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Transcript of interview with

FRANNIE A. LEAUTIER

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Interview by: Marie T. Zenni

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

LEAUTIER: And I'm Frannie Leautier, former Vice President for the World Bank Institute.

ZENNI: Okay. Today is Wednesday, May 16, 2007, and I'm here at World Bank Headquarters to interview Ms. Leautier, who will be leaving the service of the Bank at the end of this June, after having served in the last five-and-a-half years as VP [vice president] for the World Bank Institute, to be referred to hereinafter throughout this interview as WBI. Welcome, Ms. Leautier.

LEAUTIER: Thank you very much, Ms. Zenni.

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

LEAUTIER: Well, I grew up in Tanzania. I was born in a small town called Moshi, which is at the base of Mt. Kilimanjaro. And having shown a very early interest in mechanical objects and physics, my parents encouraged me to exploit those interests, and I ended up specializing in the sciences and math and then also in engineering and got my first degree, a bachelor of science in engineering, from the University of Dar es Salaam.

I left the University of Dar es Salaam to come to school in the United States. I had applied quite widely and was really leaning towards going for graduate education in the U.K. or Australia, which is where most people from Tanzania went. And I was very fortunate to go for a seminar that was offered at the University of Dar es Salaam by the United States Information Agency at the time, and there was a scientist from NASA [U.S. National Aeronautics and Space Administration] who came to talk about how he got interested in science and what that led to.

I was very, very excited by his speech, went to talk to him afterwards, and it turned out he had graduated from M.I.T. [Massachusetts Institute of Technology], so he encouraged me to go to M.I.T. rather than any of the other schools that I had applied to. So that's how I ended up in the United States, doing my master's and Ph.D. in engineering at M.I.T.

And for my Ph.D., I focused on the subject that stretched between engineering and economics, and that brought me into the field of development because I looked at the decision-making environment for maintaining large-scale infrastructures and how

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economics and engineering come into play at those deficient levels. So, that's really my educational background in short.

ZENNI: All on account of coming to the U.S.?

LEAUTIER: Yes.

ZENNI: What in your pre-Bank experience led to your formally joining the World Bank in September of '92, and how did this exactly come about?

LEAUTIER: Well, I was born in a developing country. I come from a rather modest family. I have grown up knowing what it means to be hungry and be able to struggle and survive through that. So, when I came to the United States and I immediately noticed the difference in wealth and income between the average American and the average Tanzanian, I got quite interested in what makes that difference.

Also, in Tanzania for a bachelor's degree graduate, every graduate, independent of the field of study, has to take a course called Development Economics, so I was already subjected to at least two years of learning in development economics.

I also got very interested in questions surrounding large-scale investments, which tend to be very, very difficult for poor countries, and I was quite amazed at how the interstate highway system in the United States, as vast as it was, takes such a small share of the U.S. federal budget compared, for instance, to the very smaller highway network in Tanzania that took a huge amount of the budget. So, the differences in wealth, the differences in development, and the impact that the infrastructure had on that were subjects that I was interested quite early on.

But coming to the World Bank was really almost a coincidence, because I was teaching at M.I.T. after my graduation and a Director from the World Bank came to give a seminar on what the World Bank's thinking was on infrastructure for the 1990's. I was occupied and couldn't attend the seminar at the beginning but was able to attend part of it, and I asked a few questions. That Director found the questions quite interesting. He was later told that I was teaching courses on infrastructure and came to talk to me afterwards, and encouraged me to come and work with the World Bank.

I agreed at the time to spend some time as a consultant, so I came and worked during the summer as a consultant on the strategy for the World Bank for infrastructure in 1990. The work was very interesting to me, so I ended up actually joining the World Bank at the time when a number of positions opened up in the department I was working in, and ended up staying beyond the short-term consulting that I had at the time.

ZENNI: Okay, now moving onto your Bank tenure. You initially joined as an economist in the Infrastructure Transport Division of the Latin America Region, where

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you remained for almost two years. Please discuss your main responsibilities, what were the areas of your particular focus, and what did you set out to accomplish.

LEAUTIER: When I was hired into the Latin America Division, that unit was responsible for infrastructure in several countries that included Peru, Venezuela, and Brazil at the time. It got restructured after that to include different sets of countries, but when I joined, those were the countries I was assigned to work on.

My very first assignment was to join a team that was evaluating the performance of the Brazilian government in maintaining and upgrading the system of airports, so I went along to Brasilia to meet with the Brazilians and to see what progress they had made, so it was a supervision mission. But then I very quickly got asked to be responsible as the Task Manager for the Infrastructure Strategy for Peru, because the person who was doing that work at the time was leaving the Bank to go and work at the Central Bank of Portugal. So, they were in a little bit of a short staffed situation, and they asked, given my experience, that I could take on the task.

So, I had to improve my Spanish very quickly because all the interviews had to be done in Spanish and most of the work and documents were in Spanish, and I had to go on mission to meet with the Minister of Infrastructure at the time and the groups that were working on the reforms in Peru.

Peru was an interesting country for the Bank at the time for two main reasons: because it was just coming out of arrears, and therefore becoming a new, interesting client for the Bank, given the time that the Bank had not been working there while the country was in arrears, but also they were dealing with the Shining Path, Sendero Luminoso, which was at the time when there were quite a few incidents and targets against aid workers. This was also a security situation that was improving. And I think, for me, I was quite fortunate to work in an environment that gave me a sense of what the World Bank was created to do: to work in countries that were coming out of a conflict or out of a war or maybe going into major reconstruction after a conflict, and I could have a sense of that in my day, every day.

I also worked on the team as the Transport Economist for the Transport Team in the unit, evaluating progress. And the most memorable task for me was a rural roads project in Peru, again trying to define the economic analysis and come up with a methodology for choosing whether to invest or not in upgrading the rural roads in this region of Peru near Cusco and Ccorca, where most of the vegetables come from, and a very poor mountainous region of Peru which had very poor roads at the time. And I also got to work on the privatization of ports and airports and the infrastructure strategy in general for Peru.

So those are the two most memorable things that I did while in Latin America, and I worked on many other projects, but I think those are the two important ones that I

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remember.

ZENNI: Please discuss what impact, if any, did the recommendations of the November '92 task force report--commonly known as the [Willi W. A.] Wapenhans Report commissioned by the late Bank President Lewis Preston to examine the quality of the Bank's portfolio--have on your endeavors, if any?

LEAUTIER: When I came, people were really talking about the Wapenhans Report. I very quickly got to read it and found out what the main findings were. And I think for the period that I was a task manager in the LAC region, I saw three important impacts that that report had.

One is the professionalization of supervision, because the Bank was not spending enough time and effort on supervision. There was a lending culture, and people were putting much more time into lending. So, I noticed that after the report came out, there was a lot more attention on professionalizing the supervision mission, the forms that you needed to use and pay attention to, because it really wasn't a science per se. People had to learn how to do a good supervision. I think that was one.

The other is the overall focus on portfolio because again, as a bank, we were investing a lot but there would be little attention to how that portfolio was doing. And the Wapenhans Report put a lot of focus on making sure the portfolio was actually performing well and cleaning up when it's not, making sure there's restructuring, shutting down or transforming projects that were not doing well so that you have a well-functioning portfolio.

And I think the third thing was to give much more respect and balance towards people who were working on supervision rather than new projects, because there was a lot of excitement, and most people wanted to be posted on new projects. And I think that created a rebalancing, and that, I think, overall helped.

I found out much later on, when I became Infrastructure Director, how important all those early lessons post-Wapenhans were because the infrastructure portfolio was one of the worst in the World Bank, and with increasing attention and focus on project supervision, restructuring, and renewal of the thinking during the supervision process, the portfolio could be transformed. So it has been, in my experience, a major impact in terms of the thinking about supervision and portfolio issues and the practice of those activities.

ZENNI: Would you say there was more emphasis on the qualitative rather than the quantitative aspects?

LEAUTIER: Absolutely, because again, supervision as practiced at the time was very slim and, you know, you take a look at the legal agreements and whether the country was doing what it had committed to do. There was not much attention on institutional issues.

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There's more attention now, perhaps not enough still, but much more than there was before the Wapenhans Report, and the real focus on making sure you get a feel and a sense of the project.

I might add, perhaps, even the early beginnings of the attention in our current focus on corruption came from the Wapenhans report, because without being able to supervise properly, it was very hard to detect what was going on in a project. So, I would say the Wapenhans Report laid the foundation for many different things, going beyond financing at first to really hard issues on institutional performance, as well as the use of Bank funds.

ZENNI: How would you assess the effectiveness of Bank infrastructure development interventions in Latin America at that time? What was your sense of that?

LEAUTIER: Well, Latin America during the '80's and '90's went through an incredible urbanization phase, almost like what's going on in Africa today. And what helped in Latin America was the huge investment that the region made on infrastructure, and particularly because it helped link up the cities and helped to produce the benefits between urban and rural investing.

I remember a census done in Brazil which had concluded that the investments Brazil made in two areas, one is on the education of people through television, and the investments in the highway system, became among the major thrusts that allowed the country to impact on population issues, for instance, because education on population management and managing family, education of women, all of those things could happen much faster because communication improved. It was really solid growth for such a vast country as Brazil, but also the investments in education and the use of modern media that did it.

So, I would say the infrastructure portfolio contributed hugely, including work we see now in the capability to export, because of the link between the highway and the port system, the functioning of the airport system, the investments in IT and the whole telecom reform and energy, which again is one of the major, major inputs for development. So, I think for the bulk of it, the investments have made a positive impact on the economies in general.

There were some, perhaps, not wisely selected priorities, which happens in many countries where investments go to the wrong regions or to the wrong parts of the country, but in general the large scale of the infrastructure investments have made a huge impact, including energy trade between Brazil and its neighbors. None of that would be possible without the investment in energy and trade, trade in the Mercosur region in particular but also the kickback [inaudible] into exports outside the region.

ZENNI: Moving on, in August of '94, you moved to the Policy Research Department and worked in the Environment, Infrastructure, and Agriculture Division. Please discuss

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the circumstances leading to your move to the Bank's research complex, and what were your main responsibilities?

LEAUTIER: When I was in Latin America, I got approached to provide some input to the *World Development Report* on infrastructure, and that got me quite interested into the research that the World Bank was doing. So when an opportunity presented itself, I got hired to join the department to try to raise the level of research done in infrastructure. So, it was also very opportune for me because I was also starting a family at the time, and having a job that allowed me not to travel quite as much was very helpful. So, I joined the department for three important reasons: one, the interest in research of the World Bank; two, for trying to renew my skills, having done a lot of operational work; and thirdly, for family reasons. And that's how I ended up joining the Research Department.

ZENNI: And I guess you've answered the follow-up questions to that: "What were the emerging priorities for policy research and analysis at that time, and which research themes in particular did you emphasize?" Did you wish to add anything?

LEAUTIER: Well, at that time there were a number of areas, interface areas, which the Bank was grappling with. One was how to justify investments in large-scale but distributed infrastructure like water supply and energy, and there was a lot of interest in willingness-to-pay methodologies, which required a background in economics, some knowledge of the way environmental systems work, and a link to engineering and infrastructure. So that interested me a great deal, and those were among the main topics of research at the time: contingency analysis of projects, pricing issues, because countries were going through these tariff reforms, and it wasn't very clear how high we could raise prices before they start to have a negative impact either on the environment or on the affordability and willingness to pay of users. So, that was one area.

The other big question at the time was decentralization because, again, was it a good thing that infrastructure responsibilities were going to the states and the provinces? What were the benefits of decentralization? Was it always positive? And a lot of the work we did at that time was reviewing the economic impact of decentralization of large-scale infrastructure. And that helped shape the policy that the Bank had at the time when advising countries whether to decentralize or not, and if yes, how for these very large-scale infrastructure systems like roads and so on.

ZENNI: One of the main messages of the '94 *WDR*, the *World Development Report*, in examining the link between infrastructure and development was to stress the importance of improving the quality of infrastructure service over the quantity of infrastructure investment as being vital to the goal and measure of development in infrastructure. How did your work in the research complex influence your future thinking on economic development in general, and especially infrastructure development?

LEAUTIER: There were two puzzling findings at that time: first, countries that

invested large amounts, when you look at the public spending on infrastructure, were not growing any faster than those that hadn't, and second, there was a puzzling question as to whether infrastructure contributes to economic development or not. And it turns out that the main difference was that we were not measuring the quality of the investment, and that's really key--you can have large networks of roads but with a very poor surface quality, so they're not reliable. You can have people connected to water, but getting zero or one hour a day each, the connection or number of connections doesn't have any impact. Or in those days--I think people have forgotten now because of the availability of cell phones--but connectivity for telephones was quite a problem. You would have your phone line not working for many days, so the fact that you had a telephone in the house was not a good enough indicator of that investment. So, the attention on quality, I think, really pushed the economic analysis to where it really makes a difference, to see that it's the functioning of infrastructure that matters and not the fact that it is present or not, and the *WDR* was a very important marker for that.

And it also helped in two areas of policy for the Bank. One was the ratio of investments in capital versus the operations and maintenance. At that time there was a policy in the Bank that the World Bank could not finance maintenance, and the reports were able to show that because it's the quality that matters, that maintenance may be one of the most valuable things to invest in. And the second area was in the, again, attention to supervision, that you don't just close down the project when the roads have been constructed or the pipelines are in place, but that one could also come back and take a look at how those systems are performing and open up a whole opportunity for the World Bank in terms of reforms in the sectors, focusing on the operational quality of water systems, energy systems and so on, and laid the groundwork for what we have now, for instance, on renewable energy and efficiency of the energy sector, which is the foundation for most of the work we do on environment. That's very important, in opening up areas of policy and enterprise.

ZENNI: Thank you. In July of '96, you moved to the South Asia Region, Country Department I, and worked briefly in the Infrastructure Division where you were subsequently promoted to Senior Economist. Please discuss your move, what were your main responsibilities, and how did your work in research help you tackle the challenges in a region that is home to the largest number of the world's poor, most of whom are women?

LEAUTIER: While I was in the Policy and Research Department, I got approached by the person who was responsible for the infrastructure strategy for Sri Lanka to see whether I could spend some time advising the team and helping, because they had a major reform they were going through and my work on Peru had been seen as an example of how one should go about doing strategy for infrastructure on a countrywide level. So, I started working with the team on a part-time basis while still remaining in research.

Because the work became quite demanding, I was approached to join the unit at the time,

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so I left the Research Department to go to the South Asia unit on a full-time basis. I focused mostly on Sri Lanka when I first joined, and that was because of the strategy that they were putting in place but also because they were trying to accomplish a very challenging approach to infrastructure, focusing, on one hand, on community level infrastructure--the role of women, for instance, in water collection, energy use, and so on--and on the other hand the larger-scale investments in reforming the ports, the urban transport system and so on, giving a very wide range of portfolio issues to look at. I learned a lot from that job. And I think one of the most important things that the research contributed to was in the area of decentralization because Sri Lanka was looking to invest quite heavily in the outside Colombo areas, and the responsibility for investments but also maintenance of these systems would fall on either communities or local authorities, and the research was very helpful in that area.

The other area of research that was extremely helpful was the impact of privatization and regulation on infrastructure performance because, again, what kind of privatization makes sense; how would you regulate monopolies if they were going to be privatized; should you privatize at all? Those were the kinds of questions that the country was grappling with, and the research was very helpful in that regard.

ZENNI: Well, in August of '97, a year later or just over a year later, you moved and served as Sector Manager in the Infrastructure Sector unit, still within the South Asia Region, where you remained for almost two years. Please discuss your move from a country to a sector focus, and what did you set out to accomplish.

LEAUTIER: Well, the sector unit that I was asked to manage was a merger of what was previously the India and Nepal group with what was the Pakistan, Sri Lanka, and Bangladesh unit, because there was a consolidation to bring those two departments together. So, I was asked to take over a unit which had about a hundred people, focusing on infrastructure for the whole South Asia Region.

The focus at the time, which I found very interesting--because you asked me earlier about the Wapenhans Report--was a lot of the strategies for the Bank at the time were done at the country level, yet many of the really complex questions of reform and performance were at the sector level, so the job that I took over gave me a chance to take a look at issues from a sectoral perspective once again, because in the LAC region the project perspective was not really sectors per se. And it was really useful to actually have the balance between the two, the country and the sector, because you really need both in order to come up with a good project design, good policy reform, and strategies for countries.

I particularly learned how important it is to know what the general market economy of the country is doing in order to best decide what aspects of infrastructure to invest in and also why certain investments actually don't perform because of the institutional issues that tend to be countrywide, such as the way the civil service is functioning, for instance,

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or how performances in a particular sector are improved because you make a major reform (as was done in a number of countries in South Asia) or the way procurement was being practiced and the competition to award contracts and so on.

So the balance, I think, was very helpful in having to see both what I learned at the country level and how that could be brought to bear at the sector level and also reaching back to sectoral expertise, a key value add for the World Bank when it comes to these country-specific issues.

ZENNI: What is your assessment of Bank interventions in infrastructure in South Asia at that time and, in your opinion, what impact was an increasingly decentralized bank having in affecting results on the ground when South Asia region was greatly decentralizing within the Bank?

LEAUTIER: Right. Well, the Bank, I think, had a much harder time in South Asia in infrastructure than it did in Latin America. The countries were at very different stages of reform. It was much harder to get changes and transformations at the institutional level because of the number of sub-regions or states.

So the infrastructure projects that did extremely well in South Asia were mostly in transport, where the transport portfolio was doing very well. I remember, for instance, the investments in road connections between India and Nepal, which were very important for opening up trade between the two countries, but then the bottleneck was in the area of customs reform, which tended to be outside of the infrastructure sector, or very successful community-level sanitation projects that were equally successful in Bangladesh, Sri Lanka or India, which was, again, going down to a decentralized provision level.

But we had very limited, I would say, impact on water sector reforms. We had very limited impact on the energy sector. So these were two very difficult sectors for the World Bank in South Asia, and I think they still remain so. Transport and urban management tended to be a lot more malleable.

But I remember three projects which I feel very proud to have been associated with. One is the Jamuna Bridge, which was one of these massive investments that allowed a country that is subject to floods, Bangladesh, to connect two regions of the country that had never been connected before. And the bridge carries with it also the electricity, telecoms, and gas pipeline and has a road and rail connection, which is a huge infrastructure project. It was also one of the early projects that went to the Inspection Panel, and so I got involved in preparing reports for the Board for the Inspection Panel, and it ended up going from a project that went through the Inspection Panel to be an example of how one should do large-scale infrastructure projects which involved environmental impacts, social impacts, relocation, and so on. So that was one thing in particular.

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The second one that I remember also very closely, because it was one of the complex projects, is a project in Mumbai that was helping to relocate people who were landless and homeless, living along the railway tracks with a very high incidence of accidents, and trying to provide them with alternative housing and sanitation, in particular. The project took forever to be prepared, more than 10 years, went through huge transformations in terms of the way institutions that were in those areas were looked at, and it ended up also being one of the more complex infrastructure projects that the Bank had to be involved in. I think the lessons learned from that, both for Maharashtra and for the World Bank, were very, very important.

And then the third one would be a project in the North-West Frontier Province of Pakistan, which was working with people in small towns and in the marginal areas of cities and seeking balance between rural and urban development, by helping them come up with the investment that they needed in order to participate in the economy. The striking feature from that are the interviews we had for the kind of priorities the community would have. And in Pakistan you couldn't talk to men and women in the same environment; you had to interview them separately. And the priorities that came out were not completely aligned because the men were looking at commerce and access to water and travel for their businesses; the women were concerned about sanitation and water for their families and being able to spend less time doing those activities. But we eventually managed to bring a common project that benefited both genders in the community. So that sensitization to the gender differences in demand for infrastructure was one of the things that I keep from that time.

ZENNI: In June of '95, with change at the helm at the Bank as [James D.] Wolfensohn became the Bank's ninth President, a number of institutional changes were undertaken including the implementation in '97 of the strategic compact and a further decentralization of Bank operations, and South Asia was considered the most decentralized region of the Bank.

LEAUTIER: Right. Actually, I remember--when I mentioned I had a hundred staff, 60 of them were in the country offices. They were in six country offices, and it raised three important aspects for the World Bank. One is how we communicate, because, again, with the time difference with more than half of the staff in the region and the rest in Washington, it created a very important need for the South Asia Region to decentralize decision-making. So that was the first region that posted Country Directors in the countries and gave them responsibilities beyond just portfolio overview.

The second important factor was the balance between global and country knowledge, because the staff that we had in the country offices, the majority of them were local staff that we hired because they knew about their sectors in their countries from a different perspective than the people we could have brought from Washington. And I think we had very quickly raised the need of how we communicated, the important role that ISG [Information Solutions Group] had to play, because we had to invest in communications

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so that people could have the same access to documentation there that they would have if they were in Washington. I don't know--it's kind of almost unimaginable now to think that you can log on in Colombo or Delhi and have exactly what you have in Washington. That wasn't the case when I was a task manager. I remember you had to go through a lot of difficulty. It was very slow; it was sometimes impossible. And today people can access it quite easily, and that was really because of the investments that we made in communications at the time.

And then the third, I think, important change was on the issue of whether the matrix is sector or country and how you get the right balance, which was played almost daily in the South Asia Region because the people that we had in the country when they talked about their sector, they were bringing with them knowledge about the constraints and the opportunities within that country's sector. So the issue was not whether you have more folks in country or more folks in sector but how you bring the two together.

Those three changes, I think, helped the South Asia Region take a major leap in terms of what it means to be decentralized. It raised a lot of questions around staffing decisions: are country staff different from Washington staff? So, things like different contractual agreements, hiring policies of the Bank and the HR reforms needed, lots of issues I think came up at the time, and the region became a leader in forming them and also presenting options for other regions in terms of how they should or could decentralize.

ZENNI: By May/June of '99, you were promoted to Sector Director while still in the South Asia Region. Please describe the expansion of your responsibilities in terms of general oversight.

LEAUTIER: The South Asia Region, in addition to being the most decentralized, had also taken a management principle of flat structure. So it was one of the regions that did not have sector directors, sector managers in the way you had in other regions. There was no hierarchy. There was the Vice President and then the Sector Directors and Country Directors reporting directly to the Vice President. And so becoming Sector Director for me was more a title promotion rather than a change in terms of managerial responsibilities because I didn't have any sector managers under me; I had senior staff managers. What that changed was the approach that I had to take towards management, because I could not rely on delegation in the way you would in a hierarchy. I had to rely on teamwork and collaboration and cooperative ways of working with very direct communications in order to be able to manage a hundred-person unit with no layer in between.

So, what made it interesting for me is that in all other settings, I was representing the region on the Infrastructure Sector Board, so I had to go to four Sector Board meetings because there was no one else to go, and I think it raised a lot of questions about what's the style of control and what are the balances between managing flat and the advantages that that brings versus hierarchy. And I think in the transition after I left, the region

decided to create sector managers because the job was really quite a difficult one, and the lessons learned from flat management versus delegation in a hierarchy were very quickly used to reform the way the unit functioned.

So, I was one of the guinea pigs in flat management, an open space, which would assume new ideas in management, that the more you opened up people and communicated, the better ideas would flow and the more innovation and teamwork you would get. So I think we proved the point that that is true, but then you had a huge cost in terms of the time that the manager spent on substance versus management and also the challenges of what we needed to do when you have 60 people in the region and only 40 of them in Washington. So, it was a hard lesson I would say. In a way, I got the best management experience from that. [Laughter]

ZENNI: Well, looking back on your experience in South Asia, what, in your opinion, have been the major constraints to poverty alleviation in that region?

LEAUTIER: I think there are a number. The first one is the region tends to be very punished by environmental bottlenecks, flooding being one of the most serious ones, earthquakes, and the balance between the two. I mean, you see up to today the effects of the tsunamis, which also happen in East Asia. So I think environmental catastrophes are one of the major challenges for the region.

The second challenge is the fact that the region has still quite a few conflicts. It doesn't work as harmoniously as a region the way you have within East Asia or Latin America or even in Central Asia today, so there's still political limits to the region's functioning as a region. I'm very happy to say that in the 15 years I've been at the Bank, those bottlenecks have been dealt with over time, so you find a lot more functioning of the South Asia Region as a region today than you saw, for instance, 15 years ago with even transport links between Pakistan and India which didn't exist before, trade agreements and agreements on movement of people and so on, including the communications between neighboring regions.

I think the third challenge is one of sheer numbers of poor people. South Asia has a huge, huge share of the poor of the world when you look at India and Bangladesh, just as two of the examples. But for everything I see as a bottleneck, there are many, many events of progress that have taken place. Bangladesh has been one of the most remarkable transformations in terms of poverty reduction. India, when you see the role India is playing today and its development, is quite amazing.

On the opposite extreme you have Nepal, which is going through a huge political crisis and difficult civil conflict and very, very tense transformations and conflict. Sri Lanka has had the same. So the region has this excitement and possibility, with great strides of progress, and the World Bank played a major, major role in that, but also has quite severe challenges in terms of environmental incidents as well as political and civil crises.

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ZENNI: Thank you. In January 2000, you moved again and served briefly as Director, Private Sector Development and Infrastructure, in the Office of the VP. Shortly thereafter, in April of that year, you became Director, Infrastructure Department. Please discuss the circumstances leading to these moves at a time when infrastructure investment in developing countries was falling significantly, and what objectives did you set out to pursue at that time.

LEAUTIER: That was actually a very, very exciting move. I remember having an interview with the Vice President at the time, Nemat Shafik, who was charged with not only turning around the quality of the infrastructure portfolio but also raising the level of investment in infrastructure overall. And because I had worked in different parts of the Bank and had a balance between operations and policy and strategy and research, I was approached to apply for the job. So I ended up moving there, one of the most difficult things because I was having a very good time working with Mieko Nishimizu in the South Asia Region and had a very good set of people I was working with. Manuel Penalvar-Quesada was Operations Director, and Ed Lim was Country Director, so there was quite an interesting group of people and very challenging work with the clients. I accepted the job because I felt it would be an opportunity to really bring in the lessons learned from Latin America and South Asia but also from research to bear on the thinking about the infrastructure.

My first challenge was to help improve the functioning of the Sector Board so that they could play this role of vetting the country or sector issues, balancing at the regional level. So we had to restructure the way the Sector Board functioned, put in an HR role for the sector so that they could bring in the talent that they need, and in thinking through how those Sector Boards were structured, who sits on them, what they do, what's their role in policy and strategy, HR and so on, and then on the other side to look at the reason why the World Bank should stay involved in infrastructure and how it should go about playing that role, both in terms of the challenges for the portfolio and the challenges in defining projects in a time when the private sector was investing quite massively in infrastructure. And there was a question whether even the World Bank was needed at that time. So, those were the two main questions.

But as Infrastructure Director, as I also had to restructure the central unit because at the time directors reported to directors and I had to basically make a transformation, so we ended up merging energy and water into one unit and transport and urban into another unit and had managers for those two units, and then brought the rest of the sector managers and sector directors of the region to the Sector Board function that would then help the whole organization responsible for infrastructure work in a harmonious way.

So, the thinking on the strategy and the policy, on the one hand, with Nemat Shafik and her front office, and the practice of actually managing the infrastructure directorship gave the possibility to actually implement the thinking that we had at the time. We also at the

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time started with this work on zero-based budgeting because with the Strategic Compact coming to an end, we had to figure out how do you actually leverage the investments that we had made through the Strategic Compact and the reforms that the Bank took at the time where they [inaudible] decentralization, the investment in the balance between country and sector work, the local knowledge, global knowledge, and how these staff skills can be brought to bear to bring all of these up with less money because we had promised the Board at the time that we wouldn't go for an additional budget request.

So zero-based budgeting was a very useful way because we could look at everything from scratch, and we introduced those principles and worked to put in place an allocation mechanism for the budget, which allowed the benefits from the strategic compact investments to be maintained and leave room for investment in new areas, particularly partnerships. We had structured several units, obtaining important synergies. At the time there was ESMAP [Energy Sector Management Assistance Program]. There was a water supply program, and a whole series of large-scale partnerships which were financed by donors outside of the World Bank budget that needed to be brought in line with the real strategic directions of the Bank. Those were the challenges of the job at the time and the things that I paid a lot of attention to.

ZENNI: Within infrastructure, how critical a role do global trends, as in urbanization, environmental degradation, et cetera, and global concerns such as corruption play in shaping infrastructure investment? What is your overall assessment of Bank efforts in establishing basic and sustainable infrastructure in developing countries, and what do you see as the emerging priorities for the Bank's infrastructure strategy in the 21st century?

LEAUTIER: Well, first, globalization could not take place without infrastructure, so infrastructure is a foundation for globalization. And the trends in urbanization and the increased speed of globalization put a lot of pressure on the performance of infrastructure, but in a very different way. There are globalization activities that tend to centralize activity. For instance, when you look at companies like Ikea or The Gap and Nike and so on, they source from multiple countries and therefore demand lots of large-scale, long distance transportation and communication, but then they also have very concentrated areas of supply and manufacturing that put demands on urban transport and urban infrastructure, whether energy, water supply, and so on.

So we find that the infrastructure system is stretched in two dimensions with the speeding up of urbanization and globalization: one, to perform much better in the interconnection role, and the other to do much better on its day-to-day quality and functioning. The other challenge, I think, that both urbanization and globalization pose on infrastructure is that the supply of infrastructure and the demand for it tend to also be global, because before the speeded-up globalization, if you are living in a city, your water supply system is really for the residents that live in that city. With globalization, when you look at tourism and travel, the foreign direct investment for manufacturing and other production distributed across countries, the performance of that water supply and the demand for it

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becomes global, because if I am a tourist and I am in another city, I do care about the quality of communication, the water supply, security, the city, and all of that. So this interface and merging or fusing or morphing between local and global takes place in infrastructure in a much more profound way.

And the third is the production of the infrastructure itself, because with increased globalization, investment and the putting in place of these systems also become global. A company that builds roads in one country becomes the same one that builds roads in another, and it has an ability then to transfer technology, ideas, standards, and so on much more broadly and quickly across. So all these factors impact on the infrastructure and what it is needed for, used for and demanded for.

The implications for the Bank are really quite dramatic, and I am very pleased to say that the Bank has dealt with them very well. One is the need for global standards on competition and awarding of contracts, the whole procurement approach to providing these goods and services where the Bank has been a leader. And most of the countries, when you talk to them and say, "What is the one major contribution that the Bank has made?" a country like China will tell you the financing of the World Bank in China is not the most important thing, but what they have learned in procurement and how to organize and structure competition in contract awards is one of the things that they cite. And this is mostly in infrastructure.

The second thing I would say is also how the Bank balances country-specific versus regional and global patterns of investment, because, again with globalization, a small port in a small country can be the major bottleneck to the export of goods, and the investments in capacity in that port, if you're looking only at that country may not have taken place. But the Bank has a way to balance it, looking at country versus global demands for capacity changes. The Bank has also done quite well, especially when you look at the work in the logistics and trade area and the attention that the Bank is paying now to those questions has come about because of this growth in demand for logistical services worldwide.

And the third one would be what we now talk about, particularly in cities: the professionalization of management of infrastructure. Now city leaders have to be managers. Before they could be political appointees who have a term, and they serve their term and they move on. But because of the competition that cities now have with the rest of the world, the quality of managing both policy and strategy and day-to-day operations at the city level become the major constraint. So, it's given the World Bank a whole series of opportunities to advise and to support in the area of city planning, city management and so on, which is opening up an urban portfolio in very interesting ways.

And then, finally, the environmental concerns, the fact that we now share water systems, air quality and pollution and so on, and how multi-country solutions and regional solutions to solve these problems come about, and the attention on renewable energy and

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the attention on efficient transport to reduce congestion and air quality, improve air quality in cities, and how countries can deal with those problems within the regional or the global context.

So I think globalization and urbanization have made it very interesting for the World Bank to be in place, because those are things that the Bank can offer quite easily, and remains one of the few comparative advantages of the World Bank, even with all the competition from the private sector, regional banks, and other players in development.

ZENNI: How do you look back on your accomplishments as Director of the Infrastructure Development? And as a woman, how easy or difficult was it working in infrastructure?

LEAUTIER: Well, when I look back, I'm very excited about what I was able to do. I joined the World Bank at the time when the Bank was rethinking what it was doing with infrastructure. I was able to participate in the rethinking, and one of the rare things that you could actually see, the results of that thinking; it's very rare in a job that you get to see all three phases: the thinking, the strategy, the doing, and then eventually see the results. So I was very fortunate to have seen it and to do that.

In terms of being a woman, I mean, I come from a discipline that has not very many women practicing in it. In civil engineering there are very few women. I was one of the only women on a site, for instance, where I had to have special accommodations just to be able to supervise the work, so I have always had to think about how to function in environments where I'm either the only one or one of very few women. I think it prepared me very well for the World Bank and being able to think about the need for infrastructure and development that are gender sensitive because, again, how you think about development also has an impact on the kind of policy, strategy and investments that you go through.

I have not found it to be a bottleneck in terms of day-to-day work. I have actually found it to be a challenge and an exciting one. I had a very supportive family, so having children and being able to be--because I was appointed manager two weeks before my second child was born, and so I had to very quickly figure out how to manage two young children and a very heavy job with a hundred-unit person and how to get that balance right. I was helped very much by my mother-in-law and my mother, my husband, who helped with the bottle feeding of the baby when I was away on mission and I had to leave breast milk in the refrigerator for that, so those were some of the things we had to organize around.

I would say it has been very exciting. I have never felt intimidated or ill treated or badly received. I think it was mostly funny at times when clients would be expecting somebody else and they see you come, and being able to have these awkward moments at the beginning and dealing with those; working in rural areas where people would be quite

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surprised that I would be leading the mission at times, but especially in infrastructure because they were not expecting that. But I would say overall it has been an exciting opportunity to deal with these challenges rather than a bottleneck, until more recently when I had to commute; then that was very difficult, because then I was working and living in different places. Balancing that with my family; that was very challenging.

ZENNI: Well, moving on from your hard input to the soft input process in your Bank tenure, as you so aptly put it in your correspondence to me, and on to your appointment as Director to the Office of the President in March of 2001, where you served briefly in that capacity through the end of that calendar year. Please discuss the circumstances leading to this particular move. What were your main responsibilities, and what in particular do you think prepared you for such an assignment?

LEAUTIER: I remember two incidences when I met President Wolfensohn. One was when he came to celebrate with us the turning around of the infrastructure portfolio from the worst to the best when I was Infrastructure Director at the time, and he was very excited because it was really a major achievement by the staff of the Bank that worked in infrastructure to get that transformation. He came to talk to me about work that we did, how did we go about it, and what were the main lessons learned on how you turn around the portfolio.

The second time was when I was invited to address Corporate Day on why the World Bank should remain involved in infrastructure, because at the time the Vice Presidents had undergone a voting and prioritization and had concluded that the Bank really doesn't need to be involved in infrastructure because the private sector is there and these investments should move to the health and education sector. And I had to defend, if you like, through strategic analysis and policy work, why the Bank should remain focused on infrastructure.

So, after those two incidences--and they were quite close together; they were within, I think, a month and a half apart--I got a call from the then-Director in President Wolfensohn's office saying that he was leaving and that he had been charged to find a replacement, and in looking at various profiles, he and Jim thought that my profile would be best for the kind of things they wanted to do in the office at the time. So, he asked me whether I would be willing to have an interview with President Wolfensohn, and I was very surprised and definitely not really ready to think about it because I had just started this new work and we were looking to the next stage of changes in infrastructure. So I went for the interview, and at the end of the interview I was very, very certain this is the type of job that I would like to do and the person I would like to work for.

So I accepted the position and moved in to work with President Wolfensohn. He had given me a number of challenges to help him with. One was the functioning of his own office, to make sure that the way he communicates with the Managing Directors and the VPs allowed for the smooth flow of ideas, decisions and so on, and also the way that

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people communicate with him from the outside and the correspondence and his interactions with them also goes in a smooth way, and the people who work in his office can get a better balance between life and work because the hours were very, very challenging. So those were related to his office and the way he functions with the rest of these management teams. And the second challenge was how he could keep a listening ear, to be able to hear staff and hear their concerns and be able to stay informed about things that are happening at the Bank and how he could immediately get resolutions on those and what kind of mechanisms would work best. And then, finally, on processes by which he could improve his strategic listening, and strategic definition between him and the Board, him and the senior team, and him and the staff in general. Of course, there were the other questions around his travel and his day-to-day functioning, whether he could get time for exercise and so on. So, there were quite a wide range of challenges. So we worked on that.

We put in place a few structures that helped: the Management meetings that he had with his Managing Directors, the one-on-ones with the VPs, the Corporate Day and how that was structured, and so on. So we worked on those aspects. For those goals in terms of his office, we put all the correspondence electronically so that the speeding up of the response could be monitored (the delegation to the VPs on what they were responsible for versus him vis-à-vis responding to the outside world and whether he wrote or they did); how many times he can go to the Board and how this balances with his travels; the balance between Part I and Part II countries; where he goes; who he spends time with. We would analyze how much time with his staff versus clients, with the Board versus managers and so on.

So, it was a very strategic time to be there but also a very tense time because that's when September 11th happened. So, I remember walking with him to talk to the staff who worked in the mail service of the Bank because of the anthrax issues, being able to make sure that communications with staff happened effectively and so on. We worked very closely with Gerry Rice and EXT [External Affairs] at the time and were able to really get the staff of the Bank to feel that they had access to the President because that was very important to him and very important to him to be able to be available for decision-making and discussion while being available for travel and representation of the Bank outside and how to get through the calendar system that we followed. Those were the things I was working on with him.

ZENNI: How do you look back on experiencing the workings of the Bank from a unique vantage point such as the Office of the President?

LEAUTIER: Well, one of the most striking things that I noticed is the extent to which the World Bank has to be responsible for what it does and says both internally and externally and how really important communications was: not just that you do it, but how you do it.

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The other factor is how interconnected are most of the things that the Bank does; for instance, the fact that our performance in a country or in a sector has an impact on whether the donors will continue to finance the Bank, the IDA [International Development Association] negotiations. The way in which the staff of the Bank--on the one hand they are the major ambassadors of what the World Bank does outside, but they are also key to the success of the Bank, and how important is making sure that they have high morale and are able to understand where the Bank is going and communicate to them the strategy of the Bank so that they could in their day-to-day jobs, because the World Bank is one of these high-knowledge organizations and what everyone does in every interaction with a client is what makes the difference. So, the more and more staff know about what the broad strategy is, the more capable they are to go ahead and make the right decisions in the workplace.

And I think, also, observing how the President was able through various sources to zero-in on what's the most important thing to focus on for the World Bank Group, how quickly he noticed the cancer of corruption and how quickly he spoke about it despite a lot of resistance from various quarters, but also how he was able to do it while bringing everybody along and not creating tension and divisiveness. I think those were very important lessons that I learned, and also the way the governance of the Bank, the balance between the role of the Board and the role of a government because I could see how the President functioned in the day-to-day Board meetings, in the once- or twice-a-year strategic meetings he had with the Board, in his coffee hours with the Board, but also how he worked with the ministers and the heads of states and how the Spring and Annual Meetings became the conduit for all these interconnections. I think those were very, very important lessons for me to see how you actually have to have all of that work in harmony and how each piece has to be thought through and done well in order for the smoothness of the work of the Bank to proceed as well. Very important!

ZENNI: Okay. Now, we get to your WBI tenure at the Bank. Did you want to do this today? Are you fine with it?

LEAUTIER: Yeah. We do have time.

ZENNI: Okay. In December of 2001, after less than ten years of formal service in the Bank, you became Vice President of the World Bank Institute (WBI). Please discuss how this appointment came about. Describe the main challenges you faced in heading the Institute, and what objectives did you set out to accomplish.

LEAUTIER: I remember an afternoon where President Wolfensohn walked into my office and said, "I have something I need to ask you, which is going to be very difficult for me because I have just come from a meeting with the Managing Directors"--at that time, Peter Woicke, Shengman Zhang, Mamphela Ramphele, and Jeff [Jeffrey A.] Goldstein--"and they have suggested that you would be the best person to go and transform the World Bank Institute." He said, "I'm saying it's difficult for me because I

would like very much for you to stay, and it's a selfish question for me to really want to ask you to decide whether you would accept this or not."

So, I took time to think about it because I was really enjoying the work I was doing in his office and I felt there was still a lot more to be done. But eventually when I asked him what he would expect from me in the World Bank Institute and what the challenges were, as well as when I talked to the Managing Directors to see where they thought the major questions were, I decided to accept and to then plan the transition to move to WBI. I worked to get my replacement (who became Xavier Coll), and I moved on to WBI. So, that's how the appointment came about. It was from one of these processes where the MDs look at lists of people and look at their skills and so on, and I was asked then based on that to take on the position.

I started off by actually first talking to my predecessor, Vinod Thomas, and talking to all the managers and directors in WBI at the time and to staff and getting lots of information, reading, and looking in and out as to what the World Bank Institute was doing and what the outside world was doing in the area of services and training and development of decision-makers in countries. And that's how the strategy came about to basically focus on the role that the Institute played for the World Bank as a group, but also the role that it played in capacity development at the country level and how to get a better balance between these two, because at the time the Institute was super-respected at the country level, but very few people inside the Bank Group actually knew or even cared about what the World Bank Institute did. So, that was what I learned from my interviews and therefore focused on the strategy to try to bring these two challenges together.

ZENNI: How have worldwide and fast-paced technological advancements impacted WBI's strategy and objectives, as this was at a time when technology was taking off?

LEAUTIER: Right. Vinod, when he was VP for WBI, had taken the decision to invest in the Global Development Learning Network (GDLN) and had really seen this as a key opportunity for the Institute to leverage through technology its capabilities. So, basically, when I joined the Institute there were only ten distance learning centers, and we worked from there to try to get them almost in every country and to have multiple ones for large countries like China and Brazil and so on. And today--I don't know what the count is exactly today--but there are well over 140 centers around the world. They are carrying the bulk of activities with actually quite a few changes from expectations that we had during the early days. We had thought that the GDLN would serve WBI in its investments, as it does capacity development around countries, but today more than 60 percent of the activities are actually point to point without even involving the World Bank. So we became the enablers for a process of dialogue in exchange, which nobody could have imagined at the time. So, I think technology played a major, major role, and dialogue as a tool for learning and for change became absolutely critical, and I think the investment in GDLN and the thinking that technology would be the key driver for these activities was very, very important.

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I was looking recently at an assessment done. Three thousand books are published daily in the world today. So, if you are about transforming ideas and knowledge through sitting down with ten people, clearly you are not contributing as much as you could if you were working with other links. So the investment in the spreading to multiple points so that a seminar in Washington can be seen by millions of people was a very critical one.

The other factor is that there are more SMS text messages to be exchanged today than there are people on the planet, so, again, you can't transfer ideas and knowledge just by talking to a few people. You have to think of almost modularized, byte-sized ways in which to reach people all the time, and again investments in the use of the internet for learning in particular are very critical, as well as the video conferences and the bulk of what WBI is doing now in mobile communications.

But then the last one, which was very striking to me, when I talked to Vinod, he said, "That's not all that you need because people still trust where they can see and touch and feel." So the link to the soft issues that are not driven by technology, on whom people would listen to and why, the importance of leadership and role models so that the messaging can be heard and learned became also very important. So we then invested much, much more on when you do face-to-face versus when you do technology, because how people learn, how they transform is different, and whom they listen to and why also matters because of that balance between the technology drivers on the one hand and leadership and capacity and the soft side on the other.

ZENNI: Turning to specific issues regarding WBI's integration and alignment with Bank operations and your efforts therein, how do you see the centrality of WBI's contributions to the Bank's agenda, especially in terms of immediate and future challenges as the Bank is increasingly focusing on the delivery of non-lending services, adapting its global knowledge and expertise to regional and local circumstances?

LEAUTIER: Well, one of the features that I was struck by is the QAG [Quality Assurance Group] assessment of the quality of institutional and development objectives in projects, and for many, many years this has remained a huge challenge for the Bank. In the last ten years we have improved. We've gone from only 30 percent or so satisfactory to now closely above 40, so a 10-point gain in this category of evaluation of quality. So, institutional development and capacity remain bottlenecks for development across the board. The investment in lending and what clients tell us they learn from the Bank is their capacity to get ideas and learn from process changes that other countries have gone through, which is all again in development of capacity. So, WBI has a very critical role to play in this transformation. It had not always done so. It had done so in the early years of transforming, for instance, the post-Soviet economy, where an office was opened up in Moscow, and EDI at the time made huge investments in getting large-scale transformation in people's way of thinking about the market economy, including how you build institutions for the market economy.

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So, that was a very successful role for the Institute. But then once the countries were absorbed into the process of accession into Europe and functioning as independent countries that work basically was stopped. So, it was an opportunity to take something that was well functioning from the EDI days and look at it in light of the modern challenges of the Bank vis-a-vis capacity development and see how WBI could play a role by integrating these country operations and project work to get this part of the Bank moving.

What we hadn't anticipated in the lessons learned (for me, when I look back at this) is that the ratios, just the sheer number of projects where capacity was needed and where WBI was involved didn't quite work out that WBI could make such a huge transformation by actually doing this activity on its own. So, quickly we had to think of how WBI can be again learning from something we did very well under the EDI days of training of trainers but now do it the other way, of learning with learners and having the people who actually designed these projects in the Bank and the people who implement them in the country and the two teams together be the ones that would do everything but have WBI play the role of facilitator. I think that's how it ended up during the last few years, and from the last survey I saw of Country Directors, over 90 percent of them thought that that aspect of the work of WBI is going very well. So, we did succeed in transforming the way in which capacity development work gets done.

The other aspect is that the Bank, while it has played a very important role in financing and probably is still needed in Africa and in smaller countries of the world, is really no longer the major player. Nick [Nicholas H.] Stern famously uses the 1 percent rule. We are 1 percent of the financing of development around the world, and that's true when you look at the total figures. So, how do you make this 1 percent deliver 100 percent in terms of impact? And again, that's not lending, that is ideas; that is how people learn and transform processes and policies and functions. So, I think that again brings the World Bank Institute front and center to what contribution it can make in leveraging the non-lending work, and I think there are three major contributions.

One is the fact that different categories of countries can learn from each other when they're at different stages, so the advanced economies have lessons to share with middle-income countries, and the middle income countries with the lower-income countries, but then also across the board lessons can be learned everywhere. We saw, for instance, a conditional cash transfer program was developed in Latin America, starting with Mexico and Brazil, and now it can be used in New York. And the lessons learned of how to do this actually flowed from one middle-income country to the next and then from there to other countries, like South Africa, Turkey and so on, and then to the United States. So, it proved the point that a process that the World Bank Institute has put in place for sharing case studies, discussions and learning in the global sectors can benefit all kinds of countries. And I think the other aspect is that people learn best from people that they associate with, a minister from another minister and so on. So, I think that is homologue-

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to-homologue learning and peer-to-peer learning, which is what we call it. The quality of leadership again is another point which works extremely well, and we were able to bring the leadership work of the Institute, such as ministers from countries that have come out of conflict or heads of state from those countries who talk to those who are still struggling, Burundi and Liberia and Central African Republic and the LICUS [low-income countries under stress] countries in general were major targets for this type of learning.

But also, how do you transform the environment sector? And when you bring a minister from Mexico to talk to a minister from Indonesia and from South Africa, you get a very different quality because they focus on the political and implementation aspects that would make one policy function better than another, and the Bank brings the policy expertise and the analysis and the research. So there's this balancing between different types of knowledge that also comes about from that process, what the Bank knows very well versus what the practitioners know very well in how to bring it to bear.

And then I think the last thing would be in this--everyone has concluded now and M.I.T. has created a poverty lab that is functioning on what they call a randomized evaluation---that effective development is a learning business. If development is a learning business, then how do you do and learn at the same time? Again, you find the questions or dialogue, knowledge exchange, peer-to-peer discussions, but in a structured way, becoming the major way in which you can get countries to quickly experiment. I think the Shanghai Conference was maybe the highlight of demonstrating this capability because we were able to take case studies of what worked, what didn't, and why, and people would discuss those and then say, "In my country, the solution in Tajikistan probably would be better than what we've been trying," and vice versa. So, who you learn from and what you learn became really quite important because countries and practitioners are able to see from each other in very concrete ways how they could go about transforming their economies and getting large-scale poverty reduction results. Because again, all the results or the lessons from the 1990s and the recent rethinking of the impact of the previous 60 years of investment in development have shown it's not what you do but how you do it that makes the difference, because most people agree that--those who criticize the Washington Consensus--that what policies you were able to do was not the major issue but when you do them, how you do them and the whole sequencing and implementation made a huge difference. And that's what this methodology or the strategic dialogue for change has helped demonstrate, and I think the value added of WBI.

ZENNI: With regards to WBI's contribution to the Bank's strategy, as in complementing its lending in building capacity aimed at promoting policy and regulatory reforms, building institutional capacity, et cetera, please discuss in particular WBI's contribution in strengthening the Bank's engagement on governance and anti-corruption aimed at encouraging paradigm shifts within country reform strategies, despite political complexities.

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LEAUTIER: Well, The World Bank Institute is, I think, a major part of the potential solution that the World Bank has when it raises its investments in non-lending, not only in the complementary role between lending and non-lending but also in the independent role of non-lending. On the complementary side, I will start with the work we do on corruption and governance, where you see the role of WBI in very critical ways. First, in benchmarking and assessment, just knowing what are the various practices of governance across countries, where the countries rate in terms in different forms of the practice--that is, the quality of the judiciary, the voice and participation levels, the regulatory environment, and so on. So the investment that the work, for instance, of Danny [Daniel] Kaufmann, which is joint work between WBI and DEC [Development Economics] on measuring governance, I think is really critical. There is a second generation of those measures which is to go now beyond country comparisons to really the focus on practical and operational indicators which the Institute is investing in which I think will take it to the next level, particularly measures around, for instance, how media, in fact, is functioning and the contribution that that has towards transparency of decision-making and accountability, the functioning of parliament, decisions of parliament, and all those very detailed operational indicators, I think, are very key.

The second aspect, in addition to measuring and benchmarking, is actually supporting those institutions, particularly on the demand side of governance that are important for getting good development results. And WBI is well-placed to do that because it has worked traditionally with what we call “non-traditional audiences of the World Bank”--working with civil society, working with NGOs, working with women’s groups and communities, working with parliamentarians and the media--because for many years the Bank was restricted to working with the government and the ministries instituting it. So this audience that WBI has been historically working with—including academia--has given a very good window into the demand side of governance, those people who will be asking for accountability and change in their countries and how those then have an impact on the way that the institutions of governance improve at the country level.

The third value of the Institute is in transferring lessons learned, because governance is a very culturally sensitive subject and varies depending on where countries are in terms of their political transformation. So being able to have a safe space where people can discuss these issues, can see how countries have learned, improved, and transformed themselves from very different starting points, gives an opportunity for reform. So, for instance, even a country that is not willing to accept that they have corruption in the country, but if they’re able to discuss the best ways to structure competition for large-scale contracts and is thus able to reduce the level of waste and inefficiency and corruption in the awarding of contracts, we are able to make a contribution.

So the Institute has these three distinct roles that it can play, particularly in the area of governance and corruption, and can do that in a non-threatening environment because the Institute doesn’t do any lending; it doesn’t come with any conditionalities; it comes with

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ideas and dialogue. I think that provides a very good complementary toolkit to the World Bank Group in general, because it has other instruments for which it would have to, for instance, introduce conditionality; it has to introduce fiduciary accountability and so on. This is a good set of tool kits that can be offered to clients in a completely neutral and open environment for learning for the purposes of deciding on their own and getting ownership for the very difficult governance reforms.

ZENNI: Okay. Again, talking about WBI's contribution to the Bank's strategy, how effective, in your opinion, is the Bank's engagement in emphasizing and stressing the importance of transformative results-based leadership within its client countries, and how instrumental is WBI in affecting this engagement?

LEAUTIER: The Bank has done a very good job at the advocacy level to basically advocate for accountability for results and accountability of institutions, and the fact that they need to transform in order to deliver those results.

WBI's contribution, I think, is more in the area of, first of all, getting people beyond the advocacy and knowing that it is important to do, to get them to actually discuss how they go about the transformation and what does it actually mean to have results-based leadership in a country. How do you go from talking about results to actually measuring those results and monitoring them over a large period of time? And how do you go beyond the mere statistical capacity to actually a group of people and institutions that cares about these results so that they can be sustained over time, because many of the investments The World Bank Group has made previously in data collection have not been followed through. Was it because there hasn't been a group in the country that actually wants this information? So the Bank has invested at the project level on performance indicators and so on, but when you look back, you don't see that investment continue. That is one of the reasons why there is such weak data in a number of sectors, whether it's health or education or infrastructure. So the Institute can help in that regard by actually linking the statistical and investment side for data collection on the one hand and the demand for data for decision-making and the accountability for the results on the other hand, and this balanced role is a very important one.

We have, actually, a number of examples where we have been working with OPCS [Operations Policy and Country Services] and the regions. And the ECA [Europe and Central Asia] Region is a particular one where a number of countries have looked to transform the role of their public sector institutions in this sub-stage of accountability and transparency. And working with the leaders who started with a strategy and a vision and a promise to their constituents of the results that they will accomplish, and then a system of monitors and monitoring and measuring and benchmarking that can allow countries to see how they are doing, and then the group of institutions--NGOs, civil society organizations and so on--that actually keep asking, "Where are we on the results?" and that those three together are leading a whole series of countries in the ECA Region towards much better results.

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There is one, which was the case study for the Shanghai Conference, which is on trade and transport for Eastern European countries and how might continuing information on the various reforms that they are taking and where they are in implementation--the whole set of countries moved very quickly to implement reforms that were quite difficult, because everyone could see where the other country was in terms of not only the policy defined but also the implementation and the results. So that is one example. And the leaders, I think, play a particular role in that, and that is why we invested heavily on this "leadership for results," including the Capacity Day discussions on that topic. So those are the kind of environments, because it is how you facilitate, what you talk about, and whom you are going to talk to. And when you talk about leadership, most leadership is learned by example. So I think that was one of the things we focused a lot on.

ZENNI: How did you characterize WBI interactions with other parts of the World Bank Group such as IFC [International Finance Corporation], MIGA [Multilateral Investment Guarantee Agency], et cetera?

LEAUTIER: Well, the EDI in the early years of WBI were focused mostly on the IDA/IBRD part of The World Bank Group. And in recent years we have been doing a lot more work with the IFC and with MIGA.

With IFC, mostly around the questions of corporate social responsibility and the role of the private sector in development, and there are a number of pilots ongoing now which we have agreed to do jointly with the IFC in capacity development for improving the business environment, which would, in the long run, I think, turn the strategic contribution that WBI has with the work of IFC.

With MIGA, it has been around the questions of guarantees and the guarantee instruments. We have done some interesting work, including bringing people from MIGA into WBI and from WBI into MIGA, which has been one of the key ways to get these exchanges. And then, of course, we worked together on the Learning Board, which is for the whole World Bank Group, and the focus on learning.

With IFC we are also doing some interesting work with their HR team on societal transformation, because IFC keeps the seat for the World Bank on the Society for Organizational Learning, which the World Bank is a member of. And we do work very closely with that particular group in IFC to help get the change in IFC and the rest of the Bank in terms of how you create a learning organization and the different tools that need to be used for that. But I must say that there is a distance to go for WBI to really be an instrument for the whole World Bank Group.

ZENNI: Would you like to break for today?

LEAUTIER: I would like some water, actually, and I think we have only five minutes

left. So probably it is a good time to break.

ZENNI: Okay. Until next Friday?

LEAUTIER: Yes, because next Friday we have another two hours.

ZENNI: Yes.

[End of session 1]

Session 2
May 18, 2007
Washington, D.C.

ZENNI: Good afternoon. I am Marie Zenni. Today is Friday, May 18, 2007. I am back again at World Bank Headquarters for my second and final interview session with Ms. Frannie Leautier. Welcome again, Ms. Leautier.

LEAUTIER: Thank you very much, Ms. Zenni.

ZENNI: We ended Wednesday's session as you discussed WBI's interaction within other entities comprising The World Bank Group, specifically IFC and MIGA. Is there anything you wish to add to that?

LEAUTIER: No, I think we covered most of it. I think the only thing I would like to say is that there is a lot of potential, and WBI has made inroads into trying to extract that potential, but looking at the trends in the balance between lending, non-lending, the role of the private sector in capacity development, and the particular role of public/private institutions, there could be a lot more to do with the World Bank Institute working more closely with IFC and MIGA.

ZENNI: Okay. Thank you. Moving on within WBI, you have already talked about WBI's building capacity endeavors within IBRD and IDA countries. How much of WBI's capacity-building is aimed internally within the institution in helping retool World Bank staff, and how do you view its value added aspects in terms of lower costs to the Bank and meeting needs directly relevant to Bank interests?

LEAUTIER: WBI has three instruments that it uses to help the Bank build its own capacity. One is the evaluation of all the learning activities of The World Bank Group. The World Bank decided to decentralize responsibility for staff learning to each of the Business Units and, through the Learning Board, the allocation of spending across the Business Units is done as a percentage basis of the total budget. And WBI's Evaluation Unit evaluates the outcomes of the learning and that feedback is used to redesign the learning program.

The second instrument is by inviting Bank staff to join client/staff learning programs. We have a number of activities. They range, depending on themes to between 10 and 20 percent staff participation in those activities, and they are designed in this joint manner because we found that development is an experiential learning process. So Bank staff learn the best when they are actually learning with the clients who are facing the problems in development that need to be resolved. So this form of joint Bank client/staff learning has been very useful, and that is something that the WBI specifically does.

And then, of course, the third area is WBI has an instrument called B-SPAN, which is

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like C-SPAN in the television world, where we record every single seminar or dialogue that is taking place in Washington and put it online so that people who couldn't attend the seminar can actually watch and get to hear what Joe [Joseph E.] Stiglitz says about globalization or listen to Amartya Sen on the role of human capital or any of these key thinkers who come to the World Bank. And in the last year we have introduced that methodology for bringing voices from outside the Bank into the Bank by recording dialogues and seminars that take place outside of Washington in recognition of the decentralized presence of the Bank. And then staff in Washington can then benefit from an activity that took place in Brussels or Paris or Cape Town or Beijing. So that's the third main instrument, which is really learning at your own pace in your own office.

So those are three main instruments, but there are other instruments that are used as well. For instance, we developed the accreditation system for trust fund accreditation; helping design it, but also worked in administrating the tests and testing the early results so that you could get the self-paced learning in people's offices to get accredited to manage trust funds. And in our work with the networks and also with the IMF and the IMF Institute, we put together learning programs, seminars, conferences and so on where we are really working in support of the networks and these other entities.

So we do get involved quite heavily, but we are not the major player; we are not accountable for staff learning. We are accountable for evaluating it, for introducing innovation in the way it is designed, including joint client/staff learning, in bringing in new ideas into the Bank through B-SPAN and other methodologies, and in helping the networks and other business units, including the regions, to design their learning programs, but our focus, really, is client learning and capacity development for clients.

ZENNI: Okay. What, in your opinion, do you think prepared you for the assignment to head WBI?

LEAUTIER: I would say first, perhaps, my academic background, because after graduating I did teaching and research and got involved in activities resulting in having adults learn, so that probably is one. And the second would be my project experience, because I got to see some of the capacity constraints that prevented countries from seeing really large-scale development results. And maybe the third thing was the time I spent with the President and seeing the World Bank from that broad, broad perspective.

ZENNI: How would you describe your experience as the first female to head the World Bank Institute since its establishment in 1955?

LEAUTIER: Well, first, I didn't know I was the first female, but now that you remind me, I see that when we did our 50th anniversary, there were only men in the list of people who headed the Institute. I haven't thought much about it that way because it was a very natural job for me to step into from that perspective. I found it has been very useful when I go places to have women come up to me and say, "Wow, isn't it fortunate that we can

talk to you about these issues in a very relaxed way?” And I think to a certain extent this helped people come forward and suggest ideas for policy and so on. But, I mean, I am very proud to have been the first woman. Maybe that says something I should have known, but I think it has been more than rewarding than anything else.

ZENNI: Now, as an African, how has your passion for development and your commitment in advancing the knowledge process impacted your endeavors within Africa, especially in light of the renewed focus of the international community on accelerating development in Africa?

LEAUTIER: Well, one of the most interesting aspects for me is this increased attention to finance, and this attention is recently going to Africa. One of the activities that we did during my tenure at the Institute was the Shanghai Global Conference on Poverty where we tried through a case study methodology to uncover what works, what doesn't, and why we focused on financing for development. There were over a hundred case studies presented, and the most interesting feature was that during the discussions before the conference itself, during dialogues, field visits, and so on, many of the African participants were very excited by the possibilities of large-scale results that they saw from experiences in other countries and, more particularly, the interactions between China and Africa that took place through the field visits at that time became the birthplace, for now, for this increased financing and support that is coming from China to Africa but also, more interestingly, from other countries.

One of the sessions we had in that conference was increasing development financing. And a lot of the attention that we got to support that idea came because of the challenges that Africa was facing. So that is one major area where I got really involved in Africa learning from other parts of the world. As we organized this series of events, we connected up the Annual Meeting of the African Development Bank to the Shanghai Conference and got quite a large audience to participate. We had several heads of state from Africa come to China, and that became a very good opportunity for them.

Other things that I have been doing is I worked with a number of colleagues to get the African diaspora in science and technology to invest in their ideas and solutions to think through what Africa could do differently to really bridge the gap between where it finds itself today and where other countries are in terms of science and technology. There are only about 80 scientists and engineers per thousand people in Africa, compared to 400 in the northern part of Africa, and 1200 in the Central Asia, South and East Asia, and over 2000 in the more advanced economies. So Africa finds itself in large orders of magnitude behind in the area of science and technology. And that is something that, being a scientist and engineer myself, I felt very committed to do, and working with a colleague who had this idea in the World Bank Institute to mobilize the African diaspora we have been able to go quite far to create the African Institutes of Science and Technology, with campuses in Abuja, Arusha, and in Ouagadougou, and we continue to invest in these linkages with existing universities. So those are the two main things that I

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can say I personally got involved in with regards to Africa.

ZENNI: How do you look back on your accomplishments as head of WBI, and what advice would you want to give your successor?

LEAUTIER: I think maybe three things would be of note, if one was looking back at where the Institute was when I first came and where it is today. One is the approach to capacity development. I think when we first started about five years ago, I remember looking at evaluation results which showed that a lot of the activities we were doing were having impacts on individuals but not necessarily on the organizations in which they worked or on the country from which they came from. And so we introduced a different methodology to say “we need to go beyond the individual.” And I think that was one of the first shifts and one thing I am very proud of in moving WBI to focus beyond individual training and skill building.

The second one is the role of country-specific ownership and learning from peer to peer, again through looking at capacity development from a country’s perspective, looking at the organizational bottlenecks, and helping countries learn from each other because of the practices and policies that have already been implemented from others. So instead of the World Bank or the World Bank Institute going and talking about reforming the incentive structure in the education sector, you bring the minister from Mexico who implemented that, and through that dialogue can transmit not only the policy but also some of the implementation aspects, and I am very proud of the fact that we could actually move in this direction. And that has always been a hallmark for WBI in terms of methodology done many years back by all my predecessors, but I think during the time I was here we took it to a different level and really crystallized this peer-to-peer approach.

And the third thing I would say would be the work we have developed on leadership, because, again, we realized some of the reasons countries don’t advance is because many of the reforms don’t have champions that can carry them through or people who are seen to lead from an idea to implementation. So we spent a lot of time focusing on leadership development, looking particularly at leadership for results and leadership in conflict countries and, of course, in conflict situations. We also looked at young people as leaders of the future. I think those are things I am particularly proud of and feel that it has moved the Institute to a different level.

Technology, I think, was already there under Vinod Thomas; we probably took it to scale. I already mentioned the GDLN, distance learning centers going from ten to 140. So those are some examples, but the trends were already there before I came under Vinod’s leadership. I tried to focus on other improvements to go beyond what had been already achieved.

ZENNI: And what advice would you want to give your successor?

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LEAUTIER: I think we started but we hadn't quite completed the work of making WBI core to the World Bank instrument toolkit, serving not only IBRD and IDA but the whole World Bank Group, and also perhaps differentiating WBI much more to other players in the capacity development field. We tried to do that during my tenure, but there is still a lot of work to do going forward.

And in terms of specific advice, I would say the Institute has benefited from autonomy and independence, and I would suggest to my successor to guard that really, really, really well, because it is one of the few reasons why The World Bank Institute is able to do what it does and get credibility around the world. It has been seen as an independent source of ideas and opportunity and space for dialogue.

ZENNI: Thank you. Moving on to the World Bank Presidents, what is your assessment of the various Presidents under whose leadership you served at the Bank? And you have already partly talked about Wolfensohn in your capacity as Director in his immediate office. And a follow-up to this: What should be the criteria, in your opinion, for selecting World Bank presidents in terms of both their personal and professional attributes?

LEAUTIER: Well, during my tenure I served under three presidents, and President Lewis Preston was the first. I was very impressed by his style of seeking feedback. I remember he used to have these lunches with groups of staff where he would ask the Managing Director to oversee bringing diverse people to talk to him. It was a very short period of time, but that was his way to find out what was going on. I was very junior in the organization at the time so I didn't get to see his style from a very close and personal perspective, but I was very impressed with his capacity to actually engage in seeking ideas from the staff gathered and using them to shape his views about the organization.

The President I have worked with the most closely and have immense respect for is President Wolfensohn. I observed him when he first came to the World Bank. I think he has been fantastic in three dimensions.

The first is opening up for the first time a competitive process for the selection of managers into the Bank because it was during his time when the Bank's positions were advertised. Anybody could apply, and a process was put in place for competitive award of management positions to start in the Bank. That is how I became a manager. I was on mission in Colombo and saw the announcement saying, "Management positions would be out there and competitively advertised for the first time in the Bank. If you think you qualify, apply." And I applied and got selected from that process. So I was very impressed by his vision of knowing that a competitive process could generate a good outcome.

The second thing that impressed me--and this is also before I worked closely with him--was how he went to foreign policy positions and options on the basis of analysis but also

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very careful listening, and being able to get a wide range of people from inside and outside the Bank, hear their perspectives, and then use that to form his opinion.

When I worked closely with him, I learned three very important things: One, he is an incredible man in his capacity to absorb information and remember all kinds of things. He would have meetings, maybe 10-15 meetings a day. He would go home every evening with homework, a big pile of homework, and he would come back to a meeting and he would have read all the materials he had taken with him, and he had remembered and negotiated the key points with clients. He was superb during the Spring and Annual Meetings, and it was quite an amazing thing to watch him do that. The second thing I learned from him was on public speaking and how, as the President, he could convince people of some very difficult issues, what he needed to do prior, what he needed to do during the consultation, and the meeting process itself. I learned a lot from him in terms of the soft skill of influencing and convincing people. And then the third thing I learned from him is really the integrity and value for a leader, and when, as a leader, you separate, when you say you're sorry, and when you press ahead because you believe that that's the right thing to do, and the judgment to decide on these things. I think those are things I learned and admired immensely from him during the three years that I worked closely with him.

And I was there during September 11th, and I remember the capacity for him to pour out and absorb a lot of emotion from people and calm the organization down and handle that crisis in ways that staff actually bonded and connected together. He was a master at that, and I think the farewell when he left was a very good indication of how people felt about him in the latter part.

I haven't had too many interactions with President Wolfowitz. Of course, interactions with him are at the more senior level than I had with President Preston. I did not have a chance to observe him closely either, so what I think he did well was to--he made clear about his own perspective on the issues and shared that quite well, which I did admire, because in this organization you tend to be very diplomatic, and he had sometimes to weigh very difficult issues. So that's something I admired in him. However, I did not get to see the degree of participatory approach that he had as closely as I did with Wolfensohn, so it's hard for me to make any judgment on that. He's not somebody I knew very well.

ZENNI: And, what should be the criteria, in your opinion, for selecting World Bank presidents in terms of both their personal and professional attributes?

LEAUTIER: Well, I think in general the world has moved towards competition as a way of selecting the best product, and I think for a large and complex organization like this one we probably could learn from what the UN did, because they still have a political process for appointments but they were able to introduce competition and a very rigorous process of interviewing, reference-checking, and selection. So I think that, in my view,

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would be an appropriate way to go, even if the final decision of who gets named as President is done by a subgroup of shareholders. But the fact that competition to get the best product is the driver of whom we select, the process of checking whether they have the capacity to manage a complex organization, I think, would be best practice. And that would be my view of how we could actually learn from the United Nations and then try to implement it in the World Bank.

ZENNI: Moving on to reflections in general. In terms of long-term challenges for the Bank's poverty alleviation agenda, how do you see the evolving roles of both the IBRD and IDA, and their continued relevance on the global stage? Particularly, how do you see the long-term challenges for IDA's credit reflows in light of recent debt forgiveness by the industrialized countries and an increase in IBRD and IDA grants?

LEAUTIER: I think the trends we have been seeing with the middle-income countries is really not growing very much in their demand for IBRD from the Bank Group, and that is a signal for us that we need to rethink how we deal with IBRD in general. And I say that because, at the same time, those very countries have no trouble borrowing at market rates or even working with the private sector. And you can see from IFC's portfolio, which has grown tremendously, that it is not a question of capacity to borrow at those rates but more a view of what they think this instrument is available to them for.

There are some exceptions. Countries that actually see IBRD's value not only in the financing perspective but more from the knowledge and ideas that they can get by a relationship with the World Bank, and China is a good example of that. But there is a lot of room, I think, to restructure the IBRD instruments, focusing a lot more on the non-national clients like provincial and city governments, perhaps even looking at public-private partnerships and bundling financing jointly between IBRD and IFC, if that is possible. A lot more use of guarantees instruments and using the credit-worthy countries and the credibility that they bring to extend risk-taking on the balance sheet of the World Bank to partnerships with MIGA and the IFC guarantees instruments but also the World Bank guarantees. And also the IBRD/IDA blend, which again is a very interesting one, and perhaps for the countries that are not IDA eligible, looking to use much more blending of IBRD with other grant mechanisms that come from other donors, including ones that we haven't really looked at, that the IFC has done very well in terms of its approach of domestic financing, and how one can look at IBRD and a blend with domestic financing in this way of balancing grants versus loan elements.

IDA, I think it was a very good decision to eliminate debt and forgive debt for the countries that were highly indebted because it has given them a chance to recover and reform and redefine their development strategy. I think the risks to the World Bank have been largely resolved because of the negotiations that took place in here. We should give credit to President Wolfowitz for really getting that through. And so I don't think that is a major risk; however, the future reflows of IDA, I think, are particularly vulnerable, and it highlights to us the importance of The World Bank Group being seen as a multilateral

institution, because the IDA reflows are highly dependent on political strategies in donor countries to allow such flows to flow to The World Bank Group. And so what the donor countries' citizens think about that, what their parliaments know about that, makes a huge difference.

So here I would say the work we have been doing with the parliamentary network for the World Bank, the investment in having the average citizen of the donor country understand what the World Bank is doing is very critical, because now we have something like Bono and Bill Gates talking about development in a very credible way, and the World Bank hardly has a stake within that. And I think that is an area we need to reclaim because we have the credibility to do it, and somehow in the last few years we have lost the platform in talking about development at that level, and we instead are very silent participants to activities that are driven by, you know, other personalities. And I think that is an area which, for the organization, we need to pay attention to.

And the last one I would say is having a very smart approach to working with the international NGOs like Oxfam and so on who actually had a very good window into poverty issues and development issues at a country level and command tremendous respect internationally, and how we can use all of these voices to get the respect for the work of the World Bank and, therefore, additional contributions to the work of IDA.

ZENNI: Thank you. Speaking of NGOs, what, if anything, in the criticisms directed at the Bank by the NGOs and others do you consider legitimate and worthy of serious attention?

LEAUTIER: First of all, I think the minority of NGOs have criticized the World Bank. To a large extent, the World Bank has the support of the NGOs. But when they do criticize the World Bank, it would be for errors where either we have had an oversight over the state in terms of the way policies and projects are defined. I mentioned earlier development is a learning business, and it is very risky, so we could not know all the risks in advance. So there are times when mistakes are made, and NGOs do criticize the World Bank for that.

Sometimes I feel that NGOs could supplement for weak governance in countries. And so, to the extent that the World Bank is not consulting broadly, those critical voices from the NGOs concerned are a very useful platform for improving the performance of the Bank in poor governance settings. But we need to be mindful that the way we work with NGOs doesn't actually undermine the very process of improving the quality of institutions and governance at the country level. So I see the criticism has been useful for learning, useful as a sounding out in areas where information doesn't really flow appropriately because of weak governance, but also I see it as a risk for us to manage so that we don't end up listening to voices that could undermine the process of reforming governance and institutions at the country level.

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But for the most part, I think NGOs are positive of the World Bank. And we find out now that they are much more aligned on issues of debt reduction, for instance, on the issues of climate change, on the issues of population and reproductive issues and development projects that impact on women and labor issues, trade, child issues. So we have a wide range of questions where we are in the same direction as NGOs, and I think that is a good thing, that we do have the [inaudible].

ZENNI: In your opinion, how successful is the Bank in handling selectivity in its operations, divesting itself from areas where other agencies have the lead expertise? I am specifically focusing, now, on partnerships.

LEAUTIER: Yes. I think that we have tried, but there are so many opposing tensions that make it very difficult for the World Bank to be selective, partly because we try to look at country perspectives and try to be responsive to clients. So if the client asks us for a very wide and diverse portfolio, if we are responsive to them, then we have to address a very broad set of issues. I don't think we have been as effective as we could in deciding what our comparative advantages are across a wide range of topics and deciding deliberately not to be engaged in certain areas. If you are listening to your client, you tend to try to satisfy them, and that may be a very broad agenda that collectively they would like but that is difficult for the Bank to address in totality.

The second thing is I feel that it is only very recently in the conversations on harmonization and consultative processes at the country level that we actually have a mechanism by which you can, at the country level, pick and choose who would be the best agent to deliver on the development agenda. And I think for the countries, particularly those that are pilots for harmonization, we have done very well. We haven't completely translated that Bank-wide to use it as a tool for selectivity in terms of the way the budget is allocated and the way we select priorities. And the other area of selectivity which I think we could do a lot better in is on selecting which global issues we are engaged in and which we leave to other organizations.

Many organizations have the technical and intellectual capacity, but they don't have our procurement and global presence capability, so things end up on our laps many times that shouldn't have been there. So if, for instance, the UN system worked better, or if there are other mechanisms for dealing with global health concerns or trade with the WTO, and so on, we would not be needed in these areas. And we could argue that maybe the good role for the World Bank is the, you know, actor of last resort in development, because we have the capability to do that. But the risk it presents for us is that then we are really spread very thin and we can't put enough resources to areas that are really top priority that only we are capable of doing. I think there is a lot more work to be done, particularly on global issues, but most specifically at the country level to make better decisions when we are doing the country assistance strategies and so on as to who would be the best agent for development in those areas.

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ZENNI: Of your many contributions to the Bank’s mission, which do you consider to be most significant, and why?

LEAUTIER: I think, for me, personally, it would be the space that I could offer to people who are unsure about their own personal development and their own growth in life and in their career. That’s something that I have done. I have always left time in my calendar, and despite troubles, meetings, and the workload and so on, to have people come and just talk. And initially I did that only for the people who report to me. So for WBI staff, I had every Thursday a 15-minute slot that people could sign up to and come and talk about anything. And that space, I think, when I look back, was something that I find the most useful thing I could do given the limited time I had, to give people a space.

Some people would come to me and say, “You are the first Bank vice president I have ever spoken to.” And that really hurt me because I felt that shouldn’t be the case. But anyway, that’s the one thing I would say. I feel that I created a space where there is something lacking in the organization and people found that this was a good way to come and sometimes just tell me about what they are doing and what they hope to do in the future, show me pictures of their kids, or ask advice on “Should I take this job or that job?” or perhaps share a paper that they had written or . . .

And I have learned so much from those meetings, and I really enjoyed having the opportunity to talk to people about all aspects of the Bank, from security guards to directors, and so on, which I think was very useful, also, for me to get to know the organization from their eyes. That’s perhaps the most important contribution I see.

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

LEAUTIER: Well, first, I find that this is not a job; it is a passion. I mean, working at the World Bank is a passion, and that’s one of the things that over the 15 years I have never once felt depressed about coming to work or worried, including during difficult times when there were a lot of difficult issues to be resolved, because every time I remembered why I was here and why I was working for this organization. I think that passion is something that I hold most dearly, and also the area that I learned the most from because when you are passionate about something you can be blinded by it. And I learned most of the times when I thought I really knew what it is I needed to do to get a result on a particular project or country or even within the organization, when I stepped back a little bit from that passion and looked at things from a different perspective, I learned that the passion is what kept me going, and that is what I think was important. And I tell people, “This is not a job or just any job. It’s really quite unique.”

The other aspect: I have never been in a setting where you have such wealth of diversity in an organization, whether it is diversity by culture, diversity by educational

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background, perspectives of people. And when you look at the future of globalization, you look at the trends in terms of travel, interaction, in terms of production, consumption, et cetera, and the fact that you have to deal now with all of these common problems; that is, climate change, conflict, and so on. That is wealth, and how one can harmonize those perspectives and opinions, I think, is a really critical aspect and quite unique to the World Bank. It would be wonderful if the average multinational corporation could look like that, and I think this is something now, especially being in the private sector and looking from the outside, I realize is one of the huge assets for the organization.

And then the third one would be the--there is a balance between what the Bank knows and what the Bank learns. And over the 15 years that I have been here, I have realized that every so many years the Bank had an opportunity to learn in big leaps, and sometimes we have used these lessons well, and sometimes we have been less diligent in learning. You could quote, for instance, the Wapenhans Report is one of those moments where you look at something and you say, "There is a problem with the portfolio, and you need to fix it," and you get a lot of interaction and you fix it.

You can have the other markers when people started yelling at us and saying "50 years is enough!" and we used that window to learn from that. Then we have the lessons of the 1990s and the Shanghai Conference which indicated what doesn't work for development and how you should think differently about that. And now that we're so decentralized, I think the Bank has a great opportunity to listen and learn, and my hope is that it will be as diligent in taking those lessons and embedding them into the other side that the Bank is very well known for, which is giving objective, credible advice. I think those are the areas that I feel are the most striking in working for this organization, and perhaps quite unique.

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

LEAUTIER: I think we have covered wide, wide ground. I mean, I got excited to work for this organization because of being engaged with people who I thought were really trying to get results in a short amount of time. And whenever people come to ask whether they should consider the World Bank as an employer, those are some of the things that I have been able to point to them, and I am very happy that many of them ended up coming and presenting themselves to the World Bank. But I think, going forward, I'm not sure the World Bank can really remain the way it is. The decentralization is putting us in a situation where you really get to know, but there are others who can do many of the things we do but not necessarily in the breadth and depth that we can. And how we use that to balance the approaches that we take I think will be the key. I don't think we have learned yet sufficiently from that. That is the only additional thing I would say, that there is a great opportunity, having created the instruments for us to be present and knowledgeable about what goals are, and really get the good sense of the countries in there, their challenges, their cultures, their hopes and

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their opportunities.

The next stage will be to harness all of this and put it to work for coming up with these collective solutions that we all know are possible, and how we help countries that are not developing countries but are equally important in getting to these solutions to learn from that. Here, I am talking about the advanced economies in Europe and the U.S. and Japan, because we are out there and present, and we could be a fantastic conduit for these lessons learned. And I would think that, if we were restructured in the future, one could imagine the World Bank of the future responsible for poverty reduction regardless of where poverty is, and not only poverty reduction in what, quote, we call “developing countries.” Because now, with inequality rising in Europe and the United States, with the aging issues that countries like Japan and Russia are facing, there are so many problems that the World Bank could be useful for. And I think this is more for the next 10, 20, 30, 40 years of the World Bank: think about how could the World Bank actually be an instrument for poverty reduction across the world. If New York can learn from Brazil on conditional cash transfers, what other lessons are there that are really universal lessons, and not only limited to what we call developing countries, because eventually they will develop, and the question then is, “Do you shut down the World Bank or do you give it a new mission?”

And I would imagine that while we will solve problems of economic growth and per capita income on average with globalization, since that has created inequality and pockets of poverty even in the richest countries, so poverty is a universal problem. I think how the Bank evolves to address some of these universal problems--the other one you could mention is human rights, again another universal problem. You could talk about preserving a species that would disappear and therefore be not available for the whole world, intellectual capital, and property rights. There are lots of topics which are really across the board, and I think the Bank can play an important role in that without much difficulty. Being the World Bank for the whole world--and that would be a good use of the name of the World Bank.

ZENNI: Thank you so much for taking the time and for your invaluable contribution to the Bank’s Oral History Program.

LEAUTIER: It was my pleasure, Marie.

ZENNI: Thank you very much.

[End of session 2]
[End of interview]