is, on one hand, very, very positive but also increasingly calls upon you to ask what is the role of the Bank. Is it this one that we have had for the past 20 years (on which I think we are being more criticized than praised for, perhaps unjustly) of breaking barriers, you know, introducing dialogue, breaking down barriers? Or it is, as some people say, that this process is now well underway, the Bank needn't meddle with it so much, and that it should get back to some of the things it does well like building infrastructure, ensuring that money goes where it is supposed to and things like that? So it's an interesting question. Obviously, only time will tell, but it is obvious that citizens in countries are increasingly aware of what's going on in other countries where there are rights, resources and opportunities, and that's a positive development. It is partly changes in ideology, of which we've been a part, and partly changes in technology that have let everybody participate in these processes more effectively.

**ZENNI:** Great. Turning to the *World Development Report*: for the record, the *WDR* was first published in 1978 and it is the Bank's think piece for setting the agenda for broad international policy dialogue on current critical development issues. In your opinion, how has the *WDR* affected mainstreaming social development in the Bank, or has it?

**DAVIS:** Yeah. Certainly, through the '90s, the mainstreaming through the *WDR*, in my view, is rather limited. And the important *WDR*s were the 1990 report on poverty and the 2000-2001 report on poverty, and that's pretty black and white.

The 1990 report, although it was moving very much in the direction that we see in the 2000 report, you know, it basically says that economic growth is the main thing and countries should take advantage of their position as low-cost labor by developing certain kinds of activities to take advantage of this. That's their major asset, is their low-cost labor force.

The 2000 agenda doesn't say anything of the sort, and it points out the constellation of issues that leads to continuing poverty, and it's the ones we've been talking about: ineffective governments; collusion and corruption that discourage private sector investment at the economic level, which is sort of a social phenomenon; lack of transparency and accountability of government institutions to the poor; lack of policies that are equitable and distribute the benefits of development to poor and marginalized groups; resulting conflict and disenfranchisement and so on.

And, in a way, I said at the time our social development staff worked closely with Mike [Michael J.] Walden, and not always positively (they had lots of great arguments), but basically that *WDR*

all hands would be raised on the part of the poverty staff and the social development staff as a *WDR* that really shows the complexity, the interrelationships between these various social factors, and stresses the importance of at least some work--not some work, but really, really pushes for empowerment, transparency, much more attention to poor people themselves as opposed to government needs and so forth. So that was a great step forward, and it was really a milestone in getting these groups to work together. I think, on one hand, the social development team had matured. Remember, it had only had three years to go from natural resources management, how farmers plant cotton, to how states and societies interact. And the poverty team--and I give Mike Walden tremendous credit for this--had moved in a period of only roughly the same amount of time from one focused on macroeconomic growth and development to one that really includes the voices of the poor, what they say, what that means in terms of Bank policy, and so on. So that's really a landmark document for all of us.

**ZENNI:** What is your opinion on how effective is the *WDR* team's engagement and consultation process, inside the Bank and externally, in putting together a framework to help people think about development issues and apply new research to ongoing debates?

**DAVIS:** I think the importance of the topics and the seriousness with which people have engaged very considerably. There have been a couple that have been a couple of special interest topics that haven't had the impact of the poverty.

But if I could raise an issue here which is not specifically about the *WDR* but is related to that, it's for me the role of DEC, the development economics group and particularly their research group. Again, there is the sort of perception of participation--that is, that they do consult with others and so on--and yet we see that for years and years and years they've produced these very technocratic evaluations of poverty and macroeconomic policy and so on. You might be surprised that for the 2000 social summit, we asked for over a year--we were responsible for pulling that together--an evaluation of the social impacts of our macroeconomic policies. And DEC either couldn't or wouldn't produce it. It wasn't produced until about two months before by a totally new group of people, and it was not convincing and not effective.

So, what I would hope is that--there are questions that need to be asked. And basically what has happened, to just begin to summarize, is that the issues that we used to have to ask at a national level about equity and inclusion: Is this development equitable? Does it promote confidence in the government as a sort of an agreement with the social contract, or is it inequitable, divisive and likely to lead to conflict? Is it open? Is it transparent? Does it promote trust among citizens or does it cause them to distrust the government and cause people to undermine its efforts? These questions which we have only begun in the last decade to ask at the national level are now exactly the same issues that we are looking at at the global level. There are parts of the global economy that are racing ahead at a very rapid rate, and there are others that are just plain being left behind. And when you were talking about global public goods, I mean this is the issue. What's causing them to be left behind? It isn't that we don't know, because we're beginning to know very clearly. It's corruption, collusion. It's a political environment in which even the private sector can't operate. It's repression of citizens, lack of transparency, often, you know, incarceration and torture as mechanisms for keeping people under control. Those countries aren't going anywhere. But just as we're having to come to grips with the question of what we do about issues of inclusion and equity at the national level and what the relationship is to economic growth and development, we've got to deal with those. Now, at the global level, that's what people are asking us to do. But we don't have very many mechanisms to do that. And I don't feel that the *WDR* has been good at

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that, unless the recent ones have--there's something on globalization. I must admit I haven't seen the last two.

I feel that DEC has been hopeless, and that it really needs to be reincarnated to stop doing such ponderous detailed work on specific issues and begin to address issues related to global strategy. It's not that there isn't some of it, because there has been some quite good work. David Dollar's work--you know, showing that countries use development aid effectively, that's the best predictor of where we're going to be successful--is certainly one of those. But, in general, they are kind of focused on little issues and not big issues, and they continue to discuss them. So for both--and I think that this is, you know, increasingly obvious to everybody. I'm not saying this is a view that I hold that other people don't hold.

We have to be clear that we as a Bank, as an institution, are being held accountable by others for increasing inequity and for macroeconomic policies that do not appear to contribute to countries' growth and development, but, in fact, in the view of many observers undermine them by imposing huge burdens of debt and repayment and not leaving enough money and so forth. So the Bank has to be very serious about addressing those issues, and not just in writing about them but in doing something about them.

**ZENNI:** Yes. What you're saying is that the Bank has a definite role in humanizing globalization?

**DAVIS:** Definitely. And I mean we are an important ideological part of the globalization agenda as well as a financier of it. And we need to be clear what our objectives are and why we believe in the parts that are well-documented and what we're going to do about the parts that aren't working well. Wolfensohn does this by tackling things like corruption, collusion and so on, and he even talks about the relationship. But I don't think that the Bank is yet a standard-bearer for inclusive and equitable development. I simply don't see that.

**ZENNI:** Okay. How would you assess the Bank's various mechanisms for evaluating and measuring the results of its work in terms of contribution to quality and effectiveness (e.g., OED [Operations Evaluation Department], Inspection Panel, Quality Assurance Group)?

**DAVIS:** Well, I've been part of many of these on both ends, to tell you the truth, sometimes as an evaluator and sometimes as an evaluated person. In general, I think we've learned a lot from--you know, if we can look back at the Morse Report, an independent report. And I think we got a lot out of QAG to start with. What was happening, certainly, you know, into the year 2000, 2001, 2002, is that project teams felt that the standards for evaluation were not necessarily clear and they were being evaluated way too many times. I mean, they'd be evaluated by QAG, and then they'd be evaluated by OED, and then if something went wrong, they would be evaluated by the Inspection Panel. And they were spending as much time justifying and rationalizing their activities to these evaluation teams as they were in preparing projects. Under the circumstances, as you know, there has been an effort to streamline this kind of evaluation, make it more focused on fewer themes and so on. And I think that that measure is good. I would hate to see us not do evaluation, holding people accountable internally, discussing with them the logic of what they're trying to do, which is certainly a QAG function, but obviously it has got to be proportional to the kinds of resources and efforts that we actually have available to us.

**ZENNI:** What do you think of the systematic learning of lessons in the Bank as an input in policy formulation?

**DAVIS:** I mean, obviously it's important. As I've said before, though, it is very difficult. Of the Bank staff, there are only about 2,000 operational staff that deliver all of its projects, and it's difficult for them to learn. I feel that the networks have played a very important role in trying to disseminate information on everything from participatory processes, community-driven development, to conflict. And I think that that is as it should be. I favor an external role for the WBI, but I do not feel they've been very effective internally, and, in fact, I would strongly argue, if I were in a position to do so, that resources for that internal learning be returned to the networks. So, important; I would say mixed results. And I would say that the main reason for mixed results is that a lot of the learning is done in written documents, but the dissemination pretty much has to be oral because people do not systematically read documents.

Just one example. In a recent consultancy, I read all the recent evaluations of the Environment Department, and I found that nobody in the Environment Department had done so. So they'd read parts and they'd read lots, but they hadn't picked up contradictions and they hadn't, you know, sort of--and it's perfectly understandable. Frankly, when you see the workloads that all those people have, the only people who were learning were consultants like me what all these documents had to say. Obviously, they had to respond to very important documents at the OED level and certainly Inspection Panel, but systematic disaggregation and learning and promotion and dissemination--the networks have to have a role. I hope that they're not weakened in this area. The fact that the regional people come together and do learn in the same context what's going on in different regions and hopefully disseminate it to their people, that's absolutely critical, and I think it could be strengthened internally.

There is a big role in external dissemination of knowledge. But, again, I'm kind of skeptical about reports and even to a certain extent sort of access to things like the Gateway. Let me take that back. I think that would be very important for academics and others who want to evaluate, investigate and sort of draw lessons. So I think that that can be useful. But a lot of this has to be face-to-face still, even in this time of technology.

**ZENNI:** Turning to the Presidents of the World Bank, how would you assess the various Presidents you served under in terms of (a) leadership attributes and (b) spurring on and scaling up attention to the environmental and social dimensions of development?

**DAVIS:** I do have a very old friend, very senior friend, who says that there have only been two Presidents in the World Bank. One was McNamara and the other is Wolfensohn, because the others certainly in my tenure did not leave the same kind of mark. They left the management to the vice presidents, and this is a mixed blessing, this kind of leadership.

Conable was actually--and I attribute part of this to Mrs. Conable--very important in advancing gender issues. And I think if you talk to anyone in that area, they will certainly cite his important role both internally within the Bank in advancing gender equity and also putting that on the development agenda. But apart from that--this is also my experience--McNamara was a very powerful force. He redirected the Bank in terms of poverty. Under the next couple of Presidents, it sort of drifted back to economic growth and development, which are, by the way, in my view, not bad objectives. I'm quite in favor of it.

And then Wolfensohn, who comes along and says again, at a time when the Bank was frankly in crisis, that we have to put a human face on development and on the Bank. The Bank has to be seen to be caring about these issues and doing something about them.

Having said that, the interim Presidents between the two did support environmental issues. They allowed the environmental momentum within the Bank to increase and expand, and reorganizations that supported that were carried out under all of them. So I think there has been a general evolution in the way Bank has evolved, of which these Presidents have been part, but certainly the two that come to mind in supporting social issues are both McNamara and Wolfensohn.

**ZENNI:** Okay. What, in your opinion, are the essential attributes and criteria for an effective World Bank President, in general?

**DAVIS:** In general?

**ZENNI:** What does an institution like the World Bank require?

**DAVIS:** Well, I mean certainly effective outreach, and this is the way in which probably Mr. Wolfensohn is very effective. I have seen him in hundreds of meetings with partners that can range all the way from heads of state to the heads of major, major, major agencies, religious leaders, the Aga Khan, the Pope, all the way down to the lowliest NGOs, hardly any power, and so on. And he is very, very good at that kind of outreach, that kind of engagement. He listens, and I actually think he does listen, and tries, to the extent that he has the resources at his disposal, to address issues. Obviously, many of the kinds of concerns of specific NGOs are not necessarily within the World Bank's purview to address.

I think that Mr. Wolfensohn has been criticized for changing the agenda too many times, not sort of sticking with one or two things that staff can adapt to. I never saw that as so much of a problem, maybe because I'm a little bit like that myself. You need to try lots of initiatives and see which ones work and which ones take. But he has also been criticized for having less confidence in his own staff than those who are critiquing them, and that's been a bit hard on staff. So I think the combination that we're looking for is vision, and Mr. Wolfensohn certainly has that, an ability to listen to others, and he certainly has that, and then an ability to both appreciate the constraints within the institution and motivate his own staff. And he has increasingly addressed this, but in part because there's been a sort of a retirement of or entrenchment of people who haven't felt comfortable with the views that he's advocating. So it has been an interesting combination for all of the people, I think, that are working with him.

**ZENNI:** How unique is the World Bank for an applied sociologist/anthropologist in terms of what works and what doesn't in sociological and anthropological perspectives in development work? And, how much room would you say there is in the Bank for individual values and initiatives or skills to grow and evolve?

**DAVIS:** Yes, yes. The last question is really easy to answer. I mean, if I look at myself and think of a person who came in with the idea that they would be going to Indonesia and speaking Indonesian to farmers and trying to improve projects to someone who has had to deal with issues as large as economic equity, issues related to conflict, for example, there's obviously a lot of room to grow and evolve. And I think that there's no question among the applied social scientists that



hardly any of us would ever return to an academic environment. Virtually all of the people who are in the social development community want to have an impact on the ground.

And as I mentioned at the outset, I taught at Yale, which is a wonderful experience. The students are all unbelievably bright, but you realize that, over time, they are the ones that are going to have an impact. You're having an impact on them, and they should have an impact on others, but it's very indirect. Development is not like that. You're working with poor people, and if what you're doing makes a difference, the life of those specific poor people could actually be improved. And that is very, very, very rewarding.

There is the broadest conceivable spectrum of characters in the social development family that you could possibly imagine. So I think there is a lot of latitude for individuality, a tremendous amount of latitude for innovation, and for growth and development. It's a learning environment like you couldn't possibly have hardly any place in the world. And I would apply this to all development agencies. Sometimes they have their political downturns, but certainly the regional banks provide similar opportunities. The World Bank is probably the biggest and most important example of this in terms of the number of people that we have, some 200 or more, but there are applied anthropologists and sociologists doing this in many, many other organizations, including NGOs and including regional banks and other kinds of organizations. I would highly, highly recommend this for anyone who is inclined to be an applied person that wants to actually see results on the ground.

**ZENNI:** Okay. Given the Bank's much-celebrated cultural diversity, in your opinion, how does this affect the Bank's coherence in the decision-making process?

**DAVIS:** Well, let me start just with initial assumptions. I really value the multi-national environment in which we worked in the Bank. I mean, that was fantastic for me. As a matter of fact, I remember one time when I was called over to the State Department, and I realized I was sitting in a room that was entirely full of Americans, and it made me very, very nervous. It was a very odd feeling. And by the way, those Americans tended to be men. There weren't as many women as there were in the Bank at that stage. So this is a tremendous asset.

Now, how diverse is this population? Actually, there is a great homogenization effect. As you know, regardless of nationality, Bank staff tend to be selected from Western universities, and they tend to be highly technocratic in their outlook, especially those that are working in Washington, perhaps less so for local staff in regional offices. And it is because they sort of share this technocratic bias, as opposed to a political one, that I don't see diversity as interfering very much with--or contributing very much, either--to decision-making because basically they have this sort of same frame of mind.

Let me give you one more example of what I mean. When we first set up the GEF with the United Nations, I wrote a little note back to the Bank because it was so clear to me that the fundamental point of difference was that the United Nations staff all believed that countries were entitled to resources, and entitled to resources on a basis that would have to be decided kind of in relation to how much would go to each region and how much would go to each country and so forth. But the Bank staff were adamant that projects would only be selected for their technical merit, so that if all the resources of the GEF went to one or two countries, that would be fine. And I'm using that simply to cite a fact that there were real differences in the way that they were approaching it, because neither side was aware of its particular bias--the UN wanting an equitable development of

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resources among all developing countries and the Bank wanting to use resources only for those projects that could be most productive in terms of the objectives of the GEF--we were at a standstill. It just limited a lot of different kinds of conversation.

So the Bank is not as diverse as you might think, even though it's very multinational. And the multi-nationality is, of course, a great asset, allowing it to reach out and be more effective, I believe, in its communications with lots of other people. Could it tolerate real diversity in terms of its vision? It's a pretty powerful institution. People who come in that are very iconoclastic or very different actually tend to withdraw. We saw that a lot in environment. The real, true environmentalists were perhaps not the ones that eventually were most effective in developing policy and putting it forward, dealing with the processes and procedures in the Bank.

So just to say diversity is important, but maybe the Bank isn't as diverse as it sometimes thinks it is. And maybe that's okay if you want to see progress at some levels. A lot of people are going to be more effective outside the Bank urging change from that particular stance.

**ZENNI:** Okay. How do you see the evolving role of the Bank and its continued relevance on the global stage? You've already touched a little on this.

**DAVIS:** Yes. Well, in fact, I mean I think I did answer this, and I feel very passionately about it. The globalization issue is a question of who benefits and who doesn't. And if economic policies allow some countries to move forward and others not to, or lending practices or whatever else, these policies may not be solely responsible. As I say, there are all kinds of countries being left behind for internal reasons. Poor governance is the main one. Unless we have relatively equitable progress, we are going to continue to have really deep schisms. And the Bank obviously can't be held accountable for all of them, some of them happening right now on religious grounds, but it can be an important player in some.

And we are not well prepared to work at a non-national level and multinational level. As you know, the Bank doesn't have any mechanisms particularly for working at the regional level. We can't lend at the regional level. We have to use our UN colleagues to do that because all money has to be repaid, so every country has to assume part of the responsibility. We need to really get above that and to show that we can be good partners in regional issues. We have a long way to go, and the Bank is not, I would say, a trusted partner at this stage. Even in areas where the Bank is still a critical player in Asia at the regional level, it does not play an important role in issues related to equity, social justice, inclusion, and the things that we care about in social development.

Is that good or bad? If you think the Bank is not doing a good job now, then it's not so bad that they're not major players at this level. If you think that the Bank is doing a good job and could even do a better job and ought to tackle global issues, then it needs to have more obvious mechanisms for doing that, more transparent, more explicit mechanisms for actually beginning to tackle global issues.

**ZENNI:** In general, how should the Bank answer its critics today in terms of the rhetoric and results of its mission commitment to alleviate poverty, especially in light of increased imbalances threatening socio-political stability and recent emphasis after 9/11 linking poverty and peace?

**DAVIS:** In a way, I'm repeating myself, but the record is mixed. We have continued to lend money to countries that are deeply in debt in order to meet balance of payments obligations,

among others. We've supported governments in which there is corruption and collusion among the political elite. We to a certain extent are perceived as and probably are part of a Western view that incorporates the role of the private sector in advancing economic development and has reduced the role of governments in some cases.

I don't know, as I just said, that the Bank can be held accountable for the sort of impending schisms that appear to be resulting from 9/11, particularly the distancing between Islam and the West. Could it play a role? I don't know. It should start smaller, and it should be sure that countries that are weak and disenfranchised are getting their share of the development pie. But until critical issues can be addressed in the Middle East in what seems to be a fair and equitable way to all parties, I don't know where we're going to wind up on the globalization agenda, particularly on the political aspect of the globalization agenda. The Bank has a role on the economic part, and it's got to do more differently if it wants to be effective.

**ZENNI:** Of your many contributions to the Bank's mission, is there a particular one that you wish to emphasize at this stage that we probably didn't emphasize quite as much as we should have?

**DAVIS:** I guess when I think back on the things that I've done—and, like everything, there are pros and cons to them—I think that I was important in the establishment of the Social Development Network, not only because of tenacity and longevity but because I also wanted to empower people throughout the Bank that were, particularly within the social development family, to have a role in determining what we looked at, how we looked at it, taking responsibility, being accountable for results. And I was really an active proponent of that with the Social Development Board (which we haven't talked very much about), that they needed to decide. It couldn't be imposed. The PREM [Poverty Reduction and Economic Management] Board, for example, was run because the head of it would come in and say, “This is what we're going to do,” and everybody would say, “Okay.” That didn't happen in social development. I've also been criticized for this. But because I wanted a limited tenure in that position, it seemed important to me that they develop a cohesive position. So being open to new contributions, wanting to try lots of different things that would advance the social development agenda, I saw it as a horse race. We bet on lots of horses and see which one won. I think that that was the strength, that we got into many areas and we actually made a significant contribution. For example, my colleagues initially were opposed to our engagement in participation, if you can imagine, saw it as a weak sister to social assessment. And people forget--sort of forget--that.

On the other hand, there were many, many elements then of the agenda, some of which didn't work. So you can see this as a pro and a con. I wouldn't change it. I would still do the same thing. I would try to support lots of innovation in order to see where people could be most effective. And the things that were most interesting to me—I think I was important in a critical way to promoting participatory processes, taking over the production of the source book and financing it, making it participatory. And I'm proud of the work I did to put institutions back into the picture sort of late in the stage, local-level institutions, social capital. I'm hoping that more will be made of social capital in the future. It sort of got overtaken by the community-driven development, but I think it has an important role, social capital, in how development occurs. It's what Ismail called the missing link. We know about economic capital; we know about infrastructure and other forms of physical capital; we even know about intellectual capital. But how social capital works in terms of networks and relationships, that's really important, and that's the one I'd like to see move forward.

*Gloria Davis*  
*June 28 and 29, 2004 – Final Edited*

**ZENNI:** Although you've talked at the beginning of this interview how much you learned at the World Bank and how much you enjoyed learning at the World Bank, I still would ask the question: what have you learned from your experience at the Bank? Is there anything more you want to add?

**DAVIS:** Well, yes. As you said, I personally benefited enormously from my time at the Bank. It was like one of the most interesting universities on the face of the earth for both learning and testing hypotheses about things that had social value, and that's certainly the thing I value the most. I also, particularly in the last decade or so, have come to learn a lot more about institutions and how slowly they actually evolve or change and how difficult it is for them to recognize basic paradigm shifts and adapt to them. So at this point I'm kind of an observer of the World Bank, watching and waiting to see what the sort of fundamental transformation of the global economy will really mean for the role of the World Bank in the future. That's going to be an interesting question.

**ZENNI:** Well, what has it meant to you personally serving a unique institution such as the World Bank?

**DAVIS:** Well, I hope I've partly captured it in the last thing. You know, personally, when I first came to the Bank I thought I had died and gone to heaven because I could actually do research in Indonesia, and that's what I was doing all the time on what farmers did. And, you know, I did quantitative; I did all those kinds of things. And I had the resources and the time and the ability to do that. And then as I evolved and changed, we also had the resources to ask questions, the opportunity to ask questions, resources to try to answer them. It's sometimes frustrating and sometimes not. So it has been a big opportunity for learning and one that I tremendously appreciate.

Being a director of a sector network is a thankless job, and every single network head will tell you that, because resources are entirely with the country department directors and the deck is very stacked. But that's my main area of frustration, I would say, and it would be nice if it got corrected over time and networks had more influence over outcomes.

But apart from that, it's been a circus and I've enjoyed it.

**ZENNI:** Finally, is there anything else you wish to talk about that I might have perhaps overlooked?

**DAVIS:** I don't think so. That was very comprehensive. I congratulate you. You got . . .

**ZENNI:** Well, thank you very much for this invaluable contribution to the oral history program.

**DAVIS:** Yes. Thank you.

[End of session 2]

[End of interview]