April 7, 1974

The only other point that concerns us is the attached to Line 3 under scope work. Among the work surveys possibilities in Board documentation in reduction of excessive map illustration, some time ago when Kearns and I talked about the ERTS proposal, he asked me why we were not using more action ourselves or rather initiate action to reduce excessive illustration. I said we would not see the Centre. I have been fully staffed. If you want that Community wise we are now in the street in our own. I could give you some ideas with him to clarify these will be kept which we could send to Kearns.

F 14/7

Agree - and let add sir to the major projects list once we have ready estimate of the completion date.
<table>
<thead>
<tr>
<th>NAME</th>
<th>ROOM NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. de Silva</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>APPROPRIATE DISPOSITION</th>
<th>NOTE AND RETURN</th>
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<tbody>
<tr>
<td>APPROVAL</td>
<td>NOTE AND SEND ON</td>
</tr>
<tr>
<td>COMMENT</td>
<td>PER OUR CONVERSATION</td>
</tr>
<tr>
<td>FOR ACTION</td>
<td>PER YOUR REQUEST</td>
</tr>
<tr>
<td>INFORMATION</td>
<td>PREPARE REPLY</td>
</tr>
<tr>
<td>INITIAL</td>
<td>RECOMMENDATION</td>
</tr>
<tr>
<td>NOTE AND FILE</td>
<td>SIGNATURE</td>
</tr>
</tbody>
</table>

REMARKS

Considerable effort has gone into this assessment study implementation plan.
The only bit that directly concerns us is in
Pg 5 of the proposed action schedule.

FROM

[Signature]
OFFICE MEMORANDUM

TO: Vice Presidents
Division Chiefs and Above, Regions, OPS, DPS
Department Directors not in Regions, OPS, DPS

FROM: James M. Kearns, Director, GDB

DATE: March 18, 1974

SUBJECT: Assessment Study Implementation Schedule

For the information of you and your staff, we attach the implementation schedule which Mr. McNamara has approved as a result of the assessment study and subsequent meetings.

Your discussions of the issues raised in the report are hopefully continuing. We assume that with respect to the work environment and communication problems you will take whatever initiatives seem sensible without waiting for further reports or centrally-made decisions.

Many staff members will be involved in implementation over the next six months and many more will be consulted. In advance, we wish to thank you for the cooperation and support that we know will be forthcoming.

Attachment

JCPRichardson:brh
RECOMMENDATIONS OF REORGANIZATION ASSESSMENT STUDY

RESPONSIBILITIES

AND

SCHEDULE FOR IMPLEMENTATION

March 15, 1974
PROPOSED PROGRAM TO IMPROVE THE WORK ENVIRONMENT -- TASK FORCES

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>END PRODUCTS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
<th>COMMENT</th>
<th>PAGE REF.</th>
</tr>
</thead>
<tbody>
<tr>
<td>TASK FORCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Communication</td>
<td>Recommendations for additional means of improving vertical and horizontal communication</td>
<td>Mr. Chadenet/ Mr. Sommers</td>
<td>F M A M J JASON D J F Later</td>
<td>1. Select members (Done)</td>
<td>73,79</td>
</tr>
<tr>
<td>2. Programs Functions</td>
<td>Clarify and, as appropriate, propose redefinitions of the responsibilities and relationships of loan officers, country economists, division chiefs and senior economists in order to make the positions more attractive and the functions more efficient/effective</td>
<td>Mr. Knapp/ Mr. Votaw</td>
<td>1 x - 2 - x 3 4</td>
<td>2. Interview and discuss</td>
<td>74,79</td>
</tr>
<tr>
<td>3. Staff Development</td>
<td>Develop and publish integrated policies and procedures governing rotation, training and counselling in addition to assignment, transfer and promotion; define related responsibilities of CPS, DPS, Regions and Personnel. Also, develop plan for briefing staff about system; assign specific training responsibilities</td>
<td>Mr. Chadenet/ Mr. Paijmans</td>
<td>1 x - 2 - x 3 4 5 6 7 8</td>
<td>3. Forward report for RVP comment</td>
<td>34,79</td>
</tr>
<tr>
<td>a. Steering Committee (part-time)</td>
<td></td>
<td>Mr. P. Richardson</td>
<td>1 x - 2 - x 3 4 5 6 7 8</td>
<td>4. Issue final statements in Manual</td>
<td>74,79</td>
</tr>
<tr>
<td>b. Procedures and Responsibilities</td>
<td></td>
<td>Mr. J. D. North</td>
<td>1 x - 2 - x 3 4 5 6 7 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Projects personnel</td>
<td></td>
<td>Mr. A. Stevenson</td>
<td>1 x - 2 - x 3 4 5 6 7 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Economists (incl. Res. Asst.)</td>
<td></td>
<td>Mr. E. P. Wright</td>
<td>1 x - 2 - x 3 4 5 6 7 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Programs personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Other staff above “J” level</td>
<td></td>
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</tr>
<tr>
<td>g. Staff below “J” level</td>
<td></td>
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</tbody>
</table>

Personnel, Regions, CPS, DPS, OPD

1. Select, assign members; agree on terms of reference, key issues, methodology
2. Interview and discuss
3. Forward proposed principles to Steering Committee
4. Reconcile proposed principles
5. Forward draft end-products
6. Reconcile end-products
7. Forward for approval
8. Publish in Personnel Manual and brief the staff
9. Implement system
## RECOMMENDATION

### WORK ENVIRONMENT

**4. Work Environment**

#### PROBLEMS

**i. Top-level "seminar"**
- Discussion of problems of work environment, communications, participation, etc. and exploration of responsibilities for solving them
- **Responsibility:** Mr. Knapp/Keepens

#### VP IMPLEMENTATION
- VP to submit plans for further measures to Mr. Knapp by Mar. 1, after discussions with their subordinates and specific consideration of needs.

**5. DPS, CPS, P & B "Press Conferences" for each Region**
- Better communication between staff and line
- **Responsibility:** RVPs, Messrs. Baum, Chenery, Adler

**6. Loan Officer's Handbook**
- Published handbook
- **Responsibility:** Mr. Knapp/Wiehen

**7. Explore (w/ staff) benefits changes**
- Decisions re benefits
- **Responsibility:** Mr. Chadenet

**8. Attendance of appraisal team at Board meeting; option of Regional "swaps" for supervision missions**
- Decisions
- **Responsibility:** Mr. Knapp

**9. Incentive for establishing "F" and "I" level positions**
- Reexamined "ground rules"
- **Responsibility:** Mr. Adler

---

### END PRODUCTS

**4. Work Environment Discussion**
- Problems discussed in Jan./Feb. meetings on assessment report. Further discussion in March or April.

**5. DPS, CPS, P & B "Press Better communication between RVPs, Messrs. Baum - RVPs to take initiative in inviting Messrs. Chenery, Baum and Adler annually for FY '75**

**6. Loan Officer's Handbook Review**
- For FY '75

**7. Explore (w/ staff) benefits changes**
- Interim revision for FY '75 budget; revised ground rules for FY '76
<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>END PRODUCTS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
<th>COMMENT</th>
<th>PAGE REF.</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Regional Economists' Handbook</td>
<td>Published handbook</td>
<td>Mr. Chenery (w/Mr. Knapp)</td>
<td>F M A M J J A S O N D J F Later</td>
<td>Group of working-level officers to review in July</td>
<td>85</td>
</tr>
<tr>
<td>11. Financial Analysts' Handbook</td>
<td>Published handbook</td>
<td>Mr. Baum to determine need, based on consultations with financial analysts</td>
<td>x x x x</td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>12. Explore means of improving feedback to Regions from and about the uses of Bank-wide reporting systems</td>
<td></td>
<td>Mr. Adler</td>
<td>x x x</td>
<td></td>
<td>40, 89</td>
</tr>
</tbody>
</table>
### Proposed Action Schedule for Recommendations Not Directly Related to the Work Environment

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Responsibility</th>
<th>Timing</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Projects (Supervision)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Discuss supervision emphasis at Optl. VPs' Meeting and in staff meetings</td>
<td>Mr. Knapp</td>
<td></td>
<td>Assure adequacy of level-of-effort in FY'75 budgets</td>
</tr>
<tr>
<td>2. Review prospects for more field-based supervision -- esp. India, Indonesia, WAF</td>
<td>RVPs</td>
<td></td>
<td>Address issue in budget proposals; implement decisions by September</td>
</tr>
<tr>
<td>3. Track time devoted to supervision vs. amount anticipated in work program</td>
<td>Mr. Adler</td>
<td></td>
<td>Develop system for tracking; report shortfalls probably bi-monthly</td>
</tr>
<tr>
<td>4. OES to address supervision, as appropriate, in Projects Performance Audits</td>
<td>Mr. Shoaib</td>
<td></td>
<td>Continuing</td>
</tr>
<tr>
<td>5. Issue Supervision Handbook</td>
<td>Mr. Baum</td>
<td></td>
<td>Has been in clearance</td>
</tr>
<tr>
<td>6. Review responsibilities and procedures for defining objectives, exercising quality control, determining level of effort and tracking achievement of work program</td>
<td>Mr. Kearns</td>
<td></td>
<td>In consultation with P &amp; B, CPS, Regions</td>
</tr>
<tr>
<td><strong>B. Country Sector Work</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. More active Chief Economist role in improving interaction between programs and projects economists, in integration of economic and sector work</td>
<td>RVPs, Mr. Chenery, Mr. Baum</td>
<td></td>
<td>CEs to discuss methods within their Regions, among each other and DPS; RVPs to report conclusions and measures taken to Mr. Knapp by May 1</td>
</tr>
<tr>
<td>2. Increase use of &quot;desk surveys,&quot; &quot;extended&quot; sector briefs as appropriate</td>
<td>RVPs, Mr. Baum</td>
<td></td>
<td>Selectivity in reviews should release manpower</td>
</tr>
<tr>
<td>3. Increase CPS contribution</td>
<td>RVPs, Mr. Baum</td>
<td></td>
<td>Have been in clearance</td>
</tr>
<tr>
<td>4. Issue sector work guidelines</td>
<td>Mr. Baum</td>
<td></td>
<td>In consultation with P &amp; B, CPS, DPS, Regions</td>
</tr>
<tr>
<td>5. Stress role of Regions' ADs/Projects in overseeing sector work</td>
<td>Regional Projects Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Review responsibilities and procedures for defining objectives, exercising quality control, determining level of effort and tracking achievement of work program</td>
<td>Mr. Kearns</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**PROPOSED ACTION SCHEDULE FOR RECOMMENDATIONS NOT DIRECTLY RELATED TO THE WORK ENVIRONMENT**

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>RESPONSIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C. ECONOMIC WORK</strong></td>
<td></td>
</tr>
<tr>
<td>1. Clear and issue guidelines for basic, updating and other economic work after review by a working group of Regional economists and loan officers; stress need to have mission terms of reference identify key issues for exploration and rank mission objectives; emphasize better focused, shorter basic reports.</td>
<td>Mr. Chenery, RVPs</td>
</tr>
<tr>
<td>2. Review responsibilities and procedures for defining objectives, exercising quality control, determining level of effort and tracking achievement of work program</td>
<td>Mr. Kearns</td>
</tr>
<tr>
<td><strong>D. RESEARCH</strong></td>
<td></td>
</tr>
<tr>
<td>1. Routinely simplify research papers and clearly describe their relevance to policy and operational problems</td>
<td>Mr. Chenery, Mr. Baum</td>
</tr>
<tr>
<td><strong>E. PAPERWORK</strong></td>
<td></td>
</tr>
<tr>
<td>1. Reduce the updating frequency of the schedule of Board actions to bi-weekly</td>
<td>Mr. McNamara/Adler</td>
</tr>
<tr>
<td>2. Establish distribution and reports control functions</td>
<td>Mr. Chadenet</td>
</tr>
<tr>
<td>3. Examine work savings possibilities in Board documentation study</td>
<td>Mr. Kearns</td>
</tr>
<tr>
<td>4. Periodically stress desired brevity and &quot;working draft&quot; nature of issues papers and decision memoranda</td>
<td>RVPs</td>
</tr>
<tr>
<td>5. Simplify and consolidate status reporting to Board and President on policy papers</td>
<td>Mr. Kearns</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIMING</th>
<th>CONTINUING</th>
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<tbody>
<tr>
<td>F</td>
<td>N</td>
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</tr>
</tbody>
</table>

COMMENT: In consultation with P & B, DPS, Regions

PAGE REF: 20,88

P&B to explore and recommend

Distribution control already approved

PAGE REF: 40,89

PAGE REF: 47,89

Approval

5.
## PROPOSED ACTION SCHEDULE FOR RECOMMENDATIONS NOT DIRECTLY RELATED TO THE WORK ENVIRONMENT

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>F. CPS OPERATING UNITS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Explore use and best organizational location of economists who now do industrial sector work.</td>
<td>Mr. Kearns</td>
<td>F M A M J J A S O N D</td>
<td>In consultation with CPS and Regions, prepare paper for Mr. Knapp</td>
<td>50,90</td>
</tr>
<tr>
<td>2. Make full use of ADs/Projects in coordinating CPS operations</td>
<td>RVPs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Reexamine coordination problem in light of new projects department structure</td>
<td>Mr. Kearns</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td><strong>G. CPS NON-OPERATING FUNCTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Examine means of increasing the selectivity of CPS involvement at decision meetings and in the yellow cover stage in order to increase CPS's contribution through earlier participation in key projects and key sectors of key countries</td>
<td>Mr. Baum</td>
<td></td>
<td></td>
<td>58,91</td>
</tr>
<tr>
<td>2. Review means of exerting &quot;thought leadership,&quot; cross-fertilizing and providing information about experience outside the Bank</td>
<td>Mr. Baum</td>
<td>F M A M J J A S O N D</td>
<td>Issue instruction to CPS staff addressing methods and criteria for selection of projects for attention and establishing targets for degree of coverage in each sector</td>
<td></td>
</tr>
<tr>
<td>3. Increase and more clearly define CPS's staff development role</td>
<td>Mr. Baum/Chadenet</td>
<td></td>
<td></td>
<td>Discuss in CPS Seminar or staff meeting(s); develop program plans</td>
</tr>
<tr>
<td><strong>H. DPS (also see Research, above)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Involve CPS and the Regions in development of the DPS work program; use the exercise as a base for the first round of &quot;press conferences&quot;</td>
<td>Mr. Chenery</td>
<td>F M A M J J A S O N D</td>
<td></td>
<td>64,92</td>
</tr>
<tr>
<td>2. Increase Chief Economists' role as active middlemen between Regions and DPS</td>
<td>Mr. Chenery, RVPs</td>
<td></td>
<td></td>
<td>CEs should compare methods</td>
</tr>
<tr>
<td>3. Distribute quarterly inventory of policy papers in process to all professionals</td>
<td>Mr. Chenery</td>
<td></td>
<td></td>
<td>Tie to Regional role re work program</td>
</tr>
<tr>
<td>4. Impress DPS staff with the importance of Regional needs and relations</td>
<td>Mr. Chenery</td>
<td></td>
<td></td>
<td>See Staff Development Task Force</td>
</tr>
<tr>
<td>5. Increase and more clearly define DPS's staff development role</td>
<td>Mr. Chenery/Chadenet</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Proposed Action Schedule for Recommendations Not Directly Related to the Work Environment

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Responsibility</th>
<th>Timing</th>
<th>Comment</th>
<th>Page Ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Codify Loan Committee decisions semi-annually by subject; furnish to all loan officers and operating complex division chiefs</td>
<td>Mr. Knapp</td>
<td>F M A N J J A S O N D x x</td>
<td>Implement by July</td>
<td>69</td>
</tr>
<tr>
<td>2. Determine whether to re-assign a C or B-level economist to each chief economist as a &quot;special assistant&quot;</td>
<td>RVPs</td>
<td>F M A N J J A S O N D x</td>
<td></td>
<td>89</td>
</tr>
</tbody>
</table>
## OTHER POSSIBLE STUDIES

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>PARTICIPANTS</th>
<th>PROBABLE MAN-MONTHS</th>
<th>COMMENT</th>
<th>PAGE REF.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Technical Assistance Dimensions of Project Supervision</td>
<td>OES, CPS, OPD</td>
<td>12-15</td>
<td>Can be deferred until the summer</td>
<td>12</td>
</tr>
<tr>
<td>2. Cooperative Programs -- Role, Coordination Procedures, Relationships</td>
<td>OPD, CPS, P &amp; B</td>
<td>12-15</td>
<td>Can be deferred until the summer</td>
<td>56</td>
</tr>
<tr>
<td>3. Alternative Methods of Performing CPS Non-operating Functions</td>
<td>CPS, Regions, OPD</td>
<td>10-15(Assuming full study)</td>
<td>If continuing attention produces good progress, a formal study may be unnecessary</td>
<td>58</td>
</tr>
<tr>
<td>4. Procedures for Coordinating Regions and CPS Operations</td>
<td>CPS, Regions, OPD</td>
<td>8-12</td>
<td>Reexamination of problems in July may show that a formal study is necessary</td>
<td>50</td>
</tr>
</tbody>
</table>
I made the point about paper with Mr. Charnay, who admits that the Richardsons preference understates the magnitude of the problem.

Remarks: The only other reference which I would question is the implication in page 11 under "Paperwork" that the increase is justified.

Print Shop expenses increased 52% in the 3 month July/September 1973 compared with the comparable period in 1972. Xerox expenses increased 72%.

We doubt that the wheat harvest increase in machinery sales or non-leasing activity in the period could have prompted the dramatic increase. We relate it directly to the reorganization procedures (e.g., program coordination) developed under the reorganization

FROM DALEG
TO: See Distribution
FROM: James M. Kearns, Director, OPD
SUBJECT: Reorganization Assessment Report

Attached for your information is a copy of the summary report of the Organization Planning Department's recent assessment of the reorganization. We have also distributed it to all professional staff of the operations complex and DPS. Its recommendations are now under active consideration and any view you wish to express would be welcome.

Attachment

Distribution: Department Directors excluding Regional Offices, CPS and DPS.

JMKearns:jbl
MANAGEMENT ASSESSMENT

OF THE

WORLD BANK

A SURVEY OF MAJOR INTERNAL PROBLEMS ONE YEAR AFTER THE REORGANIZATION

SUMMARY ASSESSMENT REPORT

ORGANIZATION PLANNING DEPARTMENT

REORGANIZATION ASSESSMENT STUDY TEAM

J.C. Peter Richardson, OPD (Team Leader)
Philippe Beuzelin, OPD
Hendrik G. Groen, OPD
Jacques Guillot-Lageat, EMENA
Juergen Krombach, WAF
James B. Lessig, OPD

February 1, 1974
MANAGEMENT ASSESSMENT OF THE WORLD BANK
A SURVEY OF MAJOR INTERNAL PROBLEMS ONE YEAR AFTER THE REORGANIZATION

SUMMARY ASSESSMENT REPORT

In order to gauge the dimensions of major problem areas that will need attention in coming years, we have sought to assess the state of the World Bank approximately one year after its reorganization.

In a sense, the study has been a collective self-assessment by more than two hundred managers and staff of the operations complex -- with the study team serving as intermediaries in assembling and interpreting their views (through in-depth interviews and a comprehensive questionnaire), subjecting the perception data to cross-checks, discounting (for bias, etc.), conducting necessary supplementary analyses and then designing recommendations consistent with the perceived needs. We are indebted to the staff for its extensive participation but of course take full responsibility for the report and recommendations.

Our broad conclusion is that the reorganization is substantially achieving its objectives, that the Bank can now turn its management attentions from major problems of organization structure to the important problems of improving staff/line relations and building a work environment conducive to continued Bank excellence in the future.

OBJECTIVES ACHIEVED

Today's Bank has already achieved the fundamental objectives of its reorganization:

- Improved Bank responsiveness to unique country needs through a closer fusion of country knowledge and sector skills

- Easier, more manageable, and therefore more efficient programs/projects interaction within reasonably self-contained Regional offices to which authority can be delegated for achievement of development assistance results.

The quality of Bank projects -- in terms of suitability to country conditions and consistency with broader economic and social objectives -- is improving, as had been anticipated. Yet there has not, as was feared, been an offsetting decline in project quality from the more traditional points of view -- i.e., technical excellence, knowledge transfer and institutional improvement.

The quality improvement is greatest in agriculture and education -- reflecting, as expected, the greater sensitivity of those sectors (than of transportation and public utilities) to social and cultural variables which tend to require close first-hand familiarity.
Again as anticipated, the quality and usefulness of Bank-country dialogue is widely seen to be improving -- on project questions, sector issues and macro-economic and broad policy questions.

Within the Regions, the Bank's "internal dialogue" on planning and operations also is improving.

Country Program Papers have improved both in the overall quality of their analysis and in their relationship to work programs. They are now widely considered to be good in the first respect and fair in the second. The influence of CPPs on project selection and design has improved. Most important for the new structure, the realism of the approved work programs in terms of staff resources made available through the budget, has been improving and now is seen as fairly good. These changes reflect the benefits of fuller projects department participation in CPP development and closer programs/projects coordination in the overall management of Bank activities.

Within the Regions, the Regional Vice Presidents are functioning essentially as hoped. They are exercising substantial authority in determining and managing their work programs, sub-allocating resources and resolving issues.

There is no evidence that the RVPs are an instrument of a triumph of "area" over "projects" considerations, as had been feared, for the projects directors in the Regions command fully as much prestige, power and RVP confidence as the programs directors. In fact, although stretched rather thin -- which is expected to be largely remedied by the recent changes in Regional projects department structure -- the Regional projects directors have become strong centers of the Regions' operational management. Their division chiefs have also, as anticipated, become centers of delegated authority; they function as managers as well as as senior technical specialists.

On the programs side, the results of the reorganization have been less direct, but the former programs problem of mobilizing projects skills and assuring that they are directed in accordance with Bank assistance strategies to the satisfaction of specific country needs has been significantly simplified.

There is wide agreement that programs and projects staff find it easier to cooperate now than before the reorganization, particularly with respect to regionalized sectors. The improvement can be attributed both to the structural change and to the introduction of the Issues/Decision process, which is seen as a major improvement. In fact, the Regional consensus is that most issues are now identified and resolved substantively as well or better than before, more rapidly and at a speed which is satisfactory. Moreover, Regional people believe that the frankness that prevails in programs/projects dealings has increased and an esprit de corps is beginning to develop, although there are still many projects working-level staff not affected by it.

Economic work and supervision have not been significantly affected by the reorganization.

These are extremely promising beginnings. Further improvements can be anticipated both in responsiveness to unique country needs and in the overall
speed and efficiency of operations -- for with time, the Regions can be expected
to become more closely knit and less formal in their internal dealings and their
projects people will become even more familiar with the countries encompassed.
Moreover, now that the new structure, processes and management systems have
become familiar and stable -- and will no longer demand the level of attention
they have demanded in the past -- the prospects for greater cross-sectoral
interaction and readier innovation are likely to increase.

HAZARDS AVOIDED

The benefits we have described came at a surprisingly low cost in trans-
itional disruption. Usually, reorganizations of the magnitude of this one
cause a year or more of extreme insecurity, stress and confusion. It is not
uncommon in such periods for budgets to run out of control, work programs to
collapse, quality to deteriorate and staff to depart in large numbers. During
the past year the World Bank successfully avoided these hazards.

Although bunching was unusually severe, the work program did not disinteg-
rate. (The Board approved 1146 projects in FY'73 compared to a P & B expecta-
tion at the beginning of the fiscal year of 1144 and a level of 140 in FY'72."
The budget did not run out of control. (It increased by less than 2% from the
beginning-year budget estimate of $107 million.) Quality, as judged by the
staff, improved rather than declined. There was no staff exodus. (The total
of voluntary terminations rose from 3.7% to 3.8% and the rate of involuntary
terminations remained constant.) Projects people were not subjugated under
RVPs. The Loan Committee did not have to meet to review every project in
order to maintain high Bank standards. (It met to discuss less than 15% of
the projects going to the Board.) Procedural confusion did not reign.

FY 1973's performance was not "borrowed" from FY'74. The FY'74 lending
program is well on track in terms of appraisal mission departures, yellow
cover completions and projects to the Board. Moreover, internal preoccupations
did not stunt the Bank's creative thought processes. During the year of trans-
ition, major conceptual strides were taken towards recognizing the importance
of rural development. At the same time, important initial steps were taken to
improve the mechanisms for developing policy and coordinating the research
program.

REMAINING PROBLEMS

Although -- with minimum transitional dislocation -- the reorganization
accomplished its principal objectives and is already yielding most of the
results anticipated, it has not put an end to management problems in the World
Bank.

We do not see the need for significant further structural changes beyond
those already contemplated in the coming year. However, we do believe there
are important non-structural problems that Bank managers will need to address
vigorously and directly in order to consolidate and build upon the important
management improvements of the past year.
Broadly, we believe Bank managers must now focus attention on two internal needs:

1. Improvement of relationships between the newly created Regions and the two substantive staff offices -- IPS and CPS.

2. Identification and aggressive pursuit of measures required to enable the Bank to continue to attract, motivate and retain a highly qualified international staff with the skills and aptitudes required to meet the challenges of the future.

Central Projects Staff (non-operating functions)

Extremely complex and in many ways entirely new to the Bank, the CPS non-operating role is one that will have to be mastered over time. Despite its difficulties and the inevitable staff/line relationship problems, we believe a good start has been made. There is, however, room for improvement.

While CPS has been an invaluable source of advice and assistance to the new Regional offices, it has not yet been able satisfactorily to exert a role of Bank-wide thought leadership or successfully to serve the Regions as a source of information about experience outside the Bank. Nor has it yet perfected means of countering the pervasive sense of "professional isolation" among Regional projects staff or of assuring a systematic cross-fertilization among Regions. It is not yet the technical center of gravity for Regional projects people that had been anticipated.

CPS has also had difficulty efficiently discharging its important quality assurance role, for while issues meetings have been widely viewed as rather late in the process for CPS to have a decisive impact on the quality of a project, the manpower has not been available to CPS, except in unusual circumstances, to participate at an earlier stage. Because CPS has not been highly selective in its short-term project quality assurance activities, CPS non-operating people have found it difficult to devote adequate time to the longer-term higher-leverage activities of more intensive assistance to particularly needy projects early in their development, Regional cross-fertilization, thought leadership and staff development.

Development Policy Staff

The Development Policy Staff is, by a large margin, the most controversial operation in the Bank. Although the abilities of its members are highly respected throughout the Regions, the staff collectively is the object of widespread Regional criticism. The Regions do not consider IPS to be thought leaders or guardians of high standards of economic analysis; many in the Regions do not even think they should aspire to these roles. Generally, they resent the amount of staff resources made available to IPS. They consider IPS overly academic and feel that its resources could be employed far more fruitfully in Regional operations.

These sentiments need to be discounted to reflect inevitable staff/line tensions, the fact that few Regional people are in a position to
observe more than a small fraction of the total DPS output, the inherent difficulty in exerting thought leadership and providing guidance in a field as fluid as development economics, and the inherent controversiality of research activities in any organization. Also, it is our impression that there may be somewhat of a perception lag, in that DPS has undergone major changes in the past year which do not yet appear to be recognized by Regional people.

Nevertheless, the Regional opinions must be taken seriously for they are too unanimous to be without foundation and they undermine the morale of Regional economists while making it significantly more difficult for DPS to be credible, efficient and effective in performing its functions.

The Basis of Future Excellence

We believe that the Bank's most serious management challenge in the next several years will be to remain attractive to the kind of staff it needs in order to continue to be an outstandingly efficient and effective development assistance institution.

For numerous reasons -- some of which are not within the Bank's control, some of which reflect success and will not be reversed (e.g., the speed of the Bank's growth and evolution) and some of which are transitional (e.g., the reorganization) -- Bank operational staff today feel a restlessness which may weaken their motivation and, if unabated, could hurt the Bank in the future. We found that many interviewed employees today perceive negative trends in their job satisfaction.

For projects staff, professional isolation is part of the problem. For programs staff, many factors contribute. Paperwork is thought to have grown excessive. Programs directors, division chiefs and loan officers tend to "crowd" each other and to regard their scope for initiative as inadequate. The former programs role of cornering the necessary staff resources and then assuring that their activities are consistent with country needs has diminished now that the RVPs are in a position to resolve conflicting resource demands and Regional projects people have begun to develop their own deeper country expertise in the major sectors. The programs people -- several of whom also have fewer countries under their purview than previously -- feel the country dimension of their work has become less essential than the more limiting roles of internal coordination and expediting, which are sometimes seen as "paper pushing."

We believe that two Bank weaknesses have impaired its capacity to counteract the underlying causes of staff malaise:

1. The paucity of systematic attention given to staff development.

2. The Bank's failure to recognize that it has now reached a size where internal communication and motivation cannot be expected to occur routinely, but must be deliberately planned and explicitly made an important part of the management task of every supervisor.
In dispersing the major projects departments to the Regions, the reorganization destroyed the environments within which most projects people had expected to progress and from which they could draw professional and self-developmental guidance and assistance (including substantive training). Today, with five somewhat self-contained Regions and two substantive staff offices, employees in the operating complex have no basis for knowing what kind of career progression to expect. They do not know the ground rules for rotation among Regional offices or between Regions and staff offices. They are unclear as to whether advancement is more likely to result from loyalty to one Region or from diversity of experience in several Regions and perhaps even the staff offices.

In the absence of clear policies to the contrary, programs people worry that they may spend endless years working on two or three small countries or one large one; projects people worry about having careers limited to one Region. Staff office people do not know whether they are likely to spend their professional lives in that capacity or whether it is to be viewed as an interim break between line assignments. Not knowing what, if any, different assignment to expect next, many staff feel a demoralizing lack of career direction.

Staff at all levels of the operations complex also suffer from poor internal communications. In the smaller (and somewhat less busy) Bank of the past, communication and the trust and motivation it breeds were easier and more automatic than today. In today's Bank, many Regional projects working-level staff have never encountered their Vice President and only rarely see their department director outside of staff meetings. Most Regional people have little idea what IPS does and only rare exposure to any Bank concerns beyond their immediate preoccupations. Lacking a good understanding of the reasoning behind many management decisions which importantly affect them, down-the-line Bank staff have tended to feel at the mercy of a system whose workings have often seemed capricious or misguided. In turn, the decision-makers often have not been given credit for good judgment based on a broader perspective.

In such circumstances, many of the staff have tended to see their work regarded as interchangeable units in a large impersonal machine rather than as highly valued professional collaborators in an important and complicated endeavor; managers have sometimes felt they were not receiving the whole-hearted support from subordinates that is their due.

Other Problems

In addition to these three rather pervasive problems, we have identified other problems for attention in the near future. They include the:

- Unclear focus of much economic work;
- Need to accord even more emphasis to project supervision -- perhaps, in appropriate cases, through enlarging the responsibilities for it of resident missions;
- Tendency to neglect sector work (perhaps a transitional problem of the reorganization) and to coordinate it inadequately with macro-economic work;
- Overly theoretical cast of research papers, which impairs their utility to line people;

- Problems of relations with the cooperative programs;

- Failure of those who impose reporting requirements to explain fully the benefits expected from the reports and to assure, where possible, maximum "feed-back" benefits for those managers who provide the data -- with a resulting feeling by line people that they are plagued by "useless" paperwork.

RECOMMENDATIONS

Because the assessment study's primary purpose has been to assess the major problems of the Bank -- not solve them -- many of our recommendations are either tentative or propose further study. Concerning the problem of the work environment, however, our recommendations are not tentative.

THE WORK ENVIRONMENT PROBLEM

The work environment problem requires decisive action on a broad front to help preserve the Bank's long-term attractiveness to top quality staff. Internal communications and staff development -- the two key actionable aspects of the broader problem -- require high priority systematic attention in the coming year.

At every level, Bank managers must become convinced of the necessity for a more open, participative style of management -- for, more than any other single factor, it is the managers' attitudes that create the work climate and influence employee job satisfaction. Managers throughout the Bank must feel a strong personal responsibility to assure that their staff (1) understand the reasoning behind decisions that importantly affect them, (2) have a positive attitude towards the Bank and (3) derive maximum satisfaction from their work. They must learn instinctively to persuade as well as decide, listen and consult as well as instruct, lead and support as well as direct and criticize. Staff, in turn, must become convinced of the Bank's determination to remain a stimulating, attractive environment in which their concerns are recognized, their contributions highly valued and their capability for Bank work developed to the fullest.

These objectives will not be easy to achieve. Attainment of the more open, participative and professionally rewarding work environment needed to reverse the adverse trends employees perceive will not result from any single decision or change. It will require continuous and conscious effort on many fronts and at many levels. The broad range of actions we recommend is designed not only to produce the major specific improvements that are needed, but also to signal management's understanding of -- and commitment to solve -- the underlying problem and set in motion mechanisms of participation and communication which will themselves begin to create the work environment that is needed.
Task Forces

We propose creation of broadly representative task forces to address three priority areas of immediate concern -- internal communications, the role of programs personnel (division chiefs, economists, loan officers) and staff development. The function of the first two task forces is self-explanatory. The function of the third would be to bring to bear the manpower and expertise necessary rapidly to (1) develop, clear and publish integrated policies and procedures governing assignment, rotation, promotion, transfer, counselling and training and (2) define the roles of Regions, DPS, CPS and Personnel in the process. The effort would focus on the staff development problem a mixture of technical skills and a level of manpower that the Personnel Department could not be expected to -- and does not -- have. Probably, full-time sub-task forces would be needed in each major category of problem (e.g., for projects people, economists, programs people, jurisdictional issues) and would need to operate under the guidance of a part-time steering committee.

Management Discussions

In addition to the task force efforts, we propose that the overall work environment problem be directly addressed at the top management level through detailed discussion by the President's Council, followed by similar discussions among the managers subordinate to each President's Council member.

Internal Press Conferences

To institutionalize fuller communications -- at least until they become habitual and instinctive -- we recommend routine internal "press conferences" to be conducted once each month by each Vice President for his staff. The sessions would be informal, without agenda, and with attendance optional. Their purpose would be routinely to provide each Vice President an opportunity to receive reactions, answer questions and explain decisions on any Bank subject an attendee chose to raise -- in short, openly to listen, discuss and persuade. Occasionally, such sessions might also be attended by Mr. Knapp or Mr. McNamara.

There should also be a standing policy to have DPS and CPS each hold annual "press conferences" at a staff meeting of each Region. These would be opportunities to brief the Regions on staff office activities, receive their views and answer questions and criticisms.

Management Seminars

To build more supportive relationships and promote improved communication at the management levels -- so that an increase in their openness with staff does not communicate divisiveness -- we propose seven carefully planned management seminars in the coming year. One would be at the top level for the President and senior staff of the operating complex and DPS, one for the management of each Region and one for CPS and Regional projects directors. All the seminars would be designed to foster unpressured dialogue on key concerns and provide a vehicle for surfacing latent issues. The Regional seminars would additionally contribute to the growth of Regional esprit de corps; each manager who attended would brief his subordinates in detail. The top level and the CPS seminars would be designed additionally to improve staff/line relationships.
Handbooks

We recommend development of a "Loan Officer's Handbook" to codify in non-mandatory form (with checklists, formats, and samples as well as in prose) some of the best practices now in effect. Such a handbook (which might be somewhat similar to -- although less prescriptive than -- the former Projects Department's "Directors Memoranda") would clarify further the loan officers' role, provide a tool that will help in performing it efficiently, and greatly diminish the time required for newly appointed loan officers to become effective. By facilitating the internal aspects of the job, it would free more time for the fundamental task of achieving in-depth understanding of country conditions and awareness of opportunities for beneficial country impact.

The Handbook should be developed under the aegis of the Senior Vice President, Operations by an experienced loan officer who would be detached for the purpose, and assisted full time by a YP (to impart fresh perspective and assure that the document meets the needs of newcomers to the function) and part-time by a working group of practicing loan officers and programs division chiefs. We suggest preparation of similar handbooks for Regional economists under the aegis of DPS and for financial analysts, under the aegis of CPS. These two categories of staff are also unsure of their roles. The handbooks would clarify the Bank's expectations from them, while at the same time enhancing their capabilities.

Benefits and Perquisites

We also recommend consideration (jointly with staff) of minor changes in benefits and perquisites which, at comparatively low cost, might contribute importantly to further "humanizing" the Bank.

Overall

There is no single answer to the ever-present problem of maintaining job satisfaction, motivation, productivity and the work environment at exemplary levels, but a constant and pervasive awareness of the need to do so, a willingness to neglect no opportunities to further internal communication, and creation of a well defined and administered staff development program all will help.

OTHER RECOMMENDATIONS

We briefly summarize our other recommendations below.

CPS Non-Operating Functions

Now that the year of transition is over, RVPs and Regional projects directors have proven themselves, and projects quality has not declined, CPS should stress more selectivity in performance of the quality assurance function. It should limit its decision meeting and yellow cover involvement to 50% of Regional projects.
CPS would select the projects -- based on their importance, innovative nature and difficulty, whether the Region has a senior man with the specialized competence to assure technical excellence, and whether the Region -- for whatever reasons -- specifically wishes CPS involvement. Such selectivity would be designed to free staff time both for the other non-operating functions such as staff development, cross-fertilization and thought leadership and for some earlier involvement in particularly important projects and sectors.

**Development Policy Staff**

DPS needs to communicate better -- internally about the importance of bending in the direction of Regional needs (e.g., for more simply written research papers which clearly describe their relevance to policy and operational problems) and externally about the nature, relevance and significance of its activities. For example, the quarterly inventory of policy papers in process should be circulated more widely.

The Regional chief economists need to be used more actively in their capacity as a link between IPS and each Region. They are in a unique position to see both points of view, to help in charting -- and then explaining within the Region -- IPS's priorities and work program.

To the maximum extent feasible, IPS and CPS positions should be filled on a rotational basis.

**Project Supervision**

In addition to further increasing supervision's priority and exploring additional opportunities to perform more of it from field posts -- where response time is lower and visit frequency can be greater -- we suggest a conscious effort by managers to recognize and commend performance of outstanding supervision work.

**Country Sector Work**

Desk surveys resulting in what have been called "extended sector briefs" are particularly efficient and should be done more frequently. Chief economists should play a more active role in assuring the integration of sector and economic work.

**Economic Work**

Towards meeting the key need for a sharper focus in the purposes of each major economic report, one Region (perhaps LAC) should experiment with preparation of an Issues Paper before the departure of economic missions. The resulting pre-departure Decision Memorandum would rank the objectives of the report, identify the major issues to be addressed and hypotheses to be tested. It would become the basis of a more substantive terms of reference.
CPS Operating Functions

We recommend no decentralization (beyond that planned for telecommunications) of centralized operating departments in the coming year. We do, however, suggest exploring the transfer of two economists each to Asia and EMENA from Industrial Projects to do sector work. We expect that the current strengthening of Regional projects directors will help facilitate the coordination of centralized operating department work with that of the Regions.

Paperwork

We have no proposals to decrease paperwork dramatically, for in most respects it does not appear to be unjustified. To some extent the perceived paperwork problem is a symptom of other problems (e.g., the work environment).

We do recommend vigilance to assure that new paperwork requirements are not imposed without clear, full and explicit justification and we endorse efforts already underway to establish distribution and reports control activities. Also, we believe the high costs of fully polished operational reports should be carefully taken into account in the coming study of Board procedures.

Loan Committee

We believe the Loan Committee is functioning satisfactorily, but that it would be useful to operating people semi-annually to codify and disseminate its decisions by subject.

Country Assignments

We recommend no change in the assignment of countries to Regional offices.

Future Studies

The following are additional subjects which should probably receive further study in the near future.

- The technical assistance dimensions of project supervision
- Possibilities of replacing selected annual economic reports with briefer "updating memoranda"
- Board procedures (already assigned)
- Means of providing fuller "feed-back" to Regional managers from the centrally-managed information systems
- Cooperative programs (FAO, UNESCO, WHO, UNIDO) -- their role, coordination procedures and administrative relationships
- Alternative methods of performing the CPS non-operating functions
- Procedures for coordination of CPS operating activities with the Regions (if significant problems exist six months after creation of the Regional assistant projects directors)

- Support staff -- procedures for allocation and use that will maximize their efficiency and minimize the use of professional staff for work the support staff can perform.
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**Remarks**

From

J. E. Twining, Jr.
OFFICE MEMORANDUM

TO: Members of the President's Council and Department Directors

FROM: James M. Kearns, Director, OPD

DATE: August 9, 1973

SUBJECT: Reorganization Assessment Study

The Organization Planning Department is conducting a systematic assessment of the progress the Bank is making under the reorganization. The assessment will attempt to determine the nature and extent of existing and potential management problems. It will focus principally on the operations complex as did the reorganization. It will not encompass secretarial support or examine in any depth administrative, financial and other supporting activities outside of the operations complex and IPS.

The assessment will involve consultation with about two hundred managers and staff throughout the Bank. An interview questionnaire will be used by the study team to develop comparative data on various aspects of Bank activity, relationships and style and add focus to the interviews.

The study team, whose work will be completed in the fall, consists of:

Philippe Beuzelin, OPD
Henk Groen, OPD
Jacques Guillot-Lageat, EMENA
Juergen Krombach, WAF
James Lessig, OPD
J.C. Peter Richardson (Leader), OPD

I would appreciate your informing your staff of the study.

JCP Richardson: JM Kearns: lo
## Record Removal Notice

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Withdrawn by: Ann May  
Date: November 05, 2021
REPORT TO THE STUDY TEAM COMMITTEE

WORLD BANK GROUP

March 27, 1972
REPORT TO THE STUDY TEAM COMMITTEE

WORLD BANK GROUP

INTRODUCTION

The single purpose of this second report to the Committee is to review our preliminary assessment of the Bank's field organization.

In the last four weeks, we have completed two fact-finding trips to Asia and Africa:
- Visited seven countries
- Talked to a wide range of Bank staff and with representatives of both donor organizations and borrowing countries
- Visited the sites of several Bank financed projects

Since our return to Washington, we have discussed our impressions with the senior staff of the appropriate area departments and reviewed the extensive work already completed by Bank staff on resident missions.

Although this work provides an incomplete insight into the Bank's field organization, two interrelated conclusions emerge and require further study:
- There appears to be a need to widen and strengthen the Bank's field organization
- But, it will be difficult to establish a fully effective field organization unless the problems resulting from the division of responsibility between headquarters' area and project departments are resolved.

This report discusses these issues in more detail so that the Committee can guide our further work on the Bank's field organization. A final section summarizes the study team's progress in other areas and outlines the next steps in our work.

* - The details of these two visits are summarized in the attached Appendix.
Two preliminary conclusions emerge from our initial overseas visits and the related work we have carried out at headquarters.

There appears to be a need to expand and strengthen the Bank's field organization-
- A great deal of useful work can be performed by resident field staff.
- Both the planned increase and changing composition of the Bank's lending program suggest the need for more field staff.
- The Bank is, at present, a highly centralized organization, with a field staff that is limited in both numbers and responsibility.

But, it will be difficult to establish a really effective field organization with the present headquarters' structure-
- The division of responsibility between area and projects makes it difficult to delegate real responsibility to the field.
- The effectiveness of the field staff is further limited because they must report to and take their instructions from several headquarters' divisions.

The implication of these two conclusions is clear - while more responsibility should be assigned overseas, no serious movement in this direction is likely to succeed until the headquarters' organizational issues have been resolved.
Capable staff resident in the borrowing countries can clearly make an important contribution to the work of the Bank.

In the countries we visited, the Bank's field organization appears to provide valuable services:

- At the minimum level, for example in Ethiopia, the resident representative provides a useful point of contact and appears to do much to strengthen the relationship between the Bank and country officials.
- At the other extreme, the Indonesian office provides a full range of services that are clearly valued both by the Government and the Bank.

In more general terms, resident staff can perform a number of important functions that either cannot be carried out by head office staff or can only be performed centrally with difficulty. These include:

- Develop and maintain close contacts with key decision makers in the borrowing countries.
- Provide prompt, perceptive responses to borrowing countries' questions and requests for assistance.
- Provide a detailed understanding of country needs, conditions and capacities to supplement the relatively quick impressions gained by headquarters' missions.
- Provide close and continuous assistance on project implementation problems as required.

In particular country situations, where, for example, there is a shortage of sound projects or a lack of adequate administrative machinery, resident Bank staff can be of major importance in helping to identify, prepare and implement projects.
Project execution workload is increasing considerably...

Number of projects under supervision is increasing...

Annual rate of disbursements will more than double by 1976...

**NUMBER OF PROJECTS**

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**Millions**

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128%

**SOURCE:** Projects Department "Fever Charts"

**SOURCE:** Controller's Department Reports D-5/D-6, July 19, 1971.

Exhibit I
Both the planned increase in the Bank’s lending program and the changing composition of the program suggest the need for more resident field staff.

§ Unless the Bank is prepared to see the present number of headquarters’ missions rise further, more resident field staff will be required to help develop and administer the Bank’s expanded lending program:
- The achievement of the Bank’s 1974-78 lending program will require increased project identification and preparation work.
- Moreover, the Bank’s project supervision workload will increase dramatically.
  - Between 1971 and 1976, total disbursement is expected to increase by 128 percent.
  - The number of projects under supervision is increasing rapidly.

(Exhibit 1)

§ The changing nature of the Bank’s operations also suggest the need for more field units capable of providing implementation and other assistance to borrowing countries:
- Total Bank lending is planned to increase 71 percent between 1969-73 and 1974-78.
- But lending in the sectors that normally require particularly close involvement in the supervision stage - agriculture, education, population, urbanization and water supply - will expand by 143 percent during the same period.

(Exhibit 2 following)

§ The proposed tripling of the Bank’s lending program will be particularly difficult to achieve without substantial assistance by resident staff in areas where the countries’ administrative machinery is not highly developed - for example, East and West Africa and Central America.

* - We are currently collecting and analyzing data on the number and variety of headquarters’ missions.
Lending in the technical assistance intensive sectors* is going to increase considerably faster than total Bank lending . . .

* Agriculture, Education, Population, Urban, Water Supply

Source: IBRD & IDA; Summary of Lending Operations by Sector - FY 64-78; P&B, 2/14/72
Field professional staff is relatively small in relation to the Bank's total operating staff.

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<td>343</td>
<td>934</td>
<td>1,088</td>
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- **Field Staff**: 68
- **Field Staff** in the borrowing countries.

* SOURCE: Revised budget 6/30/72.
At present, however, the Bank's field units are not a very significant part of the total organization, either in number or responsibility.

Although its operations are geographically widespread, the Bank remains a highly centralized organization:

- Only about 6 percent of total area, projects and economics staff are currently in the field.

  (Exhibit 3)

- The Bank has no resident representative in most of the major borrowing countries.

  (Exhibit 4 following)

- The two permanent missions in East and West Africa have relatively small staffs responsible for covering 16 and 19 countries respectively.

With one exception, the field staffs we visited have little decision-making responsibility:

- The African resident representatives have very limited authority.

- The regional missions based in the Ivory Coast and in Kenya appear to have little more power than resident missions, even though they both have technical staffs.

- At the other extreme, the Indonesian office is in a unique position in that it appears to have considerable authority and independence from headquarters.

This degree of centralization will probably become increasingly inappropriate as the Bank's lending program grows and changes.
The Bank's field representation among the largest borrowers is limited...

**1969 - 1973**

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<th>COUNTRY</th>
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<th>REPRESENTED THROUGH RESIDENT REPRESENTATIVE OFFICE</th>
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<td>11. China</td>
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<tr>
<td>12. Korea</td>
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<td>13. NIGERIA</td>
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<td>14. Spain</td>
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<td>15. Moroco</td>
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<td>16. Malasia</td>
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<td>17. Philippines</td>
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<td>18. Thailand</td>
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<td>19. Venezuela</td>
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<td>20. KENYA</td>
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<td><strong>Total</strong></td>
<td><strong>9,167.2</strong></td>
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* 72% of total Bank’s lending

Exhibit IV
Although there is, in our view, a strong case for expanding the Bank's field organization, no steps should be taken towards this objective until the organizational issues at headquarters are resolved.

With the present division of responsibility between area and project departments, delegation of significant responsibility to the field will remain difficult:

- Area departments can delegate responsibility for economic work but cannot extend this delegation to the all-important project cycle.
- Project departments are not likely to delegate responsibility for parts of the project cycle to staff over whom they have no organizational responsibility.
- As a result, most overseas organizations are likely to remain only tangentially involved in the central lending process of the Bank.

Equally important, the present headquarters' organization makes clear reporting relationships from and to the field difficult to achieve:

- Because of the division of responsibility between area and project departments, resident overseas staff must seek decisions from numerous different sources in Washington.
- A problem also exists for the government officials of borrowing countries who point out the lack of a single authoritative Bank point of contact, either within the country or in Washington.

The reporting relationship of the Indonesian office, through the Vice President, Administration to the President, is a way around these problems but it is an approach that cannot easily be applied on a large scale.

* - The second paragraph of Mr. A. David Knox's memorandum on Overseas Missions, dated January 18, 1971, expresses this problem clearly.
Once the major issue of the Bank's headquarters' organization is resolved, the way will be clear for a planned expansion of the field organization.

A country-by-country approach to expanding the field organization appears necessary

- Although most field offices are likely to have a number of responsibilities in common, our visits did not provide any one model for a resident Bank organization that could be applied world-wide
- On the contrary, we were impressed with the need to adapt the Bank's representation to the needs and conditions of individual countries

Several conditions ought to exist within a country before the Bank considers establishing a significant resident organization

- The country should be committed to economic and social development
- There should be a need for technical and management advice
- The country must express a willingness to accept and work with resident Bank staff

Equally, the Bank must be prepared to meet certain requirements

- Define clearly the basic responsibility and major tasks of resident organizations
- Delegate sufficient decision-making authority to carry out these tasks
- Establish clear reporting relationships between the field and head office
- Assign outstanding Bank personnel to staff resident organizations and ensure that field assignments are regarded as an important step towards promotion to higher responsibility
In our continued work on the Bank's field organization we shall develop the general conclusions summarized in this report in more detail.

1. Confirm or modify the preliminary conclusion that the Bank needs to begin to plan for a significant expansion in its field organization over the next two to three years.

2. Define the responsibilities and major tasks that field offices should be expected to carry out. For example:
   - What part should field office staff play in country economic reporting and survey work?
   - How can resident staff best contribute to project appraisal work?
   - What should be their project implementation responsibilities?

3. Analyze in more detail the present relationships between head office and the field organizations and develop proposals for ensuring a sound working partnership.

As we develop our conclusions in detail, we intend to make more complete use of the extensive material available within the Bank on the question of resident missions and the related subject of headquarters' missions to the field.
Our diagnostic work on the organization of the Bank's central operations in Washington is proceeding satisfactorily.

We have carried out a more detailed analysis of the structure and operations of the area and projects departments and are currently drafting our findings.

At the same time, we are completing a detailed review of the work of the economics complex.

Our work on the organization and operations of IFC - the third area in which we have concentrated our efforts in March - is also nearing completion.

When the diagnostic work in these three areas is completed, we would like to discuss our conclusions with the Committee.
Reflecting the progress we are making, our work in April will expand to include detailed study of the Bank's management procedures and its major operating systems.

You will recall in our first report to the Committee we discussed our general assessment of these systems

- Since then, however, the entire team has concentrated on organizational issues both in Washington and overseas
- We now plan to follow up our initial review of Bank systems with more detailed study of the opportunities to improve effectiveness through procedural change

At the same time, we will continue to study organizational issues with the objective of determining the need for change and identifying alternative ways to organize the Bank

During April we are also planning to make three more field trips to:

- India and Iran
- Turkey - to observe the appraisal mission that is currently working there
- South America - probably to Brazil and Colombia

Throughout this work, we will continue to take the opportunity to improve our understanding of the unique nature of the Bank's operations by attending meetings of important committees and other working groups.
## Study Team Visit to Asia

### February 26 - March 11

### Interviews

<table>
<thead>
<tr>
<th>Country - City and Extent of Bank's Representation</th>
<th>Bank Personnel</th>
<th>Donor Organizations/Countries</th>
<th>Government Officials</th>
<th>Number of Days</th>
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</thead>
<tbody>
<tr>
<td><strong>Japan - Tokyo</strong>&lt;br&gt;Regional Office - 3 Professionals</td>
<td>Mr. Akioshi Seki</td>
<td>Executive Director, Bank of Japan</td>
<td>Mr. Goytiken</td>
<td>3 9</td>
</tr>
<tr>
<td></td>
<td>Mr. Satomi Tajima</td>
<td>Deputy President, Export/Import Bank of Japan</td>
<td>Mr. Kashiwagi</td>
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<td></td>
<td>Mr. Shishido Masai</td>
<td>Executive Director, Overseas Economic Cooperation Fund</td>
<td>Mr. M.</td>
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<tr>
<td></td>
<td>Mr. Hiroshi Sone</td>
<td>Mr. K. Inoue and Yukawa</td>
<td>Mr. J.</td>
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</tr>
<tr>
<td></td>
<td>Mr. Takuya Hayashi</td>
<td>Ms. Hana Mayakawa</td>
<td>Mr. K.</td>
<td></td>
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<tr>
<td><strong>Indonesia - Jakarta</strong>&lt;br&gt;Regional Office - 12 Professionals</td>
<td>Mr. Bernard Bell</td>
<td>Mr. Richard Cashin</td>
<td>Prof. Dr. Widjaja</td>
<td>7 33</td>
</tr>
<tr>
<td></td>
<td>Mr. Alfred Matter</td>
<td>Mr. E. J. Korthal Alberg</td>
<td>Dr. Emil Salim</td>
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<td></td>
<td>Mr. Morten Grossman</td>
<td>Mr. Per Amundsen</td>
<td>Dr. Salih Alfut</td>
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<td></td>
<td>Mr. Thomas Crewe</td>
<td>Mr. Robert Glazener</td>
<td>Dr. Awdhuddin Djumil</td>
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<td></td>
<td>Mr. Richard Manning</td>
<td>Mr. Nirmal Gill and Clarke</td>
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<td>Mr. Kenneth Ireland</td>
<td>Mr. Nirmal Gill and Clarke</td>
<td>Mr. R. H. Elm</td>
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<td></td>
<td>Mr. William Hughes</td>
<td>Dr. Radou</td>
<td>Mr. Molam</td>
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<td>Mr. Aldo Migliorini</td>
<td>Mr. Rahim's</td>
<td>Mr. S.</td>
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<tr>
<td></td>
<td>Dr. K. V. Ranganathan</td>
<td>Economic Planning Assistant</td>
<td>Mr. S.</td>
<td></td>
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<tr>
<td></td>
<td>Mr. R. C. Repetto</td>
<td>Operations Assistant</td>
<td>Mr. S.</td>
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<td></td>
<td>Mr. Richard de Silva</td>
<td>Mr. Bell's Secretary</td>
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<td></td>
<td>Mrs. Lorna Samsen</td>
<td>General Secretary</td>
<td>Mr. S.</td>
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<td></td>
<td>Miss Susan Smith</td>
<td>Mr. M.</td>
<td></td>
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<td></td>
<td>Miss Adriana Vitik</td>
<td>Mr. M.</td>
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<td><strong>Philippines - Manila</strong>&lt;br&gt;(No Bank staff)</td>
<td>Mr. Tatsuki Watanabe</td>
<td>President*</td>
<td>Mr. Cesar Villanueva</td>
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<td>Mr. C.S. Krishna Moorthy</td>
<td>Vice President*</td>
<td>Miss P. Villanueva</td>
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<td></td>
<td>Mr. Howard Farisly</td>
<td>Director, Operations Department*</td>
<td>Mr. Alfredo Po de Rode</td>
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<td>Mr. Gabriel Singha</td>
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| TOTAL | 10 | 49 |

* Asian Development Bank.
## STUDY TEAM VISIT TO AFRICA

**February 29 - March 12**

### INTERVIEWS

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<th>COUNTRY - CITY AND EXTENT OF BANK'S REPRESENTATION</th>
<th>BANK PERSONNEL</th>
<th>DONOR ORGANIZATIONS/COUNTRIES</th>
<th>GOVERNMENT OFFICIALS</th>
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<td>X. de la Renaudière</td>
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<td>Chief of Mission USAID</td>
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<td>Mohamed El Maghairi</td>
<td>Agriculture</td>
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<td>Country Representative - One man operation</td>
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<td>W. Brakal</td>
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<td>Director - WHO</td>
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<td></td>
<td>Mr. Schafer-Kehlert</td>
<td>Senior Agriculturist</td>
<td>Mr. Steedman</td>
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<td>C. Wilkinson</td>
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<td>Mr. Ahmed</td>
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<td>Mr. Bachmann</td>
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<td>Mr. Raphael</td>
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<td>Mr. Ghell</td>
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REPORT TO THE STUDY TEAM COMMITTEE
WORLD BANK GROUP

INTRODUCTION

The purpose of this summary report is to provide the Committee with an opportunity to contribute to and guide the direction of the Study Team's thinking.

During the first four weeks of full-time working, we gained an initial understanding of the history, present operations and structure of the Bank:

- Interviewed over 50 members of the staff at Department Director level and below*
- Reviewed key documents and operating and financial data
- Began an analysis of the Bank's operations

Although this work has not led to any conclusions that will be new to the Committee, we feel it is useful to summarize them at this stage in the assignment. This report, therefore:

- Presents our understanding of the Bank's objectives and major tasks
- Describes our initial findings about the Bank's capability to carry out these tasks now and in the immediate future
- Defines the issues on which the next phase of our work will concentrate and outlines the team's work program for the remainder of March

* - A list of those interviewed during February is attached as Appendix A. This list does not include the names of those interviewed earlier.

Note: Throughout this report the terms "World Bank" and "the Bank" refer to IBRD and IDA unless specifically indicated otherwise. The report does not refer to IFC since we are just beginning our work in this area.
THE WORLD BANK AND DEVELOPING COUNTRIES SHARE THE SAME OVERALL PURPOSE AND MUST WORK TOGETHER TO ACHIEVE IT . . . .

Developing Countries

Overall Purpose:
To achieve rapid economic growth and to bring about desirable social change

Identify Priority Development Needs
Decide Best Way Bank Can Help Meet Priority Needs
Prepare and Agree Details of Bank Lending Programs
Supervise and Control Execution of Lending Programs
Evaluate Effectiveness of Lending Programs

World Bank

Overall Purpose:
To assist the Governments and peoples of developing countries to achieve rapid economic growth and to help them bring about desirable change

Provide Resources for Development

Developed Countries
The ultimate purpose of developing countries and the World Bank is the same:

- Developing countries are dedicated to raising the living standards of their people as rapidly as possible.
- The fundamental purpose of all World Bank activities is to help achieve rapid economic growth and desirable change in the borrowing countries.
- Member developing countries and the Bank constitute, therefore, an informal partnership and they must work closely together at all stages in the development process to achieve this common objective.

At the same time, the Bank must retain the confidence of the developed countries.

(Exhibit 1)
TO ASSIST DEVELOPING COUNTRIES THE WORLD BANK MUST ACHIEVE THREE MAJOR OBJECTIVES . . . .

BANK'S OVERALL PURPOSE
To assist the Governments and peoples of developing countries to achieve rapid economic growth and to help them bring about desirable change.

MAJOR OBJECTIVE
Ensure that it has sufficient financial resources at all times

MAJOR OBJECTIVE
Ensure the maximum impact of Bank lending and other related activities on the economic and social development of borrowing countries

MAJOR OBJECTIVE
Help ensure that the work of the Bank and other major development aid agencies is harmonized at all times
To achieve this overall purpose, the Bank must maintain a balance between three major objectives

1. Ensure that it has sufficient financial resources
   - The Bank must operate as a sound financial institution if it is to remain an effective development institution
   - Without a sound financial base the Bank Group would not be able to preserve its independence

2. Ensure the maximum impact of Bank lending and related assistance activities
   - The Bank has always been concerned with the substance of development problems and must continue to do so as its lending program expands
   - It is more than the mechanism through which financial resources are transferred from rich countries to poor

3. Help ensure that the development activities of all major aid agencies are coordinated
   - Significant benefits to developing countries can result from improved coordination and integration of aid programs
   - The Bank, as a major development agency, should work closely with other aid agencies to achieve a coordinated approach to the problems of developing countries

(Exhibit 2)
Exhibit III

THE BANK HAS THREE BASICALLY DIFFERENT ROLES . . . .

<table>
<thead>
<tr>
<th>BANK'S OVERALL PURPOSE</th>
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<td>To assist developing countries to achieve rapid economic growth and to help them bring about desirable change</td>
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<table>
<thead>
<tr>
<th>MAJOR OBJECTIVES</th>
<th>BASIC ROLES AND MAJOR TASKS</th>
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</thead>
<tbody>
<tr>
<td>Ensure that it has sufficient financial resources at all times</td>
<td>1. <strong>Investment Banker</strong></td>
</tr>
<tr>
<td>Ensure maximum impact of Bank lending and other related activities in developing countries</td>
<td></td>
</tr>
<tr>
<td>Help ensure that the work of the Bank and other major development aid agencies is harmonized</td>
<td>2. <strong>Provider of Development Assistance</strong></td>
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<tr>
<td></td>
<td>3. <strong>Major Development Institution</strong></td>
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</table>

1. **Investment Banker**
   - Attract resources
   - Regulate lending terms
   - Produce high investment income
   - Maintain financial reputation

2. **Provider of Development Assistance**
   - Transfer financial resources to developing countries
   - Identify and lend on high priority projects
   - Respond to individual country needs
   - Provide advice and planning assistance
   - Encourage the will to develop and change

3. **Major Development Institution**
   - Coordinate work with other development agencies
   - Ensure success of jointly sponsored programs
   - Facilitate transfer of knowledge and experience among aid agencies
   - Work to increase world commitment to and support for developing countries
   - Act as a development thought leader
This preliminary definition of major objectives suggests that there are at least three basic, but different roles that the Bank must perform.

The Bank has to carry out some of the traditional tasks of an investment banker. For example:

- Attract capital - sell bonds and obtain IDA appropriations
- Achieve the highest possible return, consistent with safety and liquidity requirements, on its undisbursed assets
- Manage the terms of lending consistent with borrower repayment capacity and the need to maintain the Bank's financial strength

At the same time, the Bank must be in a position to provide a wide range of development assistance, including the following:

- Transfer financial resources to developing countries
- Work with developing countries to identify high-priority, sound projects and to help ensure they are implemented effectively
- Respond to the diverse needs of individual countries
- Encourage and help developing countries prepare sound strategies and plans and advise them on development policies and problems

Finally, the Bank has a role to play in its capacity as one of the most important aid agencies:

- Help to coordinate the activities of the major development agencies
- Seek ways to increase the commitment of the developed nations to the developing countries
- Act as a thought leader on development problems

The various ways in which the Bank achieves these three objectives will, of course, vary by country, over time, and with the resources and skills available to it.

(Exhibit 3)
At this early stage in the study, our assessment of the Bank's capacity to carry out its banking functions and to act as a major development institution is very limited.

Initial interviews suggest that the major treasury functions - selling bonds and investing liquid assets - are effectively carried out.

We feel, however, that the attention currently being given to the Bank's role as a leading development institution may not be sufficiently focused.

- Does the Bank have a clear idea of its role vis-a-vis other development agencies and is it organized properly to influence the world-wide assistance effort?

- Has the Bank defined the specific research contribution it should make to development problems?

We shall pursue these questions as we continue with our work.
Our findings on the Bank in its central role as a provider of development assistance, although still very tentative, are more substantial. We have reached three preliminary conclusions:

1. Our overall assessment is that it will be difficult to maintain the effectiveness of the Bank's work and achieve the planned increase in activities with the present organization and procedures.

2. The Bank appears to lack some of the essential management ingredients required for the effective operation of a large and growing organization.

3. Moreover, the Bank's principal operating procedure - the project cycle process - while basically sound, appears inflexible and overly time and manpower intensive.

These findings are discussed in more detail in the remainder of this section.
The present structure and procedures of the Bank already appear to be under strain and are probably not capable of absorbing the planned increase in activities.

Although the Bank has been successful in increasing the level of its activities, we have the impression that in many areas the present organization is working at or close to capacity.

- The work load on many senior executives is enormous.
- Several departments are already probably too large to be managed effectively by one man.

Other evidence of the strain on the present organization includes the often quoted observations about "lack of communication," "failure to delegate," and "unrealistic" deadlines.

There is a fairly widespread concern about a perceived lowering of quality standards and neglect of nonlending objectives.

As the Bank continues to expand, even though at a slower rate, these pressures will increase.

- The interaction between project and area staff, a major feature of the present structure, will become increasingly difficult to manage.
- Further increases in the staff will add to the problem of providing adequate training, direction and supervision.
- It is difficult to see how several senior executives could take on more responsibility than they already have.
Although many improvements have been made in management procedures in recent years, the Bank still appears to lack some of the essential ingredients required by a large and rapidly growing organization.

1. There does not appear to be a clear understanding of long-term Bank objectives and short-term plans.
   - Objectives are expressed mainly in terms of global lending volumes and number of loans.
   - The development priorities of the Bank by country and sector are contained in the Country and Sector Program Papers but are not consolidated and do not reflect manpower and other internal Bank constraints.
   - The interdependence between the Expanded Lending Program, CPP's, and SPP's is not clear.

2. The present organization of the Bank's principal development assistance functions does not allocate specific responsibilities for discrete activities.
   - Responsibility for carrying out the country lending programs is shared, and although area departments appear to be responsible, it is project staff who do much of the work.
   - The relationship between the work of the 150 professionals in the economics complex and that of the area and projects departments is not readily understandable.
   - Responsibility for industrial development is divided.

3. The Bank's basic management procedures—planning, control and evaluation—require further development.
   - Management planning is limited. The work of area and project managers is expressed mainly in terms of lending programs and other aspects of their responsibilities do not appear to be planned in detail.
   - Control is exercised by a series of reviews with most decisions being taken at the highest level.
   - There appears to be little detailed evaluation of results achieved.
Exhibit IV  THE PROJECT CYCLE IS TIME AND MANPOWER INTENSIVE . . .

The median length of the project cycle varies from about 8 - 12 months . . .

The median time elapsed in days 1971:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Time (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Agriculture</td>
<td>273</td>
</tr>
<tr>
<td>Agriculture and Industry</td>
<td>248</td>
</tr>
<tr>
<td>Livestock and Credit</td>
<td>265</td>
</tr>
<tr>
<td>Highways</td>
<td>86</td>
</tr>
<tr>
<td>Power</td>
<td>61</td>
</tr>
<tr>
<td>Education</td>
<td>91</td>
</tr>
</tbody>
</table>

MEDIAN TIME TOTAL APPRAISAL CYCLE

<table>
<thead>
<tr>
<th>Stage</th>
<th>Time (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of Green Cover</td>
<td>109</td>
</tr>
<tr>
<td>To Board Presentation</td>
<td>427</td>
</tr>
<tr>
<td>Production of Yellow Cover Report</td>
<td>26</td>
</tr>
<tr>
<td>Appraisal in Field</td>
<td>31</td>
</tr>
<tr>
<td>Average All sectors (11)</td>
<td>31</td>
</tr>
</tbody>
</table>

MEDIAN TIME ELAPSED IN DAYS 1971

* Adjustment factor - Since the median processing time of the total appraisal cycle is not necessarily equal to the sum of the medians in each stage.

SOURCE: P & B data

This appraisal process can take more than 1 man-year to complete . . .

APPRAISAL CYCLE

<table>
<thead>
<tr>
<th>Stage</th>
<th>Time (Man-Weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Yellow Cover Report Through Negotiations to Board</td>
<td>42</td>
</tr>
<tr>
<td>Preparation of Yellow Cover Report</td>
<td>38</td>
</tr>
<tr>
<td>Field Work</td>
<td>20</td>
</tr>
</tbody>
</table>

SOURCE: FY 1973 Administrative Budgets Requests.
The major operating procedure - the project cycle - while basically sound, appears to use unnecessarily large amounts of the Bank's two scarcest commodities - time and high talent manpower.

The project cycle is a thorough and demanding system which has significantly helped achieve and maintain the high quality of the Bank's work.

It is, however, a very time and manpower consuming process and probably involves unnecessary repetition and overelaboration at certain stages.

- Most projects appear to take between 8-10 months to complete.
- Some agricultural and education projects consume over 60 man-weeks.
- Almost 90 percent of project cycle time and between 70 percent and 80 percent of the manpower is accounted for by work that takes place after the appraisal missions have returned to the Bank.

Moreover, a relatively small amount of time is given to project supervision and evaluation of the effectiveness of Bank financed projects appears to be limited.
A RELATIVELY SMALL AMOUNT OF TIME IS GIVEN TO PROJECT SUPERVISION . . .

COMPARISON OF FOUR PROJECTS DEPARTMENTS' WORK PROGRAMS FOR FY 1971
(Man-weeks in Percentage of Total)

<table>
<thead>
<tr>
<th></th>
<th>Economic Missions</th>
<th>Sector Missions</th>
<th>Special Missions</th>
<th>Country Program Papers</th>
<th>Technical Assistance</th>
<th>Preappraisal</th>
<th>Appraisal</th>
<th>Negotiations and Board</th>
<th>Supervision</th>
<th>Support to Other Departments</th>
<th>Preinvestment Services and Research</th>
<th>Overhead</th>
<th>Transportation Projects</th>
<th>Public Utilities Projects</th>
<th>Industrial Projects</th>
<th>Education Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.4</td>
<td>11.3</td>
<td>34.0</td>
<td>5.2</td>
<td>6.6</td>
<td>19.3</td>
<td>23.0</td>
<td>3.5</td>
<td>17.3</td>
<td>17.3</td>
<td>1.6</td>
<td>1.8</td>
<td>18.5</td>
<td>15.6</td>
<td>9.2</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

SOURCE: FY 1972 Program and Budget.
Although these observations are tentative and will be refined and modified as we proceed, they do suggest the nature and direction of the changes that appear necessary.

There appears to be a need to develop recommendations for change across a wide front:
- The organization, management systems and operating procedures of the Bank all require revision.
- Changes in any one of these areas without corresponding adjustments in the other two would limit the resulting benefits.

The direction of organizational change appears to be toward a more precisely defined allocation of responsibilities. In no way, however, should organizational change distort or undermine the professional nature of the Bank's work.

Change in the management systems area appears to require particular emphasis to be put on the planning and control system.

Operating procedures appear to require modification to make them less time and manpower consuming and more capable of responding flexibly to the requirements of individual countries and sectors. More formal procedures for project supervision and evaluation are also probably necessary.

At the same time, it appears necessary to expand the description of objectives beyond dollar volume terms to include all aspects of the Bank's operations.
Within this framework of preliminary findings and subject to the guidance of Committee members, we plan to concentrate our efforts during March on the following two major organizational issues.

- Should the present area and projects departments be combined to form self-contained units organized on a country or regional basis?
  - Analyse in depth major problems associated with the present structure
  - Develop alternative forms of organization and evaluate them against the present structure
  - Determine the feasibility of staffing alternative organizations
  - Assess the impact of alternative structures on the rest of the Bank

- What should be the role of the economics complex and should all or part of it be integrated with the central lending operations of the Bank?
  - Understand in depth what the economics complex does now and how its work relates to area and project departments
  - Isolate those responsibilities, if any, that directly relate to project work and categorize all the remaining functions of the departments
  - Develop and evaluate alternative ways of carrying out these tasks
At the same time, we will be carrying out a number of other tasks:

1. Develop a more detailed statement of Bank objectives and tasks and establish the criteria on which the Bank's organization and procedures should be based.

2. Examine the external environment in which the Bank operates and determine how these forces should be taken into account.

3. We shall also complete a diagnostic survey of IFC and evaluate the results of our initial field trips to Japan, Indonesia and four African countries.
Once we have begun to resolve the central organizational issues, it will be appropriate for us to begin to answer other major questions.

Among the other important organizational questions are the following:

- What functions can suitably be allocated to overseas missions, and how should these missions be organized and staffed?
- What changes in the top management structure of the Bank are needed?
- How should the Bank be organized to ensure that policies are clearly formulated and communicated?
- How should the supporting services be grouped to serve the needs of the central operating departments?

The key management systems issues cannot be studied in detail until the broad outline of any changed organization is developed. It is clear, however, that we shall need to answer the following basic questions:

- What major changes need to be made to the Bank's present management systems?
- What, if any, entirely new systems need to be developed?

Our task in the area of the project cycle procedure is to follow up our analysis of the present system by developing and testing specific proposals designed to make it shorter, more flexible and less manpower intensive. In addition, we shall put particular emphasis on supervision and evaluation.

As we continue our work we expect to add to this summary list of major issues.

* - These major questions are taken from a more detailed list of issues we have identified in the past three weeks.

McKinsey & Company, Inc.
# List of Bank Personnel Interviewed During February

## 1. **Area**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael L. Lejeune</td>
<td>Director</td>
<td>Eastern Africa</td>
</tr>
<tr>
<td>Roger Chaufournier</td>
<td>Director</td>
<td>Western Africa</td>
</tr>
<tr>
<td>Andre Gue</td>
<td>Chief - Division A</td>
<td>Western Africa</td>
</tr>
<tr>
<td>Mahmud A. Burney</td>
<td>Resident Rep., Nigeria</td>
<td>Western Africa</td>
</tr>
<tr>
<td>I.P.M. Cargill</td>
<td>Director</td>
<td>South Asia</td>
</tr>
<tr>
<td>Munir P. Benjenk</td>
<td>Director</td>
<td>Europe, Middle East &amp; N. Africa</td>
</tr>
<tr>
<td>Dieter Hartwich</td>
<td>Deputy Director</td>
<td>EMENA</td>
</tr>
<tr>
<td>Adi J. Davar</td>
<td>Chief - Division B</td>
<td>EMENA</td>
</tr>
<tr>
<td>Edgar Gutierrez</td>
<td>Director</td>
<td>Central America &amp; Caribbean</td>
</tr>
<tr>
<td>Gunter K. Wiese</td>
<td>Deputy Director</td>
<td>South America</td>
</tr>
<tr>
<td>Robert F. Skillings</td>
<td>Chief - Division E (Brazil)</td>
<td>South America</td>
</tr>
</tbody>
</table>

## 2. **Projects**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hugh B. Ripman</td>
<td>Associate Director, Proj.</td>
<td>Office of the Dir, Projects</td>
</tr>
<tr>
<td>Andrew V. Urquhart</td>
<td>Administration</td>
<td>Office of the Dir, Projects</td>
</tr>
<tr>
<td>Jacques T. Mosconi</td>
<td>Staff Member</td>
<td>Office of the Dir, Projects (now at IFC)</td>
</tr>
<tr>
<td>Lionel J.C. Evans</td>
<td>Director</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Willi A. Wapenhaus</td>
<td>Deputy Director</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Stephen D. Eccles</td>
<td>Budget</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Kenneth D. Jones</td>
<td>Administration</td>
<td>Agriculture</td>
</tr>
<tr>
<td>Duncan S. Ballantine</td>
<td>Director</td>
<td>Education</td>
</tr>
<tr>
<td>S.J.G. Burt</td>
<td>Chief - Division I</td>
<td>Education</td>
</tr>
<tr>
<td>Miss Martha W. Grosse</td>
<td>Editor</td>
<td>Education</td>
</tr>
<tr>
<td>Hans Fuchs</td>
<td>Director</td>
<td>Industrial</td>
</tr>
<tr>
<td>Mrs. Gladys A. Bonenfant</td>
<td>Administrator</td>
<td>Industrial</td>
</tr>
<tr>
<td>Dr. Kandiah Kanagaratnam</td>
<td>Director</td>
<td>Population</td>
</tr>
<tr>
<td>George B. Baldwin</td>
<td>Deputy Director</td>
<td>Population</td>
</tr>
<tr>
<td>Il Hi Kang</td>
<td>Administrator</td>
<td>Population</td>
</tr>
<tr>
<td>Mervyn L. Weiner</td>
<td>Director</td>
<td>Public Utilities Projects</td>
</tr>
<tr>
<td>James H. Jennings</td>
<td>Adviser, Finance</td>
<td>Public Utilities Projects</td>
</tr>
<tr>
<td>Munawar A. Saeeed</td>
<td>Administrator</td>
<td>Public Utilities Projects</td>
</tr>
<tr>
<td>Robert Sadove</td>
<td>Director</td>
<td>Special Projects</td>
</tr>
<tr>
<td>Robert Picciotto</td>
<td>Coordinator, Agriculture &amp; Water Studies Program</td>
<td></td>
</tr>
<tr>
<td>Philip Glaessner</td>
<td>Deputy Director</td>
<td>Tourism</td>
</tr>
<tr>
<td>James A. Simmons</td>
<td>Division Chief</td>
<td>Tourism</td>
</tr>
<tr>
<td>A. David Knox</td>
<td>Director</td>
<td>Transportation</td>
</tr>
<tr>
<td>Thomas Oursin</td>
<td>Division Chief - Railways</td>
<td>Transportation</td>
</tr>
</tbody>
</table>
ECONOMICS
Ernest Stern Adviser
P. D. Henderson Director
John Philip Hayes Director
Luis M. Goreux Director

FINANCE
John A. Adler Director
John Blaxall Deputy Director
Michael E. Ruddy Division Chief - Budget
Michael Gillette Head of Program & Operations Review
K. Georg Gabriel Controller
Hywel M. Davies Treasurer
Eugene H. Rotberg Internal Auditor
Lawrence N. Rapley

DEVELOPMENT SERVICES
Michael L. Hoffman Associate Director
Andrew Kamarck Director
Raymond M. Frost Deputy Director

GENERAL COUNSEL
Lester Nurick Associate General Counsel
M. M. Mendels Secretary
Dag F. Wittusen

INFORMATION & PUBLIC AFFAIRS
William Clark Director

OTHER
Jean Francois Bauer Young Professional
TO: Files
FROM: John A. King
SUBJECT: Steering Committee Meeting

1. On 20 September a meeting of the Steering Committee was held to review the consultants' draft report dealing with the Bank's policy formulation functions, primarily the allocation of responsibility for these functions between the Central Economic Staff and the Central Projects Staff. Present were Messrs. Shoaib, Chadenet, Demuth, Twining, Kearns, Christoffersen, Messenger, Hawkins, Schumacher, King and Miss Allred for the Bank, and Messrs. Graves and Kubes for McKinsey.

2. Mr. Graves began the discussion by explaining that this report took its departure from the consultants' July recommendation for the creation of a senior vice president for policy with, in essence, the Central Economic Staff and the Central Projects Staff, each under a vice-president, reporting to him and with the sector divisions of the Economics Department transferred to the projects side. This recommendation had not been accepted by the Bank, and the Central Projects Staff had been placed under the Senior Vice President, Operations. This change called for a new look at the policy formulation functions, which in turn led to the draft report of September 19. This draft was based on extensive interviews with Central Economic Staff and some interviews with Central Projects Staff, followed by a series of joint meetings with Central Economic Staff and Central Projects Staff at which the allocation of functions was discussed. These discussions led the consultants to recommend a division of functions into six elements described in exhibit I of its draft report, and a firm allocation of responsibility as outlined in exhibit I for four of these elements, no exclusive responsibility for one element, "general operating policy", and a divided responsibility for the remaining element, "sector development policy" between the Vice President, Development Policy and the Vice President, Projects Staff. Mr. Graves said that the allocation of responsibilities in this way called for selective transfers of staff, probably from the Central Economic Staff to Central Projects Staff and possibly from Central Projects Staff to Central Economic Staff. The allocation of responsibility for a policy-making function included the allocation of research capability necessary to support that responsibility. While it was difficult to defend analytically, this solution was "convenient" in the best sense of the word.

3. The principal issues raised in the course of the discussion concerned -
   a) The allocation of responsibility for "sector development policy".
   b) The role and responsibility of the Senior Vice President, Operations and the Regional Vice Presidents for policy, particularly "general operating policy" but also "country operating policy".
   c) Whether or not there should be a Policy Committee.
d) The location and function of the Policy Secretariat proposed by the consultants.

e) The meaning of "the selective transfer of staff" and possible methods for achieving it.

f) The internal organization of the Central Economic Staff.

**Allocation of Responsibility for Sector Development Policy**

4. In the course of the discussion, the consultants made it clear that the allocation of primary responsibility for sector development policy (indicated in exhibit I) between the Vice President, Development Policy and the Vice President, Projects Staff was indicative rather than exclusive or conclusive. Actual work on policy formulation was intended to be the result of an agreed division of tasks worked out periodically by the two Vice Presidents or their representatives, though there should be a prima facie case for having particular tasks the responsibility of the Vice President given primary responsibility for the sector in question. The effective allocation of responsibility was further clouded by the suggestion that the phrase "new and emerging sectors" referred not only to sectors such as housing and health in which the Bank was not already operating, but also to innovation in sectors in which the Bank was already operating, including such sectors as Transportation, Public Utilities, Agriculture, and Education. On the other hand, it was pointed out for the consultants' proposed solution to work it was necessary that the allocations indicated should be conclusive and exclusive. Only on this basis would it be possible to get the work done, to provide clear guidance to the regions, and to allocate staff. It was also suggested that a more practical and sensible solution would be to give the entire responsibility for sector development policy to the Vice President, Projects Staff, as the consultants had, in effect, recommended in their July report.

**Role and Responsibility of the Senior Vice President, Operations and the Regional Vice Presidents for Policy**

5. It was strongly argued by a number of Committee members that the Senior Vice President, Operations and the Regional Vice Presidents had a major interest in and could make a major contribution to general operating policy, country operating policy, and to country development policy. It was suggested that primary responsibility for general operating policy could well be assigned to the Senior Vice President, Operations and he could be provided with a staff ("Policy Secretariat"?) to help him carry out this function. The consultants appeared to be opposed to this concept, stating that in their view this would lead to a proliferation of policy staff and that the Bank was already overweight on policy staff. On the other hand, there were strong arguments for a small staff under the Senior Vice President, Operations to make sure that ideas for innovations in policy, growing out of operational experience, were systematically considered.

**Policy Committee**

6. This discussion led to the question of whether there should be a Policy Committee through which the operating staff, particularly the Regional Vice Presidents and the Senior Vice President, Operations could make a contribution to policy formulation. The consultants believed there should not be such a committee because they believed that the committee would be ineffective and
that the inputs of the operating staff could be achieved in other ways. The Steering Committee, however, had considerable sympathy for the concept of a committee for this purpose, perhaps an ad hoc committee under the chairmanship of the Senior Vice President, Operations. The consultants undertook to examine this question further.

Location and Function of the "Policy Secretariat"

7. The location and functions of this Secretariat were questioned. The Committee believed there were good reasons for locating it in the Office of the Senior Vice President, Operations. It was also suggested that it was inappropriate for the Secretariat to review and monitor policy-making and research work divided between Central Economic Staff and Central Projects Staff when the Secretariat reported to the Vice President, Development Policy. The consultants undertook to examine these questions further.

Selective Transfer of Staff

8. There was considerable discussion of exactly what the consultants intended by this suggestion. The consultants said that they referred both to posts and to individuals. The consultants suggested that unless the benefits could be very clearly identified there should be no wholesale transfers of staff. It was also pointed out that if staff were transferred from the Central Economic Complex to the Central Projects Staff for the purpose of carrying out the functions assigned to Central Projects Staff for sectoral policy formulation, the Central Economic Staff would still need some individuals experienced in the sector in question to carry out its responsibilities for country development policy and country operating policy. It was clear, however, that the responsibilities of the Central Projects Staff for sectoral policy formulation required some transfers of staff to carry out these responsibilities. It was suggested that these transfers could be worked by the Vice President, Development Policy and the Vice President, Projects Staff on the basis of agreed work programs, with the help of an impartial umpire.

Internal Organization of Central Economics Staff

9. There were questions about the consultants' treatment of this subject including -

a) The question of allocating staff from Central Economic Staff to the Regions for general economic work and for leading economic missions.

b) The rationale for transferring the Program Review Division out of the Economic Program Department.

c) The location and function of the Policy Secretariat referred to in paragraph 7.


e) The character, function and composition of the Research Committee.

f) The type of management control suitable for research activities.

cc: Messrs. Shoaib, Chadenet, Sommers, Demuth, Twining, Kearns, Christoffersen, Messenger, Hawkins, Schumacher, Miss Allred
OFFICE MEMORANDUM

TO: Mr. M. Shoaib

FROM: D. Sommers

SUBJECT: Organization Study

DATE: September 5, 1972

DECLASSIFIED

CONFIDENTIAL

Since my memo of September 1, I have learned more about the background of the evaluation unit. This does not change my view. Direct access to the President can be as easily handled in one location as another. And in principle I doubt that the evaluation function should be under an official responsible for operations, as the V.P. Finance is.

I believe that broader questions are also involved, such as the relationship of evaluation to internal audit, the scope of internal audit's responsibilities and its place in the organization. Also related, in my view, is whether the periodic reporting on loan supervision adequately brings trouble spots to the attention of the President and the Executive Directors. I understand that these questions have been the subject of some discussion in the Audit Committee.

DSommers:ea

NOV 17 2021

WBG ARCHIVES
OFFICE MEMORANDUM

TO: Members of Steering Committee

FROM: James M. Kearns

DATE: September 6, 1972

SUBJECT: Draft New Procedures

As requested at the last meeting, here is a copy of the first draft of the new operating procedures.

Attachment

Distribution: Messrs. Twining (Procedures already sent)
Demuth
Sommers
Christofferson
Schumacher
Stern
King
Messenger
OFFICE MEMORANDUM

DATE: August 31, 1972

FROM: James M. Kearney

TO: Weise (Alter o/r), Henderson (Chenery o/r), Blaxall (Aldewereld o/r), Brookes

SUBJECT: New Procedures

Attached for review and comment are proposed new Bank procedures covering the following major operations of the Bank: CPP preparation; country economic work; country sector work; project generation; project appraisal; and project administration.

In some cases, the new procedures merely adapt current practice to the new organizational structure; in others, new practices are proposed to improve operations. However, in every case, the following basic principles of the reorganization underlie the new procedures:

-- Maximum delegation of authority to, and within, the new regional offices,

-- Maintenance of a clear distinction between "staff" advisory responsibilities and "line" decision-making responsibilities,

-- Maximum decision-making in advance of report drafting,

-- Close teamwork among regional program and projects staff.

In structuring the pattern of staff-line relationships in these procedures, the role of the central Projects and Development Policy Staffs needs to be carefully spelled out.

Although the Regions are responsible for the planning and execution of all study and project work in their countries, they have not been provided with all the specialized personnel required to do the work. Certain types of skilled "line" personnel - those too scarce to be dispersed or those working in "emerging" sectors - are assigned only to the central Projects and Development Policy Staffs. The central staffs, therefore - in addition to their advisory role across the board - are required in selected fields to provide direct assistance in the form of specialized personnel to the Regions. The provision of this assistance follows three basic patterns:

-- In the case of sectors and sub-sectors which have not been decentralized (i.e., Tourism, Population and Nutrition, Urban affairs, Industry, Agro-Industry, Aviation and Pipelines, African DFCs), the central staff provides a full package of planning, direction, supervision and personnel to the Regions; the central staff assume the role of a regional Projects Division and the person leading the effort for the central staff reports directly to the regional Projects Director.
-- In the case of the decentralized sectors (Agriculture, Education, Public Utilities, Transportation, non-African DFCs), specialized "unallocated personnel will be loaned to the Regions to work under the full operational control and direction of the appropriate regional Division Chief and Mission Leader for the duration of the assignment.

-- Economics staff on regional field assignment will report to the appropriate mission leaders.

Usually, regional Projects Division Chiefs will maintain direct relations with the Projects Staff Sector Directors in the regionalized sectors; in the unregionalized sectors the Sector Directors will deal principally with the regional Projects Director. The major regional channel to Development Policy will be the Chief Economist, except that ECD units will also deal directly with regional Projects Directors and Division Chiefs.

These procedures assume but do not detail a continuing flow of general and operational advice between the central staffs and the Regions. For the most part, this interaction will be informally instigated by Regions as they identify problems or by the central staffs as they receive information copies of terms of reference, back-to-office reports and other such documents. However, at certain important intermediary and final decision points, a mandatory procedure has been established whereby the Region must seek the advice of the central staff. In such cases, the procedure requires the Region to wait a specified period of time after providing a document to the central staff before making its decision and moving its work to the next stage. In these written procedures, distribution of information copies is not always mentioned unless such a waiting period is required.

The procedures do detail normal relationships within the regional offices, but in this respect should be considered more suggestive than mandatory. The procedures do not, in most cases, address the authorities and role of overseas posts, which will vary from post to post at the discretion of the regional Vice Presidents.

Within the Regions, as disagreements arise between units they are moved to higher levels for resolution at the request of the party which does not have the decision responsibility. We only detail this process where the resolution authority might not be self-evident.

Throughout the procedures, we refer to "central operating units" and "Projects Staff specialists" to mean respectively the non-regionalized sectors and sub-sectors and the centrally located individuals working in regionalized sectors. We refer to the Department Directors of the central Projects Staff as "Sector Directors".
On the charts and in the procedures when we show information copies to the central Projects Staff we do not differentiate between Sector Directors and the central operating units. Nor do we individually detail the processes where they involve central operating units or Projects Staff specialists, for these will not vary from the normal processes except that the "projects division" or "division staff member" referred to will be functioning only temporarily as a part of the Region.

We would appreciate receiving your comments on the procedures as soon as possible, hopefully by September 6. Four copies are attached for your convenience in obtaining staff reactions.

After we have substantial agreement on the procedures, we will need to determine the manner in which they can receive broader circulation.

Attachments
PRINCIPAL OPERATING PROCEDURES
FOR THE
NEW STRUCTURE

OPD August 31, 1972
PRINCIPAL OPERATING PROCEDURES

FOR THE

NEW STRUCTURE

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I

CPP PREPARATION

MAIN FEATURES

The Bank's planning and control system, including the country program review process, is being reviewed in light of the new structure and organizational concepts. It is likely that the CPP system will remain at the heart of the process although the frequency, timing, content, manner and level of CPP review may change - in order, for example, to be able to build manpower constraints into country programs and link the continuing CPP process with the annual planning cycle. These therefore are interim CPP procedures to be applied, as appropriate, to the 18 country program reviews now in preparation and currently scheduled between October 6 and November 29, 1972 and - if amended procedures have not then been issued - to the remainder of the current review cycle (which terminates in March 1973).

The interim CPP procedures do not differ significantly from today's.

PROCESS

We discuss the process for country program review under four headings:

1. Scheduling of Country Program Reviews
2. Preparation of CPPs
3. Review and approval of CPPs
4. Implementation of CPPs

References to CPPs hereafter refer also to CPNs.

1. Scheduling of Country Program Reviews

The P&B Department, in consultation with the regional Vice-Presidents, Senior Vice-President Operations, Vice-President Development Policy and the President, schedules the preparation and review of Country Program Papers. In the light of
the Bank's reorganization, P&B - consulting with the Economics Program Department - may also recommend to top management adjustments to existing agreements as to which country programs will be reviewed by the President and which by the Senior Vice-President. The Program Coordinator is responsible for coordinating and scheduling CPPs within the Region.

2. Preparation of CPPs

The country loan officer is responsible for preparing the draft CPP in consultation with the regional Projects Department, the central Projects Staff, and the country economist. He also ensures that the resident country or regional mission (where there is one) and appropriate staff in DSD, IFC, and Development Policy are consulted. The Program Division Chief, country loan officer and economist and appropriate staff members from the regional Projects Department and the Projects Staff, together with such working level staff of P&B, EPD and other departments as the Division Chief may invite, conduct an informal review of the initial draft CPP. Following this review, the draft CPP is prepared by the country loan officer under the guidance of the Program Division Chief for clearance with the Program Director prior to the formal review process.

3. Review and approval of CPPs

There are two review meetings for each CPP, one within the Region and a final review at which the CPP is formally approved. The Region's review is chaired by the Vice-President after he has received the comments of his Chief Economist on substance and the Program Coordinator on the Region's capacity to process the proposed program. Following the decision of the Vice-President to submit the CPP for higher approval, the Program Department puts the paper in final form and the Vice-President approves its distribution to the Senior Vice-President, the Projects Staff, Development Policy, P&B, the Executive Vice-President IFC and the President (in the case of CPNs, for information only). Distribution occurs at least seven full work days before the scheduled review meeting.
CPP review meetings are chaired by the President; CPN reviews by the Senior Vice-President, Operations except in special cases where the President elects otherwise. The review chairman receives comments from the Vice-President, Development Policy, Vice-President Projects, and Vice-President Finance regarding substantive issues and operational feasibility at least three full work days before the review meeting. Copies are sent to the other participants. Where he judges that there are no issues, the Chairman approves the document without a meeting. When there is a meeting it is attended by the Senior Vice-President, Executive Vice-President IFC, Vice-President Finance, Vice-President Development Policy, Vice-President Projects Staff, Director P&B, loan officer, regional Vice-President and other staff whom he may select including, if applicable, the resident mission chief. The loan officer prepares the Postscript, clears it as required within the region and with P&B. The Program Coordinator distributes it to those who attended the meeting.

4. Implementation of the CPP

The regional Vice-President is responsible for the implementation of the country program. The Program Coordinator monitors the progress of the Region's programs and informs the Vice-President of progress against plan. Quarterly meetings to review Bank-wide progress against plans are conducted by the Vice-President Finance with the Senior Vice-President, and (in turn) each regional Vice-President and Program Coordinator. On the basis of these meetings, the Vice-President Finance informs the President of progress and issues. According to existing schedules, the Program Coordinators coordinate the preparation of reports on the schedules for project processing and economic and sector missions (Forms 49 and 21.05) and forwards them to P&B to use for analysis and in preparation of the standard tables.
II

COUNTRY ECONOMIC WORK

MAIN FEATURES

The process for country economic work is substantially the same as it is today, except that the Chief Economist is more clearly and consistently in a staff role than today. He advises with respect to economic work but normally has no direct responsibility for it or supervisory role with respect to it.

Where a regional program department does not have enough senior economists to permit their assignment at the division level, they will report to the Program Department Director. These men will normally lead economic missions under the overall purview of the appropriate division chief.

PROCESS

We discuss the process for country economic work under eight identified steps:

1. Determine need for economic mission
2. Schedule, staff mission
3. Determine terms of reference
5. Resolve issues
6. Draft economic reports; approve for country review
7. Review draft report with country
8. Approve report

1. Determine need for economic mission

The Program Division Chief determines the need for an economic mission with the advice of the Chief Economist and subject to the approval of his Program Department Director. Development Policy may advise also when it regards an economic mission as desirable.
2. Schedule, staff mission

The departure date of an economic mission is determined by the Program Division Chief. Normally, the economic mission is led by a senior economist and principally staffed by members of the program division responsible for the country involved. Staff may be seconded to the mission from regional projects divisions, the Development Policy Staff, the Projects Staff or on a consultancy basis. The Chief Economist may assist in obtaining staff from sources outside the region.

3. Determine terms of reference

The terms of reference are prepared by the mission leader with the assistance of mission participants to the extent he wishes it and the advice of the Projects Director and Chief Economist. They are approved by the Program Director upon the recommendation of the Program Division Chief. At the time he approves the terms of reference, the Program Director will determine whether he or the Division Chief will join the mission in its last week to assist in predeparture debriefings of country officials. This would be done in cases where the mission was particularly delicate, difficult or important and where the mission leader was perhaps comparatively inexperienced. In selected instances, the regional Vice-President himself might wish to approve the terms of reference in order to ensure that issues of particular importance to assistance policies in need of reconsideration are to be fully and appropriately addressed. Selectively, Development Policy and the Projects Staff, which are furnished copies of the mission leader's draft, advise with respect to the terms of reference of economic missions.


After its return from the field, the mission prepares a Back-to-Office Report which sets forth the major findings and issues identified together with recommended alternatives for their solution. The Back-to-Office Report, after receiving the concurrence of the Program Division Chief, Program Director (advised by the Chief
Economist) and the regional Vice-President, is forwarded for information to the Senior Vice-President and President and for comment to the Projects and Development Policy staffs. An Issue Resolution Meeting based on the report is scheduled not less than five full working days after distribution of the report. (In selected instances, regions may wish to hold the Issue Resolution Meeting on the basis of a draft Back-to-Office Report, in which case the final Back-to-Office Report would summarize the decisions reached.)

5. Resolve issues

An "Issue Resolution Meeting" is held under the chairmanship of the regional Program Director, with the members of the mission, the affected regional Projects Division Chiefs, the Chief Economist, the Program Division Chief, the regional Projects Director and (at their own discretion) representatives of the Projects and Development Policy staffs present. Occasionally, this meeting is chaired by the regional Vice-President himself. At the meeting, the issues and recommended alternatives are discussed and, except where the regional Vice-President attends, decisions are made by the regional Program Director with the concurrence of the regional Projects Director.

6. Draft economic report; approve for country review

The members of the mission draft the economic report in accordance with the broad decisions made at the Issue Resolution Meeting. The regional Program Division Chief then approves the draft report for review with the country, subject to the concurrences, if previously determined necessary (e.g., at the Issue Resolution Meeting), of the regional Program Director or Vice-President. The advice and assistance of the Chief Economist and of members of the central Projects and Development Policy staffs may be requested during the drafting stage. The Development Policy staff also contributes such special analyses and data processing services as may be required.
7. Review draft report with country

Normally the mission leader will return to the country and review the draft economic report (Green) with its representatives, but where considered necessary the Program Division Chief, the Program Director or even the Chief Economist may participate in this review. After review with the country, the report is drafted in final. If, during the review, major substantive alterations are made, it may be necessary to go through the issue resolution processes and subsequent steps once more.

8. Approve report

The final economic report (Grey), amended as necessary to reflect country discussions and recleared as necessary, is approved by the regional Vice-President on the recommendation of the Program Department Director with the concurrence of the Projects Director. The Chief Economist advises the regional Vice-President and the Program Director with respect to the report, as do the central staff units if, on the basis of their information copy of the final draft, they have substantive concerns which have not been satisfactorily met.

The economic report becomes a major input to the Bank Group's determination of country assistance strategy, a key vehicle for the coordination of other donors in countries where the Bank is charged with doing staff work for the coordinating group, an input to Bank-wide policy formulation and a point of reference in the maintenance of country economic statistics.
III

COUNTRY SECTOR WORK

MAIN FEATURES

In the major sectors of recipient countries, clearly articulated sector assistance strategies - based on the systematic accumulation of sector data, identification of sector problems and exploration of remedial alternatives - can:

- Give more direction to project identification and preparation efforts,
- Inform the Bank Group's judgment as to which projects to approve for financing, and
- Permit the design of project conditions which will serve sector-wide objectives of greater long-term significance than mere project success.

County sector work is principally the responsibility of the Projects Departments in the region, but - in order to ensure continuity between the more comprehensive economic analyses and the individual sector surveys - regional program staff participate in sector missions.

PROCESS

We discuss the process for country sector work under eight identified steps:

1. Determine need for sector mission
2. Schedule, staff mission
3. Determine terms of reference
5. Resolve issues
6. Draft report; approve for country review
7. Review draft report with country
8. Approve report.
1. **Determine need for sector mission**

The need for a sector mission may be identified either by the regional Projects or Program Division Chiefs. Where they agree, their decision to send such a mission is reviewed by the Program Director (because, if the manpower is available, he may feel that a different program division has a higher priority use for it). The Chief Economist may advise as to the need for sector missions.

2. **Schedule, staff mission**

The Projects Division Chief designates the mission leader in consultation with the Program Division Chief. The designated leader normally is a member of the projects division. The Program Division Chief designates a country economist or loan officer to participate in the mission. If staff assistance is to be requested from Development Policy or is to be obtained on a consultancy basis, the Chief Economist may assist. A mission that is particularly complex or is concerned with new approaches or unusual problems may also be accompanied or advised by - or have the participation of - a senior adviser from the Projects Staff's.

3. **Determine terms of reference**

The terms of reference are prepared by the mission leader, concurred in by the Program Division Chief of the region and approved by the Projects Division Chief. Where the two Division Chiefs do not agree, approval is by the regional Program Director with the advice of the Projects Director. In all cases, the Chief Economist may assist in developing the mission's terms of reference.

4. **Prepare Back-to-Office Report**

Under the direction of the mission leader the mission participants prepare the Back-to-Office Report. The Projects Staff Sector Director receives a copy of the report at least five full work days in advance of the "Issue Resolution Meeting," to which he is invited. The Back-to-Office Report, which is completed
from two to three weeks after the mission's return, outlines the major findings and issues identified, together with recommended alternatives for their solution.

5. Resolve issues

An "Issue Resolution Meeting" is held under the chairmanship of the Projects Division Chief with the Program Division Chief, the members of the mission, and (as requested) the Chief Economist present. The Projects Staff may also be represented at its own discretion. Members of Development Policy may be invited to attend. At the meeting, the issues and recommended alternatives are discussed and decisions are made by the Projects Division Chief with the concurrence of the Program Division Chief. Where they disagree, the Projects Director decides, with the concurrence of the Program Director.

6. Draft report; approve for country review

The mission leader (assisted by the members of the mission) drafts the sector survey report. The Projects Division Chief, acting with the concurrence of the Program Division Chief in the region, approves the report for country review. As requested, the Chief Economist advises. Where the Program Division Chief does not concur, the Projects Director determines whether to approve the report for country review, subject to the concurrence of the Program Director. The Projects Staff is provided with a copy of the draft report.

7. Review draft report with country

Normally the mission leader will return to the country to review the draft sector survey report with the affected ministries. As requested, the Chief Economist may assist with these discussions; where the issues are particularly novel, difficult or delicate, the Projects Division Chief may personally participate in the discussions, as may regional program staff.
8. Approve report

The final sector survey report, amended as necessary to reflect country discussions and recleared as necessary to the extent that major substantative changes are made from the draft report, is approved by the regional Vice-President on the joint recommendation of the regional Program and Projects Directors acting with the advice of the Chief Economist and the advice, at his discretion, of the Projects Staff. Development Policy provides advice as requested.

Both the Projects and Program sides of the region are responsible for reflecting the conclusions of the sector survey report in subsequent project work in the affected country sector.
IV

PROJECT GENERATION

MAIN FEATURES

Identification work is most effective against a back-drop of country sector assistance objectives; preparation work is most effective when directed towards the satisfaction of well-understood standards and criteria. Well executed identification and preparation work can aid in the rapid appraisal of suitable projects. Bank efforts early in the cycle have a particularly high return in the new softer sectors where "piggy-backing" is difficult and Bank standards - being more fluid - are less clear to consultants, countries and cooperating agencies.

While identification and preparation activity frequently does not directly involve Bank staff, Bank staff are usually in a position to assist in assuring that it is well done. These procedures emphasize the importance of providing cooperating agencies, consultants and future borrowers with early guidance regarding the standards which must be satisfied before Bank financing can be approved. Principally, this is the responsibility of regional projects staff. When UN cooperating agencies are involved, however, a loan officer, country economist or regional projects staff member normally will arrange to accompany the mission - in order to provide continuity with other Bank-related work, facilitate later Bank review, and promote desirable interchange at the formative stages where positions are fluid and interactions informal.

PROCESS

We discuss project generation activities under three headings:

1. Identification work
2. Pre-appraisal preparation work
3. Engineering and design work
1. Identification work

Identification work may be independently pursued by the country, a byproduct of Bank economic work or a sector survey, an outgrowth of project work or a separately managed effort by Bank staff, consultants or cooperating agencies. When necessary to meet future lending plans for a given country sector, the regional Projects Division Chief - with the Program Division Chief's concurrence - schedules an identification mission. Depending on the sector, the identification work may precede the target fiscal year by from six months to three years.

Where the Bank will conduct the mission, the regional Projects Division Chief designates the mission leader and approves the terms of reference developed by him and cleared with the Program Division Chief. Copies are sent to the Project Director and the appropriate Projects Staff Sector Director. Staff of the Sector Director and the regional program division may participate in the mission as appropriate.

The mission's report is cleared by the Program Division Chief and approved by the Projects Division Chief for review with the country. The review with the country may be either by program or projects personnel (or both) and should become part of a continuing dialogue with the country over suitable opportunities for - and standards and criteria applicable to - Bank assistance.

Where the mission is to be conducted by a UN cooperating agency, the Projects Division Chief requests the appropriate UN Coordinator in the Projects Staff to initiate action. Where feasible, the projects division may then seek to communicate the Bank's desires regarding the terms of reference of the mission and, in addition, to arrange for Bank regional staff to accompany the mission in the field.

2. Pre-appraisal preparation work

Like identification work, pre-appraisal preparation work, can be by the country, a UN agency, consultants, or Bank staff. The procedures governing it are the same
as those governing identification, except that the draft report - in the case of UN work - will reach the Bank through the participating staff member. He will be responsible for advising the mission and country (on the basis of consultations with the Region's projects staff) on the standards and criteria likely to affect the Bank's financing decision.

3. Engineering and design work

Engineering and design work may occur before, during and after field project appraisal and may involve the same variety of participants as identification work. As with identification work, the Region - particularly its projects staff - exercise continuing care to assure a good understanding of the requisites of suitability for Bank financing. Beyond this advisory role, the program division takes a leadership role in assuring, to the extent appropriate and possible, that engineering and design work are not interrupted between receipt of the country's financing request and the entry into effectiveness of a Bank loan. This involves efforts to assist the country in finding funds for such work where the country itself does not have them and where retroactive financing will not be appropriate. Also, it may affect the timing of appraisal and scope of the loan.
V

PROJECT APPRAISAL

MAIN FEATURES

The new appraisal procedures involve five major changes:

1. Loan officers routinely join projects staff in the field for the final discussions with the Government; legal staff occasionally join also.

2. A brief and candid "Decision Paper" is prepared within three weeks of the mission's return from the field to identify major issues for resolution in advance of report drafting.

3. A "Decision Memorandum" records decisions reached at the Issue Resolution Meeting on the basis of the Decision Paper.

4. The Project Appraisal Report, President's Report and Loan Agreement are prepared concurrently on the basis of the Decision Memorandum.

5. The Region makes the key decisions subject to:
   - Selective participation of the Projects Staff in the Issue Resolution Meeting.
   - Review by the Projects Staff of the draft Appraisal Report after clearance by the regional Projects Division Chief.
   - The Senior Vice-President's review (a) at the suggestion of the Projects Staff, (b) upon receipt of the Decision Memorandum (in exceptional cases), and (c) after receipt of the President's Report (normally, if at all, during the period of notification to the Executive Directors of the Bank's intention to negotiate).

In addition to these influences, the Region has the benefit of continuous informal advice from the Projects Staff and a close continuing interplay between its own Projects and Program Departments.
A standing Loan Committee no longer is required for day-to-day operational decisions. The Loan Committee Memorandum is discontinued. Together, the changes are designed to:

- Bring regional Program and Projects staff closer together in appraisal work
- Accelerate the drafting of appraisal-related documents
- Reduce the risk that conclusions reached during field discussions will be changed by the time negotiation occurs
- Free the Senior Vice-President for work which cannot readily be delegated (such as overall policy, exceptional cases, and the resolution of issues among operating Vice-Presidents)

In addition, in the interests of flexibility, use of an accelerated appraisal process is contemplated for projects which are simple and routine or well within the competence of technically and administratively sophisticated ministries.*

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* The accelerated appraisal procedures (to be developed in fuller detail after October 1) could include:

- Full association of the loan officer in the field work
- Participation of the lawyer in the field discussions with the Government, including review of possible changes to a related previous loan agreement
- Internal processing of the project on the basis of the President's Report only (a brief technical report would be written for implementation and supervision purposes)
- Simple confirmation of field discussions, in lieu of formal loan negotiations in Washington, as appropriate
Until the number of competent mission leaders is increased, senior regional projects staff - and central staff as feasible - are encouraged to be involved in the final week of appraisal missions, both to accelerate staff training and help assure project quality.

**PROCESS**

We discuss the project appraisal process under twelve identified steps:

1. Mission scheduling
2. Staffing
3. Briefing and terms of reference
4. Field work
5. Decision Paper
6. Make key decisions
7. Draft reports
8. Appraisal Report's approval
9. President's Report approval
10. Loan Agreement
11. Authorize negotiations
12. Negotiations and Board

1. **Mission Scheduling**

The appraisal mission is scheduled at the initiative of the regional Projects Division Chief after clearance by the Program Division Chief. Where the Projects and affected Program Director agree, an accelerated appraisal process (not hereafter referred to in these procedures) may be employed.

2. **Staffing**

The regional Projects Division Chief designates the appraisal mission leader (after consulting with the Program Division Chief) and assigns staff from his division reinforced as necessary by consultants. In addition, he may request Bank
specialists from the Projects Staff or - through the appropriate Projects Staff Coordinator - specialists from FAO, UNESCO or other UN cooperating agencies. He may also draw on Bank field staff after consultation with the appropriate Program Director or Division Chief. In special cases, he may request staff from Development Policy. The regional Projects Division Chief arranges with the Program Division Chief to have a loan officer in the field to assist at the time of the mission's final discussions with the Government.

3. Briefing and terms of reference

The Projects Division Chief arranges a briefing session for the mission members to discuss the major issues anticipated and the Bank's likely strategy with respect to them. The meeting is attended by the Program Division Chief and such others (e.g., the lawyer or a member of the Projects Staff) as may on occasion be invited. The mission leader drafts the terms of reference, clears them with the Program Division Chief and obtains the approval of the Projects Division Chief. Copies are furnished to the regional Projects and Program Director and the Projects Staff.

4. Field work

The appraisal team appraises the project and resolves issues in the field as practicable. It is joined before the start of its final discussions with the Government by the country loan officer (and occasionally the lawyer).

5. Decision Paper

Upon its return from the field, the mission leader prepares a Decision Paper reflecting the conclusions of the mission (including the loan officer). The paper focuses on major findings, the proposed project items and lending conditions, major issues and recommended project strategy. The paper is circulated within the Region to the appropriate Program Director and Division Chief and the Projects Director and Division Chief. Copies are sent to the interested lawyer, and the appropriate Projects Staff Sector Director, who are invited, if interested, to
comment on the Decision Paper and attend the Issue Resolution Meeting (which must be scheduled to occur not less than five full work days after distribution, except when Projects Staff agrees to a shorter period).

6. Make key decisions

The regional Projects Division Chief arranges and, with the Program Division Chief, co-chairs the Issue Resolution Meeting. It is attended by the mission members, a representative of the Projects Staff (selectively), the lawyer (selectively) and usually the regional Projects Director and appropriate Program Director. The two Division Chiefs lead the discussion in their respective fields of competency and, in case of major issues (e.g., interpretation of Bank policies) call for the advice of their superiors. The regional Projects Division Chief assures that a summary of the decisions reached is prepared. Information copies of this "Decision Memorandum" (after appropriate lower level regional clearance) are sent to the regional Vice-President, the Vice-President Projects Staff, and the Senior Vice-President Operations. The regional Vice-President and Senior Vice-President then selectively intervene at their own initiative or upon the advice of the Vice-President, Projects Staff.

7. Draft reports

Immediately after decisions are made by the Division Chiefs, the regional projects and program staff write respectively the Appraisal and President's Reports in close consultation with each other. (As the loan officer will have been in the field and participated in the decision-making process, he will not need to wait for the complete Appraisal Report before starting to write the President's Report.) The President's Report includes the specific lending conditions. Its first draft is completed shortly after the loan officer receives the draft Appraisal Report, at which time the lawyer begins to draft the loan agreement in consultation with
8. Appraisal Report's approval

The draft "Yellow Cover" Appraisal Report is reviewed by the Projects Division Chief, cleared by the Program Division Chief, and then sent simultaneously to the regional Projects Director and the Projects Staff. The latter is given five full work days during which to comment upon or discuss the draft with the regional Projects Director. The regional Projects Director then decides upon the final version of the Appraisal Report after receiving the advice of his staff, the regional program staff and the Projects Staff. He seeks the guidance or decision of the regional Vice-President in particularly delicate or difficult cases and where significant dissent exists on important issues. After the regional Projects Director is satisfied, he releases the Appraisal Report to the Program Director who combines it under a "Green Cover" with the President's Report and Loan Documents for release to the regional Vice-President, with a copy to the Projects Staff and Senior Vice-President.

* This procedure increases the present duplication between the Appraisal and the President's Reports by adding the specific lending conditions to the latter in order to make it a more self-contained review vehicle. The change is hopefully a first step towards eliminating the Executive Directors' review of the more technical Appraisal Reports. If that result does not occur, it will be logical instead to eliminate the President's Report and incorporate its content in a comprehensive Appraisal Report (which would then be jointly drafted by Projects and Program staff).
9. President's Report approval

The regional Program Division Chief reviews the draft President's Report prepared by the loan officer and sends it under a "Yellow Cover" to the regional Projects Division Chief and the Legal and Controller's Departments for their clearance. It is then combined with the Appraisal Report and Loan Documents under a "Green Cover" by the Program Director for release to the Regional Vice-President, with copies to the Projects Staff and Senior Vice-President. Where comments made during his opportunity to review the Yellow Cover Appraisal Report have not been adequately reflected in the Green Cover documents, the Vice-President Projects Staff may decide to advise the regional Vice-President or Senior Vice-President (or both) that in his opinion significant problems still exist in the project.

10. Loan Agreement

The draft loan agreement is put in final form by the lawyer upon receipt of the "Yellow Cover" President's Report and then sent to the regional Projects and Program staff and the Controller's Department for review. As at present, the Program Division Chief (or loan officer) organizes consultations with his Projects counterpart and the Legal and Controller's representatives before clearing the draft loan agreement for the regional Vice-President.

11. Authorize negotiations

Upon receipt of the three reports from the Program Director, the regional Vice-President authorizes negotiations after assuring himself that the issues raised in the appraisal process have been satisfactorily settled. The Senior Vice-President - upon his own review of the Green Cover President's Report or upon the advice of the Vice-President, Projects Staff - may decide to intervene with the regional Vice-President before negotiations are called or started. The regional Vice-President, however, does not need an explicit go-ahead from the Senior Vice-President before authorizing negotiations.
12. Negotiations and Board

The loan officer (or Program Division Chief as appropriate) leads the Bank negotiating team and brings unforeseen issues as necessary to higher level attention within the Region. While the country processes the negotiated documents and communicates its agreement to the Bank, the reports necessary for the Executive Directors are put in final form and submitted through the regional Vice-President (and, exceptionally, Senior Vice-President) to the President and the Board.
VI

PROJECT ADMINISTRATION

MAIN FEATURES

Project administration remains largely a joint responsibility of regional program and projects personnel. On technical matters, the projects side of the Region has the lead; on general matters the program side has the lead. As previously, supervision is principally the concern of the Projects Departments, while overall administration - the assurance that disbursements are properly made, broad conditions satisfied, and problems dealt with expeditiously - is principally the concern of the Program Departments in the region.

The only significant innovations in project administration concern the system for reporting "problem" projects. The present system is replaced by a two-tier system whereby the regional Vice-President receives quarterly reports on projects with significant problems, while the Senior Vice-President and people outside the region receive a far shorter report of projects where there is a possibility of "critical" difficulty within a year.

PROCESS

We discuss project administration responsibilities under the new structure under six headings:

1. Process loan to effectiveness
2. Supervision missions
3. Quality assurance - project evaluation missions
4. Exception reporting
5. Correspondence
6. Disbursement approvals
1. Process loan to effectiveness

Primary responsibility for handling a project between signature and the satisfaction of conditions of effectiveness rests with the regional program division, assisted by the regional projects division. These two division chiefs are responsible for ensuring that all practicable measures are taken to encourage and facilitate the timely satisfaction of such conditions by borrowing countries and ministries. The Legal Department makes the formal determination of loan effectiveness at the request of the Program Division Chief.

2. Supervision missions

Supervision missions are scheduled by the regional Projects Division Chief with the concurrence of the Program Division Chief and subject to standards promulgated by the central Projects Staff. The missions are principally staffed from the Region's projects division, assisted as necessary by the Projects Staff specialists and in the case of particularly problematical projects perhaps additionally assisted by senior advisers from the Projects Staff.

Terms of reference are prepared by the supervision mission leader with the advice of the Legal and Controller's staff and subject to the clearance of the Program Division Chief. They are approved by the Projects Division Chief. On occasion, the loan officer affected may also participate in the supervision mission - particularly where there are broader problems involved.

The supervision report is drafted by the mission leader (assisted as necessary by mission members) and the draft is approved by the regional Projects Division Chief after receipt of the comments of the appropriate loan officer. Copies of the report and the mission's terms of reference are furnished to the Projects Staff, Legal Department, and Controller's.
3. Quality assurance - "project evaluation missions"

Towards evaluating Bank-wide projects policies and standards on the basis of first-hand knowledge of their practicability and also in order to gauge the effectiveness of sample projects in furthering their sector objectives, the Projects Staff selects projects in each sector and region for special review. Projects may be selected for their typicality, unusual success or unusual difficulty. Such projects are selected in consultation with the Region and reviewed in the field by Projects Staff concurrently with a Regional supervision mission. The terms of reference of the "project evaluation mission" are cleared with the Region, as is the Project Evaluation Report. Copies of the latter are furnished to all the regional Vice-Presidents, the Senior Vice-President, and the Vice-President, Development Policy.

4. Exception reporting

Quarterly, the regional Projects Division Chiefs and their Projects Staff counterparts compile lists of projects which have conditions which are not being met or which, for other reasons, can sensibly be classified as "problem projects" requiring senior awareness. The regional Program Division Chiefs consolidate these lists and a report of such projects and such conditions by country and sector with explanatory notations is submitted for review by the regional Vice-President with information copies to the Legal Department and the Projects Staff.

A separate quarterly report (due on the first day of the quarter) of projects where there is a possibility of termination, acceleration or suspension within one year is compiled by the region (Program Division Chiefs with the advice of Projects Division Chiefs) and submitted through the regional Vice-President to the Senior Vice-President with copies to the Projects Staff, Controller's and the Legal Department.
The Senior Vice-President holds a quarterly review of all projects shown on this report. Projects which become critical more than a week in advance of the Quarterly Report's due date are immediately identified for the Senior Vice-President by memorandum.

5. Correspondence

Correspondence relating to projects under administration may be written and approved either within the program or projects divisions of the region depending on whether the subject is general or technical, but whichever side has the initiative in preparing the reply must clear with the other side before despatching it.

6. Disbursement approvals

Disbursement approvals are furnished to Controller's by the regional projects staff; whenever there is a question or a disapproval, the program staff's concurrence is obtained.
VII

PROCESS MATRICES

I. Country Program Review (Interim)
II. Country Economic Work
III. Country Sector Work
IV. Project Generation
V. Project Appraisal
VI. Project Administration
<table>
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</thead>
<tbody>
<tr>
<td>1. Schedule Country Program Reviews</td>
<td>Staff</td>
<td>Dev. Chief</td>
<td>Director</td>
<td>Staff</td>
<td>Dev. Chief</td>
<td>Director</td>
<td>Advises</td>
<td>Acts as regional focal point</td>
<td>Advises</td>
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<tr>
<td>2. Prepare CFP (or CFS)</td>
<td>Loan Officer</td>
<td>Reviews</td>
<td>Reviews</td>
<td>May advise</td>
<td>Coordinates</td>
<td>Scheduling</td>
<td>Advises</td>
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<tr>
<td>3. Review CFPs and CFSs</td>
<td>Loan Officer</td>
<td>Reviews</td>
<td>Reviews</td>
<td>Evaluates and advises SVP and participates in review meeting</td>
<td></td>
<td></td>
<td>Advises</td>
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<tr>
<td>A. Review CFPs within Regions</td>
<td>Loan Officer</td>
<td>Participates in Review Meeting</td>
<td>Loan Officer</td>
<td>Presents</td>
<td>Evaluates and advises SVP and participates in review meeting</td>
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<tr>
<td>B. Review CFP with Top Management</td>
<td>Loan Officer</td>
<td>Participates in Review Meeting</td>
<td>Loan Officer</td>
<td>Present</td>
<td>Does</td>
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<tr>
<td>C. Review CFP with Top Management</td>
<td>Loan Officer</td>
<td>Participates in Review Meeting</td>
<td>Loan Officer</td>
<td>Present</td>
<td>Does</td>
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<tr>
<td>D. Prepare and circulate Review</td>
<td>Loan Officer</td>
<td>Receives copy</td>
<td>Loan Officer</td>
<td>Receives copy</td>
<td>Receives copy</td>
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<td>Reports</td>
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<tr>
<td>4. Implement CFP/CFS</td>
<td>Does</td>
<td>Supervises</td>
<td>Does</td>
<td>Directs</td>
<td>Does</td>
<td>Advises</td>
<td>Premiers Quarterly Review for SVP</td>
<td>Supports</td>
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</table>

For details about roles and responsibilities, please refer to the specific sections of the document.
<table>
<thead>
<tr>
<th>STEPS</th>
<th>PARTICIPANTS</th>
<th>PROJECTS</th>
<th>REGION</th>
<th>PROJECTS STAFF</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Determine Need for Economic Mission (Basic or Abbreviated)</td>
<td>Determine need for mission</td>
<td>Staff Approves Advises</td>
<td></td>
<td></td>
<td>May advise</td>
</tr>
<tr>
<td>2. Schedule, Staff Mission</td>
<td>May participate</td>
<td>Staff Approves Advises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Determine Terms of Reference</td>
<td>Advises Mission leader prepares Reviews</td>
<td>Advises Copy</td>
<td>May wish to receive terms of reference</td>
<td>May advise</td>
<td></td>
</tr>
<tr>
<td>4. Prepare Back-to-Office Report</td>
<td>Mission does Reviews</td>
<td>Advises Reviews</td>
<td>Receive 10 full work days before Issue Resolution Meeting</td>
<td>Information copy</td>
<td></td>
</tr>
<tr>
<td>5. Resolve Issues</td>
<td>Advises, as affected Mission members' recommendations</td>
<td>Chairs at discretion</td>
<td>Attends, at own option</td>
<td>Attends, at own option</td>
<td>Attend, at own option</td>
</tr>
<tr>
<td>6. Draft Economic Report; Approve For DAC Review</td>
<td>Mission members draft Approves for country review</td>
<td>Advises Reviews, at discretion</td>
<td>Advises and assists on request</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Review Draft With Country</td>
<td>Mission leader does</td>
<td>May participate</td>
<td>May participate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Approve Report</td>
<td>Advises Concurs</td>
<td>Recommends Recommends Advises Copy</td>
<td>Approves Copy, Advises, at own option</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step</td>
<td>Task</td>
<td>Staff</td>
<td>Days, Hours</td>
<td>Details</td>
<td>Days, Hours</td>
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</tr>
<tr>
<td>1.</td>
<td>Determine Need for Sector Mission</td>
<td>Determines leader and division staff</td>
<td>Member(s) selected</td>
<td>Does</td>
<td>Approver</td>
</tr>
<tr>
<td>2.</td>
<td>Schedule, Staff Mission</td>
<td>Member selected</td>
<td>Consultant designates staff member</td>
<td>Member selected</td>
<td>Staff, if requested</td>
</tr>
<tr>
<td>3.</td>
<td>Determine Terms of Reference</td>
<td>Mission leader prepares</td>
<td>Approves, clears Program Director's decision</td>
<td>Date, is not subject to the decision,</td>
<td>Date, is subject to the decision</td>
</tr>
<tr>
<td>5.</td>
<td>Resolve Issues</td>
<td>Recommend decisions</td>
<td>Date, is not subject to the decision</td>
<td>Date, is subject to the decision</td>
<td>Attend, at own option</td>
</tr>
<tr>
<td>6.</td>
<td>Draft Report; Approve For Country Review</td>
<td>Mission team drafts report</td>
<td>Date, is not subject to the decision</td>
<td>Date, is subject to the decision</td>
<td>Date, is subject to the decision</td>
</tr>
<tr>
<td>8.</td>
<td>Approve Report</td>
<td>Revises, sends for approval</td>
<td>Advises Program Director</td>
<td>Receives copy</td>
<td>Advises as requested</td>
</tr>
</tbody>
</table>

Central Operating Units: 
- Copy
- Advises as requested
- Revisions copy

Legal: 
- Copy

Finance: 
- Copy
- Advises as requested
- Revisions copy
<table>
<thead>
<tr>
<th>IV. PROJECT GENERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PARTICIPANTS</strong></td>
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<tr>
<td><strong>PROJECTS</strong></td>
</tr>
<tr>
<td><strong>REGIONAL OPERATIONS</strong></td>
</tr>
<tr>
<td><strong>DEVELOPMENT UNITS</strong></td>
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<tr>
<td><strong>STEPS</strong></td>
</tr>
</tbody>
</table>

1. Relate identification work to OPP
   - Primary responsibility
   - Consulted
   - Agrees with UN-OCP agency on work schedule at request of Reg. Proj., Div. Chief

2. a. Staff Bank mission
   - Assigns Bank staff or obtains consultants designated mission leader
   - Occasionally contributes
   - Occasionally invited to participate

3. Staff UNCD, Agency mission
   - Arranges for regional staff to accompany mission
   - Assists
   - Advises Region of mission schedule and composition

4. Prepare terms of reference (TOR) and carry out field work
   - Primary responsibility
   - Approves terms of reference
   - Occasionally participates in final discussions with Govt.
   - Receives copy of TOR
   - Occasionally participates in field work

5. Prepare identification report
   - Prepares
   - Approves
   - Receives report
   - Clears
   - Receives report
   - Normally invited to discuss proposed bank project strategy
   - Receives report

6. Communicate findings to country officials
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discusses: In field, as appropriate
   - Discussions: In field
   - Adjusts country of findings

7. Assist country in financing engineering and design work to avoid interruption in project cycle
   - Participates
   - Primary responsibility
   - May assist
### V. PROJECT APPRAISAL

| STEPS | PROJECTS | STAFF | Dev. Chief | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment | PROJECTS | Director | Comment |
|-------|----------|-------|------------|----------|---------|----------|----------|---------|----------|----------|---------|----------|----------|---------|----------|---------|---------|----------|---------|----------|---------|---------|----------|---------|----------|---------|---------|----------|---------|---------|
| 1. Schedule mission | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Staff mission | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Brief mission before departure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b. Prepare terms of reference | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Carry out field work | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Appraisal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b. Discuss findings with country officials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Prepare Decision Paper | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. Make key decisions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Issue summary of decisions reached (Decision Memorandum) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. Prepare draft Reports | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----|--------------|----------|--------|---------|---------|----------------|-----|-------|------|-----|-------|-------|---------|
| 1   | Process loan to effectiveness | Assists | Primarily responsible requests legal determination | | | | | | | | | | |
| 2   | Supervision missions | Conduct mission | | | | | | | | | | |
|     | | | | | | | | | | | | |
| 3   | Quality assurance - project evaluation missions | Comments | Comments | | | | | | | | | |
|     | A. Project selected | Clear | Clear | | | | | | | | | |
|     | B. Terms of Reference | Comments | Clear | Clear | Advises | | | | | | | |
|     | C. Project Evaluation Report | Clear | Clear | | | | | | | | | |
| 4   | Quarterly exception reporting | Contribute | Develop quarterly list with explanatory notations | Review Division | Contribute | Consolidate by country | Review | Copy | Review | Copy of final report | Copy of final report | | |
|     | A. Problem Projects | | | A. | | | | | | | | |
|     | | | | | | | | | | | | |
|     | B. Critical Projects | | | | | | | | | | | |
| 5   | Correspondence | Write, where technical matter | Clear | Clear when unusually delicate or important | Write, where unusual matter | Clear | Clear when unusually delicate or important | Copy where pertinent to a critical project | | | | |
| 6   | Disbursement approvals | Review | Clear disapprovals | Clear where there may be a question | Clear disapprovals | Clear disapprovals | Clear disapprovals | | | | | |

Notes:
- Make formal determination.
- Receives copy of determination.
- Resolve projects, advise on terms of reference and sometimes participate.
<table>
<thead>
<tr>
<th>PARTICIPANTS</th>
<th>PROJECTS</th>
<th>DOCUMENTATION</th>
<th>EXECUTION</th>
<th>EVALUATION</th>
<th>CONTRIB. OPERATING UNITS</th>
<th>V/P, POL., PRIM., LEGAL, FINANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STEPS</strong></td>
<td><strong>PROJECTS</strong></td>
<td><strong>ACTION</strong></td>
<td><strong>ACTION</strong></td>
<td><strong>ACTION</strong></td>
<td><strong>ACTION</strong></td>
<td><strong>ACTION</strong></td>
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<tr>
<td>8. Approve Appraisal Report</td>
<td>Prepares &quot;Yellow Cover&quot; on basis of comments by Program Division Chief</td>
<td>Receives &quot;Yellow Cover&quot;</td>
<td>Receives &quot;Yellow Cover&quot;</td>
<td>Receives &quot;Yellow Cover&quot;</td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
<td>Consulted by Regional Projects Staff</td>
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<tr>
<td></td>
<td>Issues draft to Program Division Chief</td>
<td>Revises &quot;Yellow Cover&quot;</td>
<td>Reviews draft before &quot;Yellow Cover&quot; for revisions</td>
<td>&quot;Green Cover&quot;</td>
<td>Occasionally issues &quot;Green Cover&quot;</td>
<td>Consulted by Regional Projects Staff</td>
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<tr>
<td></td>
<td>&quot;Yellow Cover&quot; to Projects Director &amp; Projects Staff</td>
<td>Releases approved &quot;Yellow Cover&quot;</td>
<td>Approves &quot;Yellow Cover&quot;</td>
<td>&quot;Green Cover&quot;</td>
<td>Occasionally issues &quot;Green Cover&quot;</td>
<td>Consulted by Regional Projects Staff</td>
</tr>
<tr>
<td>9. Approve President's Report (PR)</td>
<td>Revises draft and issues &quot;Yellow Cover&quot;</td>
<td>Receipts &quot;Yellow Cover&quot;</td>
<td>Receipts &quot;Yellow Cover&quot;</td>
<td>Receipts &quot;Yellow Cover&quot;</td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<td></td>
<td>&quot;Yellow Cover&quot; to Reg. Proj. Div. Chief</td>
<td>&quot;Yellow Cover&quot;</td>
<td>&quot;Yellow Cover&quot;</td>
<td>&quot;Yellow Cover&quot;</td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<td></td>
<td>Legal and Controlled Departments</td>
<td>Releases it with approval</td>
<td>&quot;Green Cover&quot;</td>
<td>&quot;Green Cover&quot;</td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<td></td>
<td>Sends cleared &quot;Yellow Cover&quot; to own Dir. for approval</td>
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<td></td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<tr>
<td>10. Approve Loan Agreement</td>
<td>Receives and clears draft</td>
<td>Receives cleared draft</td>
<td>Receives cleared draft</td>
<td>Receives cleared draft</td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<tr>
<td></td>
<td>Receives draft</td>
<td>Organizes clearance</td>
<td>with other two reports</td>
<td></td>
<td>Occasionally consults with EVP on basis of advice by UP, Projects Staff</td>
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<tr>
<td>11. Authorize Negotiations</td>
<td>Notifies DWH of intention to negotiate (through Div. Chief's Dept.)</td>
<td>Sends &quot;Green Cover&quot; to President</td>
<td>Occasionally discusses with EVP &amp; VP, Projects Staff</td>
<td>Occasional consults with EVP</td>
<td>Occasionally consults with EVP</td>
<td></td>
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<td></td>
<td>Issues invitation to negotiate</td>
<td>President's Report to EVP &amp; VP, Projects Staff</td>
<td>Authorizes negotiations</td>
<td></td>
<td>Occasionally consults with EVP</td>
<td></td>
</tr>
<tr>
<td>12. Negotiate</td>
<td>Participates</td>
<td>Directs task team</td>
<td>Occasionally directs</td>
<td>Solves unforeseen issues</td>
<td>Solves unforeseen issues</td>
<td>Participates</td>
</tr>
<tr>
<td>13. Approve for submission to the President and Board</td>
<td>Finalizes Appraisal Report</td>
<td>Finalizes President’s Report</td>
<td>Approves President’s &amp; Appraisal Reports</td>
<td>Approves in exceptional cases President's &amp; Appraisal Reports</td>
<td>Finalizes Loan Agreement</td>
<td></td>
</tr>
</tbody>
</table>