

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

BARBER B. CONABLE
President

May 4, 1987

To All Staff:

Planning the reorganization of the Bank has been a painstaking effort, and I know that there is much staff anxiety about its implementation. I have sent to the Board the attached memorandum of my decisions. They will meet in Committee of the Whole to discuss this on Wednesday, May 6.

I am pleased with the Board's initial reaction to this report and to decisions on top managerial appointments. The chosen Senior Vice Presidents are colleagues of outstanding ability and experience: David Hopper, Moeen Qureshi, Ernest Stern and Willi Wapenhans.

In the coming days, I will be meeting with the Senior Vice Presidents, with the Board and with representatives of the Staff Association to decide on a wide array of important outstanding issues concerning the implementation of the reorganization. It is my hope that within the next couple of weeks I will be able to announce a number of senior management appointments and provide you with detailed booklets on the Bank's new structure and on the staffing policies that will be applied as reorganization is implemented.

Sincerely,

Barber Conable

May 4, 1987

STAFF ANNOUNCEMENT ON BANK REORGANIZATION

The outline of the new organization structure, and the objectives I want to achieve through its implementation, are set out in an accompanying memorandum.

In connection with the reorganization, I am pleased to announce the following Senior Vice President reassignments and appointments.

Moeen A. Qureshi, currently Senior Vice President, Finance, will take up the position of Senior Vice President, Operations.

Mr. Qureshi, a Pakistani national, joined the International Finance Corporation in 1970 from the International Monetary Fund, where he had served since 1958. His last position in the Fund was that of Senior Adviser, Africa Department. In IFC, Mr. Qureshi initially held the post of Economic Adviser. He was promoted to Vice President in the Corporation in 1974 and to Executive Vice President in 1977. In 1979, Mr. Qureshi was appointed Vice President, Finance, in the Bank, serving in that capacity concurrently with his appointment in the Corporation. He assumed his present position in 1980.

Ernest Stern, currently Senior Vice President, Operations, will assume the responsibilities of Senior Vice President, Finance.

Mr. Stern, a U. S. national, joined the Bank in 1972 from the U.S. Agency for International Development, where he served in India as Assistant Director, Development Policy, and in Pakistan as Deputy Director. His last position in USAID was that of Assistant Administrator, Policy and Program Administration. In the Bank he served first as Senior Adviser and then as Director, Development Policy. In 1975, he was promoted to the position of Vice President, South Asia Regional Office. Mr. Stern was appointed Vice President, Operations, in 1978 and took up his present position in 1980.

W. David Hopper, currently Vice President, South Asia Regional Office, is promoted to the position of Senior Vice President, Policy, Planning and Research.

Mr. Hopper, a Canadian national, joined the Bank in his current position from the International Development Research Centre, Ottawa, where he served as President and Chief Executive Officer from 1970 to 1977. Previously, he served as Agricultural Economist and Associate Field Director with The Rockefeller Foundation in New Delhi. Mr. Hopper assumed his current position in 1978.

Willi A. Wapenhans, currently Vice President, Europe, Middle East and North Africa Regional Office, is promoted to the post of Senior Vice President, Administration.

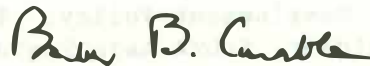
Mr. Wapenhans, a German national, joined the Bank's Technical Operations Department in 1961 as an Agriculturist. He later worked as an Agricultural Economist in the Bank's Projects Department, where he was promoted to Deputy to the Assistant Director in 1967 and to Deputy Director in 1968. In 1972, Mr. Wapenhans was promoted to the post of Director in the Europe, Middle East and North Africa Projects Department. He was promoted to the position of Vice President in the EMENA Regional Office in 1975. In 1976, Mr. Wapenhans was appointed Vice President, Eastern Africa Regional Office. He returned to EMENA as Vice President in 1984.

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As noted in my memorandum on the Bank Reorganization, the Personnel function will play a most important role in helping line managers to implement the staffing decisions associated with the changes in organization structure. In addition, Personnel will manage and monitor the implementation process on my behalf to ensure that fairness and due process prevail.

In this connection, I am pleased to announce at this time the promotion of William J. Cosgrove, currently Director, Personnel Management Department, to the position of Vice President, Personnel.

Mr. Cosgrove, a Canadian national, joined the Bank in 1973 as a Sanitary Engineer in the Water Supply and Sewerage Division of EMENA Projects Department. In 1976, he was promoted to Senior Sanitary Engineer and then to Deputy Division Chief in that Division. In 1978, Mr. Cosgrove was promoted to Chief of the Energy, Water and Telecommunications Division, Western Africa Projects Department. He was promoted to the post of Deputy Director in the Administrative Services Department in 1980, and, in 1983, was promoted to the post of Director in that Department. He assumed his present position in 1986.



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MEMORANDUM TO EXECUTIVE DIRECTORS

SUBJECT: Reorganization of the Bank

1. Over the past few weeks, I have held extensive consultations with all of the Executive Directors, with the Bank's senior managers, staff members and with representatives of the Staff Association on the recommendations by the Steering Committee on Reorganization. These discussions have been most helpful in determining that a major reorganization is necessary and in assisting me in making specific decisions. While a number of Directors have expressed concerns about various aspects of the recommendations, I sense that the overall design and framework proposed by the Steering Committee is acceptable to the Board as a whole, provided that it is implemented in a careful and sensitive way.

2. I believe that, overall, the recommendations on reorganization made by the Steering Committee are workable, necessary, and consistent with each other; and that detailed guidance necessary for line managers to implement the recommendations is provided. At this stage I am focussing on the major issues of reorganization and on ensuring that the process of implementation is designed in a way that provides for flexibility and refinement by the managers who will be working with me to ensure the success of the new organization. I will ensure that sufficient time be allowed for implementation to secure the interests and institutional commitment of the Bank's staff.

3. My key organizational decisions are as follows: First, I intend to regroup the functions reporting directly to me into four Senior Vice Presidencies for Policy, Planning and Research (PPR), for Operations, for Finance, and for Administration. The General Counsel and the Secretary will also report directly to the President.

4. Second, a senior management Policy Committee will be established with the roles and responsibilities outlined in the report of the Steering Committee. This Policy Committee, which I shall chair, will have as its members the four SVPs, the General Counsel, the Secretary and the Executive Vice President of IFC.

5. Third, I have decided to move ahead with the establishment of the the Policy, Planning and Research Complex. The consolidation of policy and research functions currently spread throughout the Bank and the integration of cross-country macroeconomic and sector research and policy work will be a significant improvement over the existing situation and will strengthen the analytical foundations of our operations. I intend to leave the specific details of PPR's organization to the SVP and the PPR management team, which will make proposals to me on how the Steering Committee's recommendations should be adjusted to strengthen the complex. I intend to review with the relevant Senior Vice Presidents and the Implementation Committee (see paragraph 10) the detailed processes for achieving effective coordination and integration of the Bank, focussing particularly on the interaction between PPR and the Operations Complex.

6. Fourth, I will move ahead with a reorganization of the Operations Complex largely on the basis proposed by the Steering Committee, including the formation of four regional operations groups and the regrouping of functions into Country Departments and four Technical Departments. This structure more effectively integrates country and sectoral skills and responsibilities to address the complex challenges that the Bank's borrowers confront. Since this structure represents substantial change for the Operations staff, I intend to ensure that it is implemented in ways that clearly achieve the goals of the reorganization, particularly the strengthening of the Bank's technical excellence. The Technical Department is a key part of the new regional structure, one that is necessary to preserve flexibility in resource deployment, greater specialization of technical resources, where appropriate, and enhanced career opportunities for the Bank's Operations staff. Implementation will be flexible within the framework proposed by the Steering Committee, taking full account of the requirements of the countries served by each region, as well as the preferences of the regional management teams.

7. Let me stress that an important aspect of the reorganization with regard to Operations will be a strengthening of work in the area of the financial aspects of development. I am fully accepting the proposals made in this regard by the Steering Committee. These include the creation of a central financial intermediation services group within the Operations Complex, headed by a Vice President. Under his leadership, the new group will assist Regions in developing financial services as an increasingly important aspect of the Bank's work in its member countries. It will serve as the focal point for undertaking new initiatives in the area of debt restructuring and organization of new money packages for the heavily indebted countries, and for assisting interested member governments in the formulation and implementation of programs of public sector deregulation and privatization of government enterprises.

8. Fifth, I am accepting the recommendations made by the Steering Committee with regard to the Finance Complex. I am also establishing an Administration Complex and endorsing the proposal that support departments be decentralized and, where possible and appropriate, be more subject to market tests of effectiveness and efficiency. These decisions will mean substantial reorganization of several areas, in particular Personnel, External Affairs and Controllers. The details of these changes will be determined by the Senior Vice Presidents and their line managers within the framework outlined by the Steering Committee.

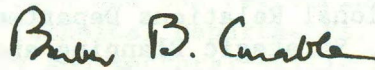
9. In line with these decisions I do wish to stress that on personnel functions the aim is to decentralize management services to line managers, while strengthening the central policy formulation and control functions to ensure that institutional priorities for recruitment, promotion, performance evaluation and staff development are achieved. On External Affairs I have decided that this area should concentrate on publishing, information and public affairs work and that the international organization and non-governmental organization liaison functions now managed by the International Relations Department should be located in PPR (under the Director, Strategic Planning and Review Department). On Controllers, I have decided that this function should continue to be headed by a Vice President, given its particular importance to the Bank's present and future financial and operational management. I have also decided to place the Economic Development Institute within PPR.

10. The Steering Committee has also included in its report an outline of the implementation procedures that they recommend be followed, as well as estimates of the staff redundancies that will result from the reorganization. During the consultations, both Executive Directors and the Staff Association have stressed their concern that the reorganization be implemented in a way that protects the interest and institutional commitment of staff. In particular, they are keen to see that the staff selection process be implemented in a way that balances the need to remove uncertainty as quickly as possible with the need to ensure transparency and fairness to all concerned. As Directors are aware, further implementation planning has taken place since the Committee submitted its report, much of which has been focussed on these particular concerns. I can assure you that, regardless of the details of the Steering Committee's implementation timetable, I intend to take whatever time is required to implement the reorganization in an orderly and effective way. Moreover, I intend to establish an Implementation Committee to oversee the reorganization process.

11. It is essential that it be understood in discussions on redundancies that the purpose of the reorganization is to create a more responsive and more efficient World Bank, not to "downsize" the institution or to achieve administrative budget reductions per se. Redundancies will result only to the extent that they are justified on the basis of structural change, abolition of functions/positions, administrative

efficiencies and demonstrated skills mismatches. An orderly process, including careful reviews, will be followed. I am attaching special importance to ensuring that training or retraining of staff be provided where this will lead to the cost-effective retention of staff. Staff will be given every opportunity to find an assignment in the new organization and for those not placed, there will be special financial and outplacement assistance.

12. I am confident that these organizational changes will position the Bank to continue to play a leadership role in the field of development in the years ahead, and to do so more responsively and efficiently. The reorganization will involve costs, but the costs of maintaining the status quo will be higher still. I sincerely hope that the Executive Directors will be able to lend their support and encouragement to the process of reorganization in the months ahead.



Barber B. Conable