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ORAL HISTORY PROGRAM

Transcript of interview with

ANA-MARIA ARRIAGADA

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

ARRIAGADA: I am Ana-Maria Arriagada, Director for the Performance of Development Department, formally HRSLO.

ZENNI: Okay. Today is Tuesday, December 11, 2007, and I’m here at World Bank headquarters to interview Ms. Arriagada who will be retiring officially from the World Bank Group in a few days on December 15, 2007. Welcome Ms. Arriagada.

ARRIAGADA: Thank you.

ZENNI: I’d like to begin by discussing your background in general, including your educational background, and how you became interested in economic development?

ARRIAGADA: I’m originally from Chile, and at the time when I was growing up and I was going to a very good school and I had access to all the information, knowledge and opportunities to learn, I was reminded, pretty much on a regular basis, on how lucky I was to have this access and the opportunities that I had. Somehow I think that stuck with me; it’s a big, big thing in terms of having to give back to those that are less fortunate than you are. And some images from childhood coming up in terms of every night at my parent’s house after dinner, there was this woman who came to get the scraps, the leftovers from our dinner to feed her children, and that has stuck with me forever. So poverty and economic development were for me kind of the fundamental vocation, I would say, and interest from very early on. And I always knew I would work in something related to helping people less privileged than you are. It ended up being in economic development; as I grew up and matured, I realized the kinds of things I liked to do, and that led me very much also into being interested in human development and education in particular. So that’s that.

ZENNI: Okay. What in your pre-Bank experience led to your formally joining the Bank? And how did this actually come about?

ARRIAGADA: Well, I never intended to join the Bank. I joined the Bank out of pure luck, I would say, and need. Luck, because I came to this country to do a Masters in economics and I did, and my graduation work for the Masters was an econometric piece of work on educational achievement and educational financing in Peru. I got very good grades in my dissertation work, and my professor sent it to someone working here at the Bank. And the next thing I know, I get a phone call from somebody at the Bank inviting me to replicate that work and do it for other countries. That’s how I came to the Bank. And then I realized that if I worked here I could afford financing my own Ph.D. So I joined the Bank. And the more I got to understand the
place and how it works I realized the huge potential for actually making things happen that this organization has. And I started to really enjoy myself and the organization.

**ZENNI:** So you officially joined in March of ’82?

**ARRIAGADA:** Yes.

**ZENNI:** And you began your career as Research Assistant then Analyst in the Bank’s Education and Training Department where you remained until the end of ’89.

**ARRIAGADA:** Yes.

**ZENNI:** Please discuss this initial period of your career in terms of responsibilities, areas of particular focus, and impact on your future thinking about economic development.

**ARRIAGADA:** Well, at the time I was a graduate student and I was working mostly on researching the economics of education. I was fortunate enough to have landed in the Bank at the time when the organization had decided to truly invest in understanding and developing a strategy about the relevance of human capital investments for economic development. Now it was a time when people like Nancy Birdsall, Dean Jamison, George Psacharopoulos, Ralph Harbison, Steve Heyneman and others were brought into the organization. There was a--I would believe--a very deliberate effort to create a critical mass of very good technical people to basically work on the importance of human capital investments and so on. And I was very lucky to be part of that initiative.

Later I also worked with another initiative in research that in my mind has been absolutely fundamental for the role of the organization, which was the Living Standard Measurements Study to develop tools to measure poverty and welfare. There was a group of people who basically developed this instrument to measure and assess all the dimensions of welfare and poverty, including education, health care, access to basic services, et cetera.

So to me, I would say that those experiences were fabulous learning experiences because I was able to apply what I was learning in school, basically. This was extremely important because they were creating the Bank of today in terms of a Bank that sees development in a more holistic and comprehensive way.

**ZENNI:** And how did Bank efforts on education at the time compare with those of other international organizations? Did you get a sense of that at the time?

**ARRIAGADA:** Actually, at the time and even now when I look back I think the Bank played a very important catalyzing role in education for development or the role of education in developing countries and really putting together a whole framework and approach to address educational policy and education interventions in developing countries. I would say that the Bank played the role that it is supposed to play, in the sense of it being a global organization that looks into issues of public goods type of things where there is no interest in the private sector and/or others or no comparative advantage for them or no ability to really look across the world.
the way the Bank can. So in that regard, I think this role was extremely influential, as I saw later on in Latin America.

**ZENNI:** How did Bank support for structural and sectoral adjustment reform in its lending operations, beginning in 1980, impact its analytical and sector work in general and, more specifically, your endeavors in education?

**ARRIAGADA:** Well, you know, I joined the Bank in the early ‘80s. I was involved directly mostly in research projects, so I was looking at these things pretty much from afar. I was not linked to operational work, so I don’t have firsthand experience of the early ‘80s period. But later on when I moved to the Latin America region I realized how flawed it was to introduce structural adjustment programs in countries without paying, in the beginning, much attention to the undesirable consequences of adjustment on poverty levels, on human capital investment, et cetera. So by the time I joined Operations in 1990-1989, looking into the social impacts of structural adjustment was absolutely essential for the agenda. I was extraordinarily fortunate, I think, that I joined a region at the time when there was very clear consciousness of the need to look into this because that made my skills be very relevant and used very widely in a number of structural adjustment programs that the Bank was carrying out. And actually some great work came from that experience, from countries that were going under structural adjustment that at the same time were trying to do what needed to be done in the long run for their population in the social area.

**ZENNI:** Well, just for the record, from January 1990 until ’94 you moved to the Latin America region as an economist, focusing exclusively on human development issues. And you’ve already spoken a little about some of your focus, but what were your main responsibilities then, and what objectives did you set out to accomplish for the region?

**ARRIAGADA:** I first moved to the Technical Department--at that time there were Technical Departments--but very quickly within a year I was drawn into a Country Department and I moved to the Mexico and Central America Department. I worked largely in the beginning in Mexico and Central America, basically opening up a relationship in the social sectors for the Bank and these governments. There were countries where we had either never been before or, like in the case of Nicaragua, we had been involved many, many years prior. Basically, opening up the policy dialogue with the Mexicans about their social indicators, their states, the status of their health and education systems, looking into disparities within the country, and so on, and that was instrumental, I believe, to opening up both analytical and lending work with the Bank.

The other major experiences were in post-war countries. I was part of the teams that went back to both El Salvador and Nicaragua after their civil wars. Those have been to a very significant extent very rewarding and interesting jobs. In the case of El Salvador, it had its first democratically elected government in many years, and part of the challenge was, on one hand, to have a structural adjustment program that would improve their finances and enable growth and, at the same time, start rebuilding the country and the basic services. Actually that’s how I decided to move to Operations because at the time I still was in the . .

**ZENNI:** Education Department . .
ARRIAGADA: Yes, and somebody invited me to join a mission to do an assessment of the social sectors in El Salvador and propose what should be the government social policies. And I realized then that this was where the action really is because you could actually affect policy making and decision making in countries.

So it’s very interesting, upon reflection, when you look at countries that have come out of wars like those two, Nicaragua and El Salvador. I think the sense of how bad life can be and how bad things can get with a war and the loss of lives, the uncertainty, the fear, and all that it entails, the upheaval in everything, made the discussions go very much to the bottom line very quickly. It is almost as if people are really looking at the issues of their own country and what needs to be done from a certain perspective that is very different than the business-as-usual approach that you see in a normal situation. So in terms of the kinds of counterparts I don’t think I can recall better “counterparts” than the ones I had in those countries.

ZENNI: Post-conflict countries?

ARRIAGADA: . . post-conflict. You know they may not have been the most experienced people, but they were certainly very clear in what they needed to do, and why. And, they were people committed to making their countries better, full stop. And that can make a huge difference in the kind of work and the quality of what you can do.

I can give you an example which is personally very meaningful to me, and that was the work developing a community-managed school programs. That was my first project as a task manager. I’m pretty convinced that I probably wouldn’t have done it that way if I had known the problems I would have inside the Bank to get it done. And, you know, today, fifteen years later, community-managed schools and community-managed anything is a mainstream thing in this organization. At the time, our mandate was to look for ways to ensure the provision of basic education services to the El Salvadorian poor in rural areas who hadn’t had services for the decade that they had the war. We realized very quickly that just building schools and hiring teachers was not going to do the job because the incentive systems were totally wrong; you couldn’t hold teachers accountable. There were a number of systemic factors that required changing the constitution and all kinds of laws to make this work; therefore, other ways needed to be found. And the way we worked it out was by basically not inventing anything, but basically just being open to what communities and people themselves had been doing during the war. That’s how we came up with the concept of having parents’ associations managing schools and hiring and firing teachers and running the show. The Bank provided money directly to these schools, one hundred and fifty dollars per school every month, with the Ministry of Education playing a supervisory and enabling role.

I remember at the time I didn’t think this was a big deal; it was just common sense in my mind. However, that’s when I started to learn that this Organization has an incredible bureaucracy and bureaucratic machinery that makes common sense look impossible. I even got called by my vice-president at the time, Shahid Hussain, who had heard all kinds of noise about this crazy girl-at the time I was a “girl” in the Bank’s language--trying to do this. And he wanted to understand what was I doing. It sounded intriguing to him. And when I explained to him what
were the options and that if we did go about this the usual way, which is hiring teachers and building schools in the public sector, we’d spend a lot of money and not much would happen. He kind of bought in and said, “Why not? This is a small a country. It’s not a lot of money. Go for it.” And he also gave me advice that I thought was very good that I still pass on to other people, which was, “Listen, in this place you can do anything you want, but you have to work the system. You have to figure out who do you need and what do you need to handle, and handle it.” And I followed that advice and found it, one, very pragmatic, and two, very true, in my own experience in the Bank.

What I do see, though, is that the effort of managing that internal part over time is gone up and up. As time went by, much more time is being taken by dealing with the inside of the organization as opposed to working with your clients.

Another thing was the experience in Nicaragua and El Salvador working with other donors. Everybody was involved in these countries at that time because they were post-conflict countries. And it became clear very early on what a huge gain it was for us and for the country to work well with donors. These people had lots of free money, grant money, that we didn’t, and the possibility of having national programs was a huge deal. In the case of Nicaragua, for example, we had a group of donors very divided politically, but we managed to find common areas of interest that were absolutely central to the Bank, to them, and to the country. So, for example, we put together a whole consortium of donors to implement and put in place the national statistical system so that you could actually measure and have data to measure poverty, assess the differences within the country, within different groups between regions, et cetera. For that work we were the catalyzers; we provided the technical part through the LSMS [Living Standards Measurement Study] and the work of DEC [Development Economics] colleagues, and every single donor participated in abundance. This intervention created a system of household surveys that are used for all kinds of things, from targeting public expenditures and aid programs to developing appropriate policies for indigenous people, et cetera. It was an interesting experience.

ZENNI: Moving on to the succession of promotions you had that were two years apart. In June of ’95, you were promoted to Senior Economist then two years later, to Sector Leader while still in the Latin American Region. In July of ’99, you were promoted to Sector Manager, Social Protection, again in Latin America and the Caribbean. Would you like to talk about these promotions and how they came about?

ARRIAGADA: When I think about my promotions and why I was asked to play the different roles I played, I think there were a couple of things that matter because they helped me be successful working with clients in the Bank. And the first of those was basically the willingness to listen to clients’ needs; what they’re really saying to you, and be willing to question my own point of view or the Bank’s point of view in order to get things done. And the second was, I think, the interest in getting things done for your clients, which takes to include all the different players that are part of the thing whether you like it or not. Unless you forge alliances, agreements, and deals that everybody can live with and that they all want, things are not sustainable; things will disappear the minute you turn your back. And to me those were very, very important learnings and a fundamental reason why I was promoted and given more and
more responsibility. I’d been willing to be wrong many times, as long as we get there, no problem. And I find that is—was something hard to do. Personally, you like to be right and to know everything all the time and control everything, but that’s not how it works.

The Sector Leader job was the best job I’ve ever had in the Bank because I represented Human Development but I was part of both the management teams in a country unit and the sector unit. So I was focusing on a number of countries, and I was working together with a lead economist, a lead person for infrastructure and finance, the lead person for rural and agriculture, and so on. It was phenomenal. The amount of synergies and the possibilities of doing things better on behalf of the Bank for these countries was just wonderful. And I think I had one of the best directors, Donna Dowsett, who was absolutely a master at running this orchestra. We all played different instruments, but the music was good.

ZENNl: Now let’s focus on your promotion in July of ’99 to Sector Manager, Social Protection, for Latin America and the Caribbean, and you somewhat covered discussing your endeavors. Did you wish to add how this promotion came about, and how would you describe your transition to line manager including the challenges you faced in terms of oversight responsibilities both as line and sector manager?

ARRIAGADA: Yeah. Well, that was a hard transition for me. I applied to this job because— I was pretty bored of not having good managers, and the option was either I applied for the job or accepted someone I wouldn’t be happy with as my boss. I’m very glad I did it in the sense that you have a lot more responsibility, opportunities and the ability to influence people in the Organization in a way that you don’t have otherwise. I truly appreciated this as an enormous opportunity. But there is also a sense of disappointment because the job made me experience this organization in a different way, in a completely different way. It made me experience the Bank as a bureaucracy, the Bank as a political organization, the Bank as an internally self-serving entity, and that is not pretty.

And how would I describe my transition? I would describe it as bumpy because nobody warned me. I mean, you just swim or sink.

ZENNl: You are talking specifically as a line manager now.

ARRIAGADA: The first line manager job. I read a job description and I saw managing people there. I had no clue what that was. I didn’t understand what that was. They sent me very quickly to the Executive Development Program. I had a ball; most exciting, stimulating, intellectually fascinating learning in a long time. I loved it. I had a great time. Did I learn anything that helped me be a better manager? No. I learned a lot of things about development, about finance, about change, about a number of things, but not a lot about what I needed to do day in and day out with my people.

ZENNl: Yeah. You learned more the technical/operational side?

ARRIAGADA: Exactly. So I would say it was a bit bumpy. Main change challenges for me were to shift my mindset from one of task manager to one of people manager, from one of
designing a sector strategy on a country to now handling a whole sector in a large number of countries. It is a very different mindset, a different set of skills that are called for. I was very fortunate that my director at the time was Xavier Coll and he quickly gave me a coach, and I discovered that there were tons of things I had no clue about or didn’t know. This was very, very helpful to start articulating and understanding the implications of the management job. And I learned a number of kind of obvious things, I think, and became very conscious and aware of how to do things so that people actually follow you.

I was very lucky to have had fantastic staff in my group. I discovered at the time the power of leadership and management in terms of having extremely skilled people and realizing that motivation, collaboration, contributing to something greater than your own self interest, was something that created the kind of energy and the kind of creativity and innovation that I hadn’t seen before.

I was very fortunate, also, at the time, that the sector I was responsible for, social protection, had a very good Director in the anchor, Robert Holzmann. Actually, Robert Holzmann and the social protection sector board was the only sector board that received top marks from the QAG (Quality Assurance Group) evaluation sector boards. This was an extraordinarily good sector board that worked the way it was intended.

The SM [sector manager] job also represented a challenge because I was experiencing the worst tensions in the matrix. I was this time fully sitting in a sector unit that served six country management units who all thought their countries were the top priority, that they need to get top everything, every time, all the time, at no cost, et cetera. So, it was very challenging that way as well. And I learned that I couldn’t anymore manage everything by myself. That I had to delegate, which meant I had to trust my people. I can’t delegate if I don’t trust. And to trust people and for them to trust you, you have to do a lot of things and have discussions about a huge number of things and agree on where you are going, what are you doing and why, and what are the parameters of your actions, et cetera. It forced me to figure out how to deal with, you know, six competing clients here who you had to satisfy and make them want your services.

I got the Best Manager Award from the Staff Association when I was a sector manager. I personally could not believe it. You know, what’s the big deal here? But now I realize it was really wonderful. It was a very nice acknowledgement from my staff that they valued the time actually I invested in them, that they valued the time we invested together in learning and figuring out ways to do a better job.

ZENNI: Which component in social protection did you find needing the most focus in Latin America and the Caribbean region at that time?

ARRIAGADA: Well, at the time that I became a sector manager, Latin America was pretty much getting out of the structural adjustment period. Countries were doing much better than in the ‘80s—they were growing and so on—however, it continued to be the most unequal region in the world, and that was why I believed human development in general and social protection in particular had to play a key role. Given that Latin America continues to this day to be the most unequal region in the world and that, therefore, the access to basic services is extremely unequal
and that the poor groups have standards of living comparable to countries that are of much lower income levels, gave us a huge agenda for intervention.

Many of the countries actually were spending quite a lot of money on human development: education, health, pensions, welfare. However, when you look at what they were doing you found a number of issues, the key ones, where the incidences of those expenditures, those who benefited from them were not the people who really needed them. That was the first point. And, second, they were using a number of instruments that were not very efficient. For example, they were using in-kind transfers as opposed to cash. So for us in social protection, developing a framework for the analysis of social expenditures, in particular social protection expenditures, was essential to be able to have conversations with governments to see how well they were doing, not only in terms of levels, but allocation of resources and so on, and also introducing the concept of the impact of this spending on poverty levels.

So we developed a number of tools, using the Bank’s first social protection strategy approach (managing social risk). And that was very instrumental for us as the basis to do diagnostics for the countries. So part of the work we did in the group, you know, while working in different countries, was to have similar templates, similar approaches to the analysis. And that was very, very, helpful because we could basically compare and show countries, you know, “While you have fifteen million children between the ages of zero and five, of those children ten million are in extreme poverty, and of those ten million only one million receives benefits from your X, Y and Z programs. All the others don’t. And at the same time you have this huge transfer program for this other group that needs it less.” We also used evaluations showing them what things work and what things didn’t work. And, this was very much developed in conjunction with public expenditure reviews that we did together with the PREM [Poverty Reduction and Economic Management Network] folks. I loved that work. That was fun. That was very, very interesting. And many times we did not get anywhere with some governments.

**ZENNI:** No political will?

**ARRIAGADA:** No. Nor power, nor enough political capital to make changes, so it was very interesting, and I think we made major progress and actually did; overall approaches that we developed were very much adopted by the Inter-American Development Bank as well.

**ZENNI:** Your approaches at the World Bank?

**ARRIAGADA:** Oh, yeah, which we worked on together in a number of countries. It was that friendly competition. But as long as they invested in the same things we wanted them to invest, that was just fine.

**ZENNI:** In January of ’99, then President [James D.] Wolfensohn proposed the adoption of the CDF (Comprehensive Development Framework), a holistic model of development emphasizing country ownership of the development agenda, as a new way for the Bank to do its business. How did the Bank’s adoption of the CDF principles impact social investment and development in Latin America and, more specifically, your own endeavors at the time?
ARRIAGADA: Yeah, well, you know, at the time—actually, Bolivia was the first country where the CDF was implemented, with Isabel Guerrero as the CD [country director]. And I think it was a crucial recognition that there was more to development than just growth and about the importance of putting all these things together. But at the same time it was also a recognition that country ownership—the Bank following the countries as opposed to the countries following the Bank—was really the most important principle. The articulation of the principles of the CDF was instrumental to put all these things together. At the same time, the CDF experience was a good example of how poorly this organization implements new ideas. I don’t think there were major or significant efforts to make sure that everyone in Operations that should have mastered the concepts and really be familiar with this and so on . . .

ZENNI: It wasn’t well operationalized.

ARRIAGADA: It wasn’t well implemented. And so it remained very much in Bolivia and a few other countries taking a few elements because the rest of the Organization didn’t transfer authority and power which was intended in the first place if you want the countries to have ownership. A couple of heroes took it on and tried. We see it work. It doesn’t get mainstreamed and fades away. Now, like everything, nothing is either/or in this place and a number of the CDF things were picked up in CASs [Country Assistance Strategy], PRSPs [Poverty Reduction Strategy Paper]. I guess it is just the way this Organization operates.

ZENNI: So how well developed, in your view, are the Bank’s various instruments, the ones you mentioned, like the CAS, PRSP’s, and the HIPC [highly indebted poor country]?

ARRIAGADA: I think they are perfectly fine as instruments. The issue is a different issue. It’s: How do you implement country ownership? How do you implement/plan engagements? What do you mean by increasing strategic focus? That’s where I think the issues are. And that’s where we fail, over and over and over again. So I think they are fantastic instruments. How they are used, that’s another story. Something I remember Mr. Wolfensohn at the end of his tenure used to say, “There is a best example boutique in this organization for everything.” But it’s a boutique. Why is it that it doesn’t get scaled up? Why is it that the exception and not the norm?

ZENNI: Moving on to another of your promotions, in January of ’02 you were promoted to Sector Director, Human Development, Latin America and the Caribbean. Please discuss how this came about, what priorities did you set for yourself in light of much broader oversight responsibilities, and what challenges did you face in a region that is marked by high social inequality and prone to crises and volatility including unexpected afflictions such as natural disasters with no buffers protecting the poor against the hardships facing them?

ARRIAGADA: At the time I had two bosses, David De Ferranti and Jo [Jozef M.] Ritzen. At the time Jo Ritzen was the VP [vice president] for Human Development for the Network. The first piece was to understand and address why Latin America with its MICs [middle income countries] had such deficient social indicators and services for their poor populations. The second part was looking at what our clients were interested in or not interested in, the program we had, and what the CMUs [country management units] wanted from our sector. So, the first thing I did was to actually interview on video tape all the country directors, the sector directors,
the chief economist, and the RVP [regional vice president] and asked them, “What do you think of LCSHD [Latin America and Caribbean Region Sector Unit, Human Development]? How are we doing? And, what do you think are the opportunities and potential for us in the Region?” And I got answers ranging from, “Oh, you are all very nice people, but totally incompetent,” to “I should get all your business”. .

ZENNI: They said that?

ARRIAGADA: Oh yeah. Yeah. The best observations were, “Well, this is a region that really needs to invest in its people as the central part of their strategy and that was absent in the Bank’s strategies.” To make it short, I basically realized that either we figured out where we were going to make a difference in this region or really we shouldn’t be employed.

So that was my main challenge: how to demonstrate, one, that there was a role for the Bank in human development in a region of MICs and, second, figure out what that role was, given that neither the country side nor anybody else actually thought much about us. So it was a very interesting challenge.

How did we go about it? I think at the time, with a couple of years under my belt in being a sector manager, I had developed a pretty healthy respect for management skills, the importance of leadership and so on. And I knew that the staff in my group were pretty capable people. Maybe I had a few skills mix issues. However, I needed to get a spark, get something moving, to get this group to really play at a different level. You know, “good enough” and “business as usual” was not enough, and that was something that I was very clear on from the very beginning.

I went to IFC [International Finance Corporation] and talked to Dorothy Berry because I had seen that Peter Woicke had already made a number of pretty important changes and they were starting to turn around a declining business. And she basically got me in touch with the same management consultants that they used in IFC (Dialogos). And I brought them in. In the beginning, it was an extremely difficult exercise, because for the first time I realized that I had always thought about management as something you do to others and I had never thought that I was part of the equation, personally. When you talk about shifting a department and raising the game and the standards and so on, it’s an endeavor that involves people personally to a very significant extent. It involved a leadership team that truly needed to be motivated and inspired, believe, craft a common set of goals and values and principles and so on. I didn’t know anything about this, but I realized that either we had a vision and a different set of goals to pursue or we shouldn’t have the jobs we had. Actually, we had a hundred-twenty people, and we were delivering pretty much very little for this organization and for the region itself. So the priority we set out was to be the best human development department in the World Bank and to provide the best support to our countries in human development.

How would we know we were succeeding? We would have a demand that would go to the roof. That’s what we wanted. That’s what I set out to do, basically, and why? Because if we did well, the face of poverty in Latin America would look very different in the future, and that was that.

ZENNI: And how did that evolve? Did you accomplish what you set out to do?
ARRIAGADA: Actually, we did. Well, there was this first difficult part where we realized that, if we wanted the department to change and our people to operate in different ways and be more client oriented, raise their standards of quality, manage to handle the bureaucratic obstacles and so on, we needed to change ourselves. We needed to lead by example. Otherwise, it is very hard for staff to imagine or even understand what you are talking about. And that was extraordinarily difficult. And actually my management team changed significantly in that period because there were people who just declined the opportunity of operating in a different way. I’m extraordinarily grateful, actually, to David De Ferranti in particular, because he gave all the space for us to try different things.

ZENNI: What impact did a greatly decentralized Bank, begun under the Strategic Compact implemented in ’97, with almost one third of its total workforce in field offices, have on your endeavors? Did that help you?

ARRIAGADA: Yes and no. You know, Latin America is the least decentralized region in the Bank for obvious reasons. We’re very close, same time zone, etcetera. At the same time, all but two country departments are decentralized in the field. From a sector perspective, and this was actually part of some of the major restructuring efforts that I put in place in my own units, which meant that in order to be able to provide the adequate kind of service at the levels required, with the quality required in terms of skills and so on, to the different country departments, the way you need to manage that is very different than the way we have today. So, while countries would benefit enormously from having senior people in Human Development in the countries, there were programs in those countries sometimes that didn’t allow you to do that. If you do not have enough work program to cover the cost of those, you can’t do it.

ZENNI: So it’s budgetary?

ARRIAGADA: Of course. There are major constraints in the way we do the budgeting in the Bank in terms of how it determines your business decisions. One of the things that came out of these discussions was that the region agreed that for decentralized staff, the overheads, some of the indirects and all those things, would be covered regionally so that sector units would not have huge disincentive to send people to the field. As a result, I did decentralize a number of people to some key strategic places. Brazil was one of them. And I’m extraordinarily pleased by the result of that. The whole Conditional Cash transfers Program that the Bank keeps talking about is the result pretty much of having done that, having put superbly qualified Bank staff in the field so that we could work with the newly elected Brazilian government (Lula’s [Luis Inacio Lula da Silva] first term) and be there on time, all the time, when they are discussing their reforms and have a huge impact.

ZENNI: In your opinion, how well has decentralization worked in bringing the Bank closer to its clients and in promoting greater policy dialogue?

ARRIAGADA: In my own experience that has been a major gain. I’ve seen places where it has had a major impact and worked very well, like the example I just gave you in Brazil. But I’ve also seen cases where nothing happened. And it is not only the interest of one particular person.
It’s the whole Bank team: country director and everybody else in there. But potentially it’s the only way to go. The world is moving . . .

ZENNI: How do you look back on your accomplishments as Sector Director in Latin America and the Caribbean? And how well positioned, in your opinion, is the Region to meeting the Millennium Development Goals (MDGs) set to halving poverty by 2015?

ARRIAGADA: I gave you a whole set of materials about the work and the new business model we developed in LCSHD which allowed the group actually to move from being pretty much the dog in the region to being the best department in the region. And in three years we went from a billion in lending to almost two and a half billion in lending and from twenty percent of the lending in LAC to forty-five percent of the lending in the LAC region and pretty much almost half of the HD lending in the Bank. To me, the reason we managed to move from a position of a declining to a booming business was very much the changes we made to our business model; the way we serve our clients to the focus on quality, client responsiveness, partnerships, collaboration across the board and so on.

When I look at that experience, I realize that the Bank can play a huge role in middle-income countries. I have no doubt about it. You have value added. You have to figure out what it is, and it’s not the same everywhere. And if a department like mine with one hundred and twenty people could do that, to a large extent with the same people we had in the beginning, you can do it anywhere.

ZENNI: How well positioned is the LAC region, in your opinion, to meeting the Millennium Development Goals?

ARRIAGADA: You know, the discussion of the Millennium Development Goals in LAC had a different focus than it had in regions like Africa or South Asia. On average many of the LAC countries are not doing badly, and they’re pretty okay. So the fundamental part of our work was to basically break down the Millennium Development Goals on the targets and the indicators within countries to demonstrate again the issue of inequality and so on.

In addition, we looked into these targets with much less focus in the specific indicator or the particular target but more in terms of the goal that they entail. I would not think that anybody in Latin America would agree with you or with the Bank that having universal primary education is good enough for a set of middle-income countries; it is not. So in that regard, you know, the Millennium Development Goals did not really fit very well the way they were defined in the reality of Latin America. At the same time, they were very helpful because they pointed to the importance of results to basically ensure that your policy dialogue focuses on outcomes as opposed to processes, projects, or whatever. Interestingly enough, one piece of work that came out of this, which is the one two of my staff did on the progress among the indigenous populations in the region in terms of the MDGs, and there you realized that while the averages have improved significantly, these populations have remained behind, big time.

ZENNI: Okay. Would you like to break for this morning and then we can tackle your Director position in HR this afternoon?
ARRIAGADA: Sure.

ZENNI: All right.

[End of session]
ZENNI: Good afternoon. This is Marie Zenni and I’m back again at World Bank headquarters for my second and final interview session with Ms. Arriagada. Welcome again, Ms. Arriagada.

ARRIAGADA: Thank you very much.

ZENNI: I’d like to begin where we left off this morning discussing your role as Sector Director in the Latin America and Caribbean region. Is there anything more you wish to add to that before we move on to your next assignment?

ARRIAGADA: You know, actually, yes. I’m not sure I articulated properly what the job entailed and the learning that I gathered from that, which I think would be important to capture here. The first part is to realize the disconnect between being the World Bank in a middle-income country region, have a shrinking portfolio with a very weak pipeline, and not a large demand from work from your country departments. At the same time, you realize you are in a region that has some of the worst human development indicators in the world in a number of groups, particularly indigenous groups, isolated indigenous communities of rural areas, et cetera. So there was a big tension between, one, having real needs in the countries and having a department that was not delivering. So the major challenge was to basically look into the mirror very clearly and start looking at why this happened, what is it we are doing here that we could be doing differently. And to me, thinking together as a department and particularly as a management team was an extraordinarily important phase for us to start acknowledging what were the issues. And, as I mentioned this morning, I interviewed a lot of the people who worked with us and used our services and were really clear that we were not up to par, that we were not meeting the standards. We had a huge amount of skepticism as a major driver of behavior, both for our staff but also within the management team: “You can’t change anything,” “You can’t do anything,” “The Bank this, the countries that,” et cetera. We did not really own what was happening in the department. We were pretty much blaming it in a set of causes that we put on everybody else except us.

ZENNI: That were put on or that you put on?

ARRIAGADA: That we put on. We would say, “Oh well, there isn’t any demand for HD because all the country directors are country economists and therefore they don’t care for human development.” Or, you know, “The countries do not really want to borrow for human development. They would much rather borrow for infrastructure.” All the reasons were outside of us, that we had no power to do anything, we were not responsible. And the first big recognition was to realize what we could actually influence and change and do differently ourselves. And to me, that was a very critical shift in my own mind--in terms of how to manage a place and how to lead people--in what leadership and management is.

The second phase, once we assumed responsibility for what is and is not working well, then you can start thinking in a very different way, in how you are going to get out of the hole you’re in
because now you realize you have a lot of options and possibilities and there are many things that you can do. And for us that second part, if I had to summarize it in one way, I would want to say we actually took responsibility for having a mediocre department, for having a department that actually wasn’t very good. And by doing that, actually it gave us a lot of freedom to, one, connect very clearly to the purpose we were in the Bank, to make a difference and to really have an impact in the countries in human development, to be less burdened by the way things were and think much more forward looking in terms of what we needed to do, to stop blaming anybody including ourselves, to look ahead in what we needed. It was a lot less important to say who was wrong and who was right and it was a lot more productive and we were much more focused in what we needed to do.

And basically, once we managed to be clear in what were our vision and objectives in the countries then align everything else around, it was actually easier. I found it quite simple to put all the systems and the processes and practices around very clear objectives that everybody buys into. For us that entails--and I think for any sector in the Bank, operating in the current matrix--key pieces that we needed to change were budget management because budget management, the way it is set up or has been set up, is not geared towards collaboration, towards team work, towards flexibility, so we changed that. There is no structure aligning support for teams, for the task teams that face the clients. And we spoke a little bit about decentralization in the morning and decided you have to pay the price, even if it is financially a very big burden, for having people with the clients in your most strategic places. There’s just no other way to operate.

And once you sort of get clear on what are things that are not working and that you need to do, then the job is pretty easy. You just need to figure out how you get there. And for us it entailed to basically alter the way we staff our teams, the way we organize teams and put them together multi-sectorally to eliminate conflicts to streamline the focus of management and to have a very flexible system to deploy staff. People are in the sectors, our health specialists and poverty economists or educators, and they are tied to their sectors but they want to do a job in a concrete place, and that’s a country. So when you put them together with other experts, working around real problems in a real country is when their juices and creativity and everything else really get going.

So that for us was kind of the central question, and we redefined all the roles and functions in the department, including my role, in the function of the job that needed to be done. You know: Will this get us there or not? Is this a constraint or not? Does this matter, or it doesn’t? And anything that didn’t matter or was a constraint, we removed it. We removed everything we could within the realm of a department and created HD country teams that put together the sectors: social protection, education, and health. Every team had a senior person, and we could balance them to have the mentoring and the seniority that you need and make sure that every group had an economist and every group had an operations specialist and so on, so that our services to the countries were seamlessly across sectors. For example, we simplified a lot of the work around procurement and financial management by working across the sectors so all of our projects would have the same framework and things of that sort.

What brought a huge amount of buy-in from staff was the fact that in the structuring of the HD country teams one of the principles was to make sure that nobody was spread too thin in too
many different countries, balancing competencies and opportunities within the HD country teams, and finally total empowerment of the country teams to move money around in different tasks within the same CMU. People were absolutely responsive to the greater empowerment and freedom.

The other thing we did was create a pool of support services for all the task teams facing clients, pooling all the repetitive functions that are the same across, you know, making copies, running errands, going over to pick up visas, passports for trips, preparing requests for consultant services, feeding administration systems that can be done better by people who only do those things. We centralized them and created a business center. This created great will among staff because it freed up the time of both ACS [administrative and client support] and professional staff to focus on their tasks, to interface with their clients and do the technical work they’re here for as opposed getting paid for pushing papers. Once we had staff actually excited about that . .

ZENNI: Motivated.

ARRIAGADA: Motivated. The amount of ideas and the amount of innovation and work that the people in the department came up with was pretty unbelievable to me. I still could not articulate exactly what happened. But I did realize is that when you provide people with the environment and the right incentives, they respond.

The other big thing there was that the leadership team and the management team basically transformed itself into something else. First, it stopped being at the top of the organization. I mean, it went to the bottom of the organization, basically to give people the signal that their job was to support them in working with clients. And in the definition of functions we moved away from the official titles to basically focus on what were the functions that would support the task teams to deliver top quality products and services for the countries. That was the key thing. And we ended up having people focusing on quality enhancements, technical quality enhancements, operational quality enhancements, on partnerships, people making sure that all the alliances we needed both inside the Bank as a unit, as well as other organizations, was done well.

Latin America is a region where there is a crisis or a major earthquake or a hurricane or something every year; we needed to have a rapid response team ready to roll anytime, all the time so that the rest of the department could continue working normally. We needed somebody to focus on conflict management and in a group of a hundred and twenty people you’re bound to have all kinds of conflicts and so on, so somebody worked on the people conflict. Another group was led by the lead economist on knowledge generation and new products and services, basically scanning the universe for the knowledge that was being generated outside the Bank to bring it in to our teams. And this is what allowed us to grow the business to basically become the coolest place to work in. Besides it was a fun place. Even now I keep reading things that the HD group in LAC has done. IEG [Independent Evaluation Group] gave the department an award for being the first department in the Bank to have a very systematic strategy to evaluate the impact of key HD interventions. That was two years ago, you know. A couple of our staff put together a proposal to assess what was happening with indigenous populations with regards to the Millennium Development Goals (MDGs). A book ended up being published outside the Bank because the interest that this work generated in the region was so large.
ZENNI: What about results on the ground in terms of feedback?

ARRIAGADA: I think the LAC HD group is probably one of the few departments in the Bank who has evaluated many programs so it can show the impact--positive, negative or none--of a number of its projects. On my own part, I got plenty of feedback, including recognition from the government of El Salvador in 2006 for having supported them in this program that started community managed schools 15 years ago and that has changed the face of education in this country.

So, the key principles were quite simple. The clients’ work was first for everyone, and that included me as a director. So if it was a choice between some internal thing and answering a question from a client country or solving an operational problem in their project, the client was first for absolutely everybody in the place, and that was a principle everyone bought in.

The second was really focusing on the outcomes of the programs and projects that we were involved in and really not being very concerned about direct attribution, that, “I did this” or “This is my project.” No. It was about the countries, about the agencies in the countries, and about getting things done.

The next one was investing in very high quality analytical work. That was absolutely central to have and bring in the technical skills and the knowledge that you needed to be listened to.

The next element was building very, very, strong relationships with the client. We emphasized that when it comes to the development programs and working together with the countries, we are their partner. We are not there to tell them what to do. We are there to work together with them, problem solve together with them, and find solutions that work for them. At the end of the day, it will be their money; they are going to have to pay it back. And they’re the ones living with the solutions, implementing them, not us. We just show up twice a year to supervise (if they are lucky to get good supervision).

The next big element was to break the silos in HD and basically leverage the resources of the whole department. And it’s a lot easier to optimize and find economies of scale and make things more efficient at that level, but you reach a point where you can’t grow anymore, where you need the rest of the organization because you need fresh ideas, fresh examples, other experiences and other people to interact with to enrich what you are doing and your views. We realized we needed the rest of HD, we needed the rest of LAC, and we needed the rest of the Bank, particularly East Asia, ECA [Europe and Central Asia Region], you know, the more middle-income country regions, because those are the ones where our country-client issues are more relevant, more directly connected, and so on. That wasn’t there. So we were very much playing alone.

Another big challenge was to realize that the beast was alive and well. Jim [James W.] Adams was a speaker in every one of my retreats. We invited him to every one of them to take advantage of every single instrument modernization he promoted.
ZENNI: We’re talking when he was in OPCS [Operations Policy and Country Services]?

ARRIAGADA: OPCS, yeah. DPLs (Development Policy Loans), we started them, programmatic loans, sectoral adjustment loans, you name it, we picked up on every single possible innovation, simplification and so on of the instruments that he promoted. However, the amount of work that it took to get any of the new ideas and new things through the bureaucracy in this Bank was just absolutely unbelievable, unbelievable.

I still recall what was one of the last things I did as a sector director: Education For All, FDIs [foreign direct investment], Guyana. Guyana is a small country, less than a million people, and there was this issue of the grant that needed to be established. And between the Trust Fund people, the Legal people, the Budget people, and everyone who needed to be involved in these things we were going nowhere, absolutely no where. It took getting Jim Adams himself involved to solve this issue, for a tiny country and a minor issue.

Creating this new instrument was helpful, but the rest has not disappeared; it’s there. The internal processes keep taking too much time, so we miss opportunities, big time opportunities, for business development, for innovation and for working with the external partners, huge time. My worst job was the job of director. It still is the worst job ever.

ZENNI: Director . . .

ARRIAGADA: Any Director. Because you’re busy, you are so busy with the internal stuff that you have very little time for business development, the reasons you are here in the first place. Another big challenge is sticking to the principles and not giving in to spreading people too thin. You know, the demands and the push and the pressure from the country directors and the gaming between, “I’ll give you a budget,” or “I don’t give you a budget, but I need to get Mr. X or Ms. Y, and I don’t like Mr. C or Mrs.” And finally, time and resources for learning, to me that was another huge constraint from a sector department point of view. I had what was supposed to be the equivalent of two staff weeks, and that could go just so far into making sure you have the people with the language mastery that you need and the basics but not really for developing your people.

ZENNI: As Director, Leadership, Organizational Effectiveness, and Strategic Staffing (HRSLO) in the Human Resources Vice-Presidency--you became that in January of 2005--you’ve already talked a little to the circumstances leading to your move, and I’m sure you want to add more. Why do you think you were chosen for this assignment, and what in your previous experience do you think prepared you for it?

ARRIAGADA: Yes. A very important thing that happened was that I was appointed as one of the chairs for the Organizational Effectiveness Task Force. That was what Shengman Zhang had put together before Mr. Wolfensohn left. I think the reason that David De Ferranti, who at the time was the RVP, and Shengman asked me to work on that was that I was already touching the limits on what I could do in my region and my sector, so I was pushing very hard, maybe too hard, my regional vice-president, my colleagues in HD and so on to improve the way we did
And at the time, I guess, I was very high with the success that we had had in LCSHD, so I said, “This is really easy.”

ZENNI: It’s an extension of what you were doing.

ARRIAGADA: Exactly. And it was, and in the OETF, where I started to be absolutely fascinated by this organization, how it works or does not work, and I guess I translated my passion and my energy to this. Can you imagine what it would be like if the Bank worked the same way in general, not as an exception but as the norm, as the standard? When you have an excellent task team delivering for a client and the client knows that what they are doing is just fantastic, one, the amount of satisfaction is just absolutely unbelievable, but second, I see no reason why that should not be the standard for this organization. I figured, “There are five hundred managers in the Bank, and,” I figured, “everyone can do this.” And it was fascinating to me to think that other managers would want to play and lead their staff to do extraordinary work. So that’s how I ended up there.

ZENNI: As director HRSLO, what were your main responsibilities and the challenges you faced in tackling your mandate, and what did you set up to accomplish? You must have had a hefty mandate.

ARRIAGADA: Well, yes. At the time HR actually had had in the past only a director for the operational side of transactions and the HR management, personnel management and administration. They did want to have somebody looking more at the organizational issues and someone who came from the business, who could bring that perspective to HR. I was in charge HRSLO, which is the unit in HR responsible for all the behavioral and management development skills training for Bank managers and for Bank staff, for the recruitment and talent management group, and for the analytics unit in HR. That was originally my mandate.

We basically knew that HR and HR systems and policies were one of the incentive systems that does not work very well, so the big job was to figure out what HR should look like for the future Bank. What is it that the Bank business needs from HR in the future? And that was the main objective of Xavier Coll, who was the VP for HR at the time. And that was the job he set out to do with Aulikki Kuusela and this core team of people. That was what the HR renewal initiative is all about.

On the micro side, in terms of my own responsibility, HRSLO was a dysfunctional group. The people in charge of organizational effectiveness had been a major problem for everybody, apparently, in the past. They had been acquired, merged, moved around from the Strategic Planning department to this other department, to HR. So my first job was to put some management in this group and basically reduce the resources that were spent on all this.

And then a few months later I was given an additional job which was the acting CLO . .

ZENNI: The Chief Learning Officer.

ARRIAGADA: Yes, the Chief Learning Officer.
ZENNI: In the absence of hiring additionally . . .

ARRIAGADA: Yeah, upon the retirement of a prior CLO. So those were the things I’ve been doing for the last two and a half years.

ZENNI: Staying within the issues that you’re talking about, there continues to be discontent among staff as to the role of HR in the Bank, mainly that there should not be an HR strategy but an HR component integral to the Bank’s overall business strategy, otherwise the Bank will continue to lose its competitive edge as a lending institution as well as its ability to attract and retain the right caliber staff to work on development. So, what are your thoughts on that?

ARRIAGADA: Well, that statement could be the preface for the HR Renewal Proposal. Basically, the business environment in which the Bank operates today calls for a huge amount of flexibility, a huge amount of mobility, very fast paced moves and a lot of competition from other players. The Bank used to be the only game in town and now we are not; we are a very minor player in many places. This calls for a very different set-up of your HR policies and practices, very, very different. And it requires that your policies and practices and procedures really follow the business strategy which is flexibility, speed, mobility, global. When you start looking into one of the issues and what is behind that, you realize—not being an HR professional but a user—that many of the policies and systems have been done like a quilt patchwork where we have had add-ons here and there that don’t necessarily add up in a consistent and coherent way.

ZENNI: What about benchmarking with other organizations?

ARRIAGADA: Oh, tons of benchmarking, and it turns out that we’re eight times more expensive than comparable organizations, et cetera.

But to make the story short, the point is that you have this quilt, and these very complicated arrangements. I will retire on Friday. I received a month ago an eighteen page memo, a termination memo with all the things I need to do to leave the Bank. I think that is a beautiful example of how complicated and cumbersome we make everything. That’s one part of the HR part of it. And that’s something that HR needs to fix and HR is willing to fix, and part of the HR Renewal is precisely that. It’s a huge component on improving operations and systems and so on, to basically make sure policies are consistent, to make sure systems speak with each other, to make sure that exception is not the rule but an exception, to put transparency in the system so that, for example, promotions are publicized, exceptions are publicized. So, if you work in ISG [Information Solutions Group], whatever happens and decisions are made for you personally are the same that are made in the last corner of the Bank in another vice presidency and you are not learning from your friends that something else was done in somebody else’s case, you know.

The other part has to do with the internal policies and contracts and so on and compensation. What we need to be flexible, to be mobile, to attract the best kind of people, and to be able to shift our skills-mix, that’s very, very complex. That’s what we need. Today we’re going back into being involved in energy and having major issues to bring in top climate change people, and
we have tons of other people we don’t need any more in the organization. So, how do you work with that?

ZENNI: How does that reflect the new order?

ARRIAGADA: Exactly.

And then, there is a third part where all this gets connected to learning, to leadership, to management and to performance and development. And this is where it is not about HR. HR here is just an enabler; it provides the environment for this to operate. Basically, the people making most, if not all, the management decisions about hiring, promotions, whatever it is, are the managers. They hired, they promote, et cetera, et cetera. And there is a huge disconnect between what you would want, you expect these people to do or what they actually do. If you have people in charge of managing, make sure they manage and they are accountable for it. And this is one of the key parts that is broken and why people criticize HR, which is not an entirely fair criticism because HR cannot fix that alone. The Bank at this point has the best, top of the line OPE [overall performance evaluation] system and form. There’s nothing wrong with the form. There’s nothing wrong with the system. It’s how we apply it, or not apply it, and is not the HR people who apply it. It’s us, the managers. There is this whole other aspect of this that keeps things the way they are because it works to keep the status quo, to be able to have the wiggle room you need to solve your unit’s specific problems in the short run. But in the aggregate this is dysfunctional. It is not taking this organization where it needs to be.

ZENNI: Based on your first-hand experience as Director (HRSLO), please discuss your overall assessment of the systematic learning of lessons in the Bank as an input in the way the Bank does its work, how conducive is its organizational culture to learning in general, and the specific role you played therein in furthering progress.

ARRIAGADA: I sent you this morning a discussion note that I prepared; actually, this is my last piece of work for the Bank.


ARRIAGADA: Yes. Where basically, based on the work that I have done in the last two and a half years, both as the Director for HRSLO focusing on management development and staff learning, on client engagement skills and team work skills, and the work that I’ve done as the acting Chief Learning Officer for the Bank on the overall staff learning and knowledge management program, all were the basis for this piece of work. This question and the issues around the organizational culture and learning are at the core of what in my mind is the main problem or issue that this organization faces today. It was as early as 1992, I think, The [Willi W. A.] Wapenhans Report . .

ZENNI: Yes, it was. Just to give a bit of background for this report, soon after Louis Preston became president in ’91, he commissioned a task force to examine the quality of the Bank’s portfolio, and make recommendations. This resulted in a landmark report in November ’92,

ARRIAGADA: Yes. Well, one of the things which was clear at the time in the Wapenhans Report already was that we really were not very good at learning from each other and from the experiences we had in our own projects. I find that to be very true today. And this is part of the analysis that we need here. What you see today, even after the Knowledge Bank was created in 1997 and a number of initiatives were put in place and so on, the fact of the matter remains that while we do have some very good practices and some fantastic examples and some world class things, they are the exception but they are not the rule. The standard is still inadequate. And, in my mind, that is even more important today because we have more competitors. Countries today do not have to come here to solve their issues. To get money, they can go to a lot of different places. Therefore, what does the World Bank have to offer that they cannot buy elsewhere? In my mind, that is the global experience in development that we have that nobody else has. However, to a significant extent, this remains tacit knowledge in the heads of the staff, and we’re doing very little to ensure that this gets captured, shared and used, and reused by the Organization. So we are sitting basically on this enormous human capital asset without exploiting it properly. And I think that times are such that the external forces are more or less going to leave us behind if we do not really step up to the plate.

My biggest fear is that if the Wapenhans Report brought this up as early as 1992 as one important constraint for our effectiveness at having a development impact, this is a deep rooted issue in the culture of the organization. And I don’t see that this issue is truly appreciated in the Organization. And then I fear that the leadership needed to actually address it is not there. So, in many discussions this is seen as, “Yes, yes, yes, the culture. And yes, we’re not very good at this, but this is intractable, there’s nothing we can do about it.” I disagree. I fundamentally disagree because I’ve seen change in this organization, so I know you can do it. But I do not see the leadership in senior management that would be needed to take on such a big thing.

ZENNI: There’s no willingness or . . .

ARRIAGADA: Right. Well, if I had to describe it--and this is my personal view--fundamentally, the business model of the Bank is obsolete. We are still operating for the most part (and that’s the organizational culture and so on) in a world where we are the experts who know about something; call it education, health, climate, water, sanitation, macro. We know it and other people don’t. Well, the unfortunate truth is that we’re in the internet age; our clients have access to pretty much the same information and knowledge that we do. As a matter of fact, when you look at the counterparts that you deal with in the countries, they could be working at the World Bank. They have very much similar knowledge and backgrounds as we do here. If they have access to knowledge, we cannot come in there and just pontificate and preach and tell them, you know, spread the wisdom of the word or something, because actually they can get in—they can Google it today.

What is it that we have to offer? And what we have to offer is the ability to share what’s happening in other countries, what worked in different settings, what were the lessons of X, Y,
and Z experiences, what are the pros and cons, what are the consequences, what are the costs, et cetera. That’s what we can provide.

How does that fit with the current business model? Not very well, because if your job is basically to push money out of the door and that’s how you’re going to be evaluated and so on, you’re going to push money out the door, regardless. It may not be the right thing or the best thing for the country, but it will certainly be what you’re being rewarded for. That’s one big element of certain things that relates very directly to the incentive that we all face working in the organization. There are no incentives for you to share your knowledge. It’s not rewarded, it’s not recognized. It’s not an important part of your job.

Last year after the OPE exercise, I looked at the ratings on the knowledge sharing item in the OPE. Well, that was the highest rated items for everybody in the Bank. If we were so good at that, people would be knocking at our doors, no? But that’s not really the case. There are big constraints; leadership and the signaling from senior management is one of them.

After the Knowledge Bank in ’97 a number of initiatives were put in place. The concept has not been revisited. There was a total vacuum and lack of interest during Mr. [Paul D.] Wolfowitz’s period. Like everything else, first generation reforms created a new set of issues and a new set of problems. The world out there is changing. It’s time to revisit.

Parts of the issues have to do with the fact that the skills our staff need today to succeed out there are changing, are different. And unless we are able to adapt, the Bank will not be doing very well in the future unless some big crisis happens and everybody needs the World Bank and the IMF [International Monetary Fund] again. But that’s a short term type of fix. But maybe that’s the way this organization chooses to limp along in the future. That’s a possibility.

The fact is that knowledge and learning are not part of the organizational culture. They are the espoused, declared value, but they’re not practiced. In fact, they are not mainstreamed into actual incentives and business processes. This is seen as just one more thing to do. It is only very few groups of people who use knowledge and learning in a strategic way. There are good examples; for example, the Doing Business program in the Private Sector Development group. But they remain like islands, and they’re not mainstreamed.

ZENNI: They’re operating in silos.

ARRIAGADA: Everything is operating in silos. Fragmentation of decision-making is huge. Everybody does their own thing. From my perspective as the CLO I see that more and more. It’s just absolutely unbelievable. Everybody claims to be different from everybody else, and therefore we have very different standards of quality for most things across the organization.

And, when you look at the aggregate, you realize how the organization loses its edge. For example, over a third of the staff in operations have not had any operational training even though they’re working in operations. There’s something wrong with that picture. And at the corporate level these things are not being picked up as an organizational issue in a serious manner.

Ana-Maria Arriagada
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I have very high hopes that in the future maybe there will be some more systematic and coherent traction to this. Budget incentives are another big impediment. Operational rules are also a big constraint. So, at the end of the day, you end up with people trying to do their best, personally, individually, in a system that is not enabling them to do what they need to do, or the right thing, or what would be the best quality or the best service for the client.

The other thing that I could say on this is that it has been disappointing to work in management development. There are very few people who actually want to lead. There are many people who want a promotion, but not necessarily to be a leader. And . .

ZENNI: A leader; i.e., manager?

ARRIAGADA: To me they are two different things. You can have a manager that administers what is. And that’s perfectly fine in many jobs where that’s what you need. I would submit that in the operational side, you don’t need just managers. You need leaders. You need people with vision, people with skills and abilities to strengthen the positioning of the Bank, the relevance of the Bank and so on, to keep the organization and business in good health.

ZENNI: Technical leaders.

ARRIAGADA: Technical leaders and people leaders, because at the end of the day . .

ZENNI: They have to marry the two.

ARRIAGADA: . . they have to marry the two. We tend to think this is an either/or proposition, and it’s not. Organizations that succeed manage to balance the two, and we don’t.

And there are reasons these managers do not lead. One is the incentives that we already talked about. People have a concern about their careers, about their pensions, about their own personal progression. That is a legitimate concern; we’re all concerned about those things.

But the second one takes me again to the Wapenhaus Report, and it is something that I have been studying a bit from the CLO purely adult learning perspective, which is the kind of people we bring into the organization. I have come to the conclusion that these deeply rooted issues can be addressed to a significant extent by changing the incentive systems and by leadership from the top--there is no question in my mind--but also that we need to really, really change our recruiting practices in the organization. How do world class organizations recruit people today? They do recruit people because they do have top notch technical skills, and they do recruit people who have very good work experience. But they also check on people to make sure they do have the right behavioral traits, that they are people who are interested in learning, that they are people who can be wrong, that they are people who are okay with not knowing; that they are people who collaborate well with others, et cetera, they have what’s being called emotional intelligence as a key ingredient for them to operate in an organization. I truly think that in the long run, if this place keeps recruiting like in the 1960’s, we’re going to miss the boat big time. It is a balance between technical skills, experience, emotional intelligence, and inter-personal skills that is what we’re missing. This is so much more important today than it was ten or fifteen years ago.
because the Bank clients today need to want to work with you. They don’t have to work with you anymore; they have to want you. And for them to want you, you have to be a good listener. You have to be a good partner. You have to do a lot of things in a different way than we’re used to. And my biggest disappointment, actually, is that I’ve been unable to influence that in the Bank.

ZENNI: What impact has the proliferation of fast-paced technological advancement taking place worldwide have in accelerating and deepening the development process, how did this impact your endeavors, and how well has the Bank harnessed these technological advancements in achieving its strategic objectives?

ARRIAGADA: Well, I’m very encouraged by what I see at the IT [information technology] governance group that Guy De Poerck has put together, because of a number of things. The first one is the clear acknowledgement that while the place has invested heavily and brought in all kinds of tools and systems, we seem to think that the system will do the human part for you so that you can avoid doing it. And, at this point, we find ourselves with about five staff per website in the Bank. That’s totally insane. If you do not provide people with the systems that really serve them and respond to their needs, and with clear governance so that the process of decision making and so on is clear and transparent, this is the result you have.

It’s just natural that this happened. You know, people have developed all kinds of coping mechanisms for things trying to do the best they can in their local situations. And the time is past due--big time past due--to get some corporate alignment between the pieces of this very fragmented organization while everybody does whatever they want. At the same time, the force of technology can be very positive to force the business side of the house to make some choices and standardize some basic processes and workflows across the organization. Raising the IT questions, forces the business people to face the fact that we have six different ways to process an appraisal document, et cetera, and that you have to have some common standard to be able to share it and to get other people to find it. So, I don’t know what else to say about that except that I truly hope that this effort really moves forward and manages to get some corporate decision-making done.

ZENNI: Do you want to talk about leadership in the Bank, particularly women and leadership in the Bank?

ARRIAGADA: Yes. You know, I remember the first time I was appointed manager a male colleague came and told me, “Oh, so you undermined such and such to get his job.” And I remember at the time being extremely upset about that. And, looking at things, I think there has been an enormous amount of progress made in the sense that you see a lot of women in the Bank in senior positions in a way that were not there when I started. I remember when I joined a region in the early ’90s, I had been in a lot of places where I was the only woman or one of two women, and that has changed. However, what I think is still very much the case is that for a woman to move ahead, you need to work twice as hard. And this is a factor that deters many women from pursuing higher positions or managerial positions even though they could be very good at it.
ZENNI: Balancing family and career for women is still a difficult issue.

ARRIAGADA: That’s one part I think, yes. The other part, which is the other side of the coin, I think, is the danger of going for targets that are going to basically mess up the career of people who are pretty proficient, that they’re not ready for, without, you know, the enabling support and so on that’s needed. I’ve seen that too.

ZENNI: What would you like to see happen in that respect to promote opportunities for women to progress in leadership positions? Based on your personal experience.

ARRIAGADA: Based on my personal experience, I think what’s needed is good quality leadership, whether it comes from male or female. And that is what’s missing. And that would make the most for this organization. And I think those are people who have both very strong technical skills but at the same time very high emotional intelligence as part of the way they operate and they function. Working across and networking is how you do deals; it is how you get things done; and it is how you motivate people to perform. And that’s what leadership is about. So I think, to me, it is not a purely gender issue.

ZENNI: It’s a quality issue.

ARRIAGADA: It’s a quality of leadership issue and support for leadership. And I realize that we spend a lot of resources in management development doing remedial work on people who don’t have the skills, the abilities, or the interest in actually being a good manager or being a leader. Maybe that money would be better spent if we brought in the right people in the first place. But to bring the right people in the first place we need to start much earlier. We need to start with the people we bring into the organization. For example, if the President wants to see more female diversity, you need to look at the overall pyramid of promotions through the grades, right? You’re not going to get women in higher level, more women in higher level positions, unless they start to rise through the ranks, correct? For that, you need to hire more women to make it happen.

Another thing is to facilitate the integration of managers that come from outside. You know, we have very bad experience here. People come in senior positions or management positions in the Bank and succeed for the most part, but then leave. What I’m talking about is when we have brought in managers from the outside; we are not a very welcoming organization. Somehow a lot of these people fail. We could do a better job at integrating and embracing people who come with a different experience. And again, in my mind, that goes to the heart of the organizational culture of this place and the inability we have to appreciate that anyone else has anything valuable to contribute.

ZENNI: Acknowledgment of the expertise of others. It’s been difficult for this place as an institution to do so.

ARRIAGADA: And it has to do very much with the ability to have more diversity. At the same time, it worries me very much to see that because you put quotas or things like that, targets, you make the wrong choices and the wrong decisions for two reasons. One, it devalues women
in general, or women in management in general, which is not a good thing. And second, if they are from Part Two countries, which tend to be the case, it is even worse. So to me this is a long run proposition. It’s something that’s beyond gender. It’s the quality of leaders and the quality of people you bring into the organization.

There have been a number of attempts to create some group of senior women and so on, but it doesn’t really take. People are so busy; they’re coping and dealing with their own workload, so they don’t have the time, and since nobody cares anyway whether you do it or not, it just does not get done. It’s again part of the incentives of the system that is not very conducive to this. When I had a role to play, I hired women, lots of women, and men, too, if they are good, you know. And that’s part of this work that I mentioned earlier on recruitment.

My vision for the Bank is that the Bank continues to do decentralized recruitment where managers choose what they need. But instead of the recruitment HR provides, I would outsource the whole thing where headhunters and companies that recruit locally bring in candidates that are tested and checked out and interviewed by professional interviewers. That way, if you need an educator, and looking at the profile of my region and my group I see I really should get a Southern African person for that group, then the recruiters brings me ten candidates, top quality, all from Southern Africa, and you can marry the two objectives. I’d be only too thrilled to make the Bank happy and solve my problem with quality. It’s a win-win.

ZENNI: So, would you say the Bank’s overall recruitment policies are not that supportive of its strategies and objectives?

ARRIAGADA: Well, they are again fragmented just like everything else we discussed. Everybody does their own little decisions the best they can. But, when you add it all up, it doesn’t necessarily add up. You have very cumbersome processes. The same things we’ve spoken about in some of the other areas.

ZENNI: Looking back, based on your extensive experience working on human development issues, both as Sector Director and as Director in HR, how would you compare the challenges in tackling human development issues internally within the Bank to tackling them externally in developing countries?

ARRIAGADA: You know, actually I don’t think it’s about human development or HR or sectors. I think it’s about the business models and the mental models you operate with inside and outside the Bank. If you are working in an environment where your clients have to want you, have to value what you have to add, and that’s why you are there, the way you need to work is extremely collaborative, very demanding technically, fast and timely and no hassle bureaucratic crap. That’s how you do that. That’s how you need to work with the country. If you look at the inside of the organization, we need the same thing. It’s exactly the same thing.

What I do see is that it’s very hard to sell what you don’t have. The accomplishments that many people and many groups in the Bank managed to do with their clients and so on, they do them in spite of the Bank, not because of the system and so on.
ZENNI: Moving on to World Bank presidents, what is your assessment of the various presidents under whose leadership you served? And, in your opinion, what should be the criteria for selecting World Bank presidents in terms of both their personal and professional leadership attributes? And you’ve spoken a little about senior leadership.

ARRIAGADA: I think I’ve spoken a little about senior leadership. You know, on the early ones, of course I have absolutely nothing to say because this was too distant for me to mean anything.

ZENNI: Okay, where do we begin?

ARRIAGADA: We can begin with Wolfensohn.


ARRIAGADA: And I think he truly gave another lease of life to this organization for a few years and repositioned the Bank very well externally. Plus he gave staff a really lofty mission we all embraced: poverty reduction. I think internally, though, the changes that were put in place were not really implemented the way they were meant to be implemented, so a number of the issues we discussed were actually not solved. You know, we changed the boxes, we changed the names of things, a number of sentences and words become buzz words like team work, collaboration, client orientation, et cetera. I would like to see somebody who really focuses on transforming the Organization now.

ZENNI: Its organizational culture, basically.

ARRIAGADA: It’s the organization, the organizational culture and really be willing to lead. I think at this point the place lost its way for two and a half years. The second generation issues generated by the matrix and this organizational structure and, you know, the changes in technology, the change in the world and so on, still have to be absorbed and processed internally to become a 21st century organization. And I would think that someone who really wants to lift this organization to excel is absolutely central, and I haven’t really seen that.

ZENNI: Well, related to the continued relevance of the Institution, President [Robert B.] Zoellick who has just taken on that job this year, in July 2007, recently spoke of a World Bank becoming “smarter, faster and cheaper.” He would like the Institution to move towards the achievement of more sustainable and inclusive growth. What do you think he has displayed so far in his short tenure as President of the Bank?

ARRIAGADA: Well, I’m extremely glad that President Zoellick put in the agenda promoting the Bank as a knowledge and learning institution. Actually, this is the reason I’m going to continue consulting for the Bank after I leave because this was a topic that was pretty much abandoned and was out of the radar screen of senior management for the last two and a half years. And two and a half years of neglect of this particular topic in the 21st century cannot be afforded by any institution.
What’s going to come out of it? That’s another story. That’s a completely different story, something that in a way is linked to what I said earlier about presidents really following through in the implementation of their decisions and so on.

You know, somehow we have this incredible ability to take on things and instead of truly embracing them we kind of adapt them to our way of operating so they become just another checklist. Like the OPE system, the 360. I couldn’t believe it. I go out and started looking outside how to evaluate people and find the same things we have. So what’s wrong with it? It’s us, it’s not the tool. You have it in my paper as a main big issue, and you realize it is not about knowledge and learning per se. It’s not about doing more training courses; it is not about doing more websites. It’s about incentives, it’s about management; it’s about really putting your decision making, your money and your efforts and so on where your mouth is.

ZENNI: What is your assessment of the Bank’s various evaluative mechanisms (e.g., IEG previously OED [Operations Evaluation Department], QAG, the Inspection Panel, et cetera), in terms of contribution to quality and effectiveness of the development agenda?

ARRIAGADA: Well, I would put the Inspection Panel in another category. I’m going to talk about IEG, QAG, and so on. There are additional evaluative mechanisms that are a part of the work that’s done by DEC, by the regions, and by others which are very important, actually. It should be a lot more systematically done The only way we can survive in this world is showing the impact of what we actually get done. And the work of IEG, QAG is even more central. However, what you see is IEG and QAG as accountability mechanisms. You use their work to make sure they don’t rate you poorly because that will damage your indicators as a department. But you’re not really seeking their feedback and so on to improve your product.

The Bank should be a lot more systematic about evaluation of the impact of the interventions we finance. For example, the Conditional Cash Transfers and the reform of the welfare system in the safety net in Brazil had an impact evaluation. Thanks to this work, Brazil and the Bank have been able to show the impact of the CCT program. That is--in my mind--what the Bank should be doing a lot more of. If not, how are we going to learn?

Let me give you an example. In the mid-’90s, Latin America had implemented a number of social investment fund projects. These were projects that were put together with the adjustment programs we talked about earlier. The original intent was to create employment but later on that shifted to ensure the provision of basic services and small infrastructure. We evaluated four Latin American countries and two countries outside Latin America. We found out that these funds were not having an impact on unemployment, and that they had a different kind of impact. After we saw that, Latin America did not do anymore those kinds of projects. They’re still being done in Africa and elsewhere. Is that a good or bad idea? I do not know. We’re being extraordinarily penny wise and pound foolish, I think, when it comes to evaluations as key learning tools.

ZENNI: What are your views on the Bank’s role as convener and mobilizer of resources?

ARRIAGADA: You know, this is really a very interesting question, and I have seen it now, particularly, from the HR side. There are trust funds for hiring people and so on, and I think this
is a pretty strategic question that should be looked at very carefully. There is no question in terms of what’s going on outside the Bank that given the fact we’re not the only players we’ve got to learn to play in the sandbox with other people, that’s number one. So now learning to convince anyone or anybody, you first have to play with them; otherwise, it’s very hard to be a convener and to have credibility out there or whatever role it is you’re going to play. I don’t think that the Bank has an option not to be or not to strengthen its capacity to be a convener, an honest broker. We’re not brokering bilateral deals anymore, anywhere. So, the choice we have is how well we play. And I think we could do a lot better.

Managing resources for others is becoming a more and more important question. We’re mobilizing and managing. This could be a good line of business for the Bank, particularly in global products. I think that’s all fine and actually could be a very good business for the Bank, provided that there is a very clear and coherent framework to manage and to use these moneys. The danger here is to have the financiers dictating the agenda of the Bank. And that’s a very different story.

ZENNI: What about the Bank’s coordination and collaboration efforts, particularly with the IMF, the UN, regional banks and other international and bilateral agencies?

ARRIAGADA: I think everything we have spoken about relationships and our difficulty working with others applies to them.

ZENNI: I mean, are we now more accepting of the leadership of others or are we better at recognizing the leadership of others?

ARRIAGADA: I don’t really know. I have been out of Operations for two and a half years so I don’t really know exactly what is going on. The only thing that I can say is that we’re not very good at not being the leaders. I’ve had a number of colleagues from other organizations talking about our efforts around harmonization, for example, and saying that harmonization for us is “the World Bank way.” That certainly is not good.

I am very clear that we are--from my current assignment--putting a lot of effort into building that capacity. But again, we go back to the issue of incentives. On one hand we are providing people with training and learning principles on how you create partnerships and foster them and so on, but on the other hand, staff are pushed into, quicker, faster, whatever, and particular, you know, incentives and demands from their managers. I’m sorry; the learning is going to be useless.

ZENNI: What, if anything, in the criticism directed at the Bank by NGO’s and others do you consider legitimate and worthy of serious attention?

ARRIAGADA: Well, look, I mean, I think I’ve pointed them out myself. Right?

ZENNI: Yes, yes, you have. The same thing goes for NGOs [non-governmental organizations]?
ARRIAGADA: I think we have been very shy as an organization to actually say to NGOs, “We don’t agree.” At the other end, we are so afraid of saying, “I was wrong, I made a mistake, and we didn’t do the right thing here,” that that’s kind of something that the Bank seems to think is absolutely impossible to do, and so we go the other way. We go to the other extreme to make sure we don’t make mistakes. We put all these protective measures and stifle innovation, creativity, in our staff. At the same time, we have a public information policy that is much more open than we ever had before. So there are some signs of progress.

My biggest fear, actually, is that our progress may be fast for the World Bank, but it’s too slow for the world in terms of how fast the rest of the world is moving. Somebody was saying the other day, “We are like the Queen Mary”—you know, the ship—“The rest of the world moves in speed boats, and we’re still in the Queen Mary.” Do we really want to be the Queen Mary? Can we afford to be the Queen Mary? I don’t think so.

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

ARRIAGADA: I didn’t know actually which ones or which contributions in particular. To me, the closest to my heart, and there’s no question about it, is the work the Bank did in the reconstruction of El Salvador after the war and the work in the education sector there. It was such a privilege to see how our first project coordinator later became the Minister of Education. Besides wonderful experiences in many other countries, the other big thing has been the staff that I have worked with and some of the people that should be the leaders of the future. They are outstanding people who combine very sharp minds and very strong technical skills with very developed leadership qualities and interpersonal skills. Yes, that’s the kind of leadership the 21st century calls for.

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

ARRIAGADA: Well, I’ve learned an enormous amount, and I’ve had a fabulous career, a fascinating career. I’ve been happy, very, very happy working here. I mean, I wanted to come to work every day for about twenty years. I have had exciting work, fabulous colleagues, challenging things, and I had the chance to be all over the world. I’m extraordinarily grateful for the opportunities I had in the Bank.

At the same time, I’ve given a lot to the Bank in the sense that I’ve done my best. And one of the things that I see as hard has been that my views about management and about how you need to work have been a minority view. The reason for leaving early is exactly that. I do not want to spend so much energy managing the internal organization as opposed to getting the mission and the job done with the clients.

ZENNI: Most difficult at times?

ARRIAGADA: Well, it’s very difficult to feel, for the most part, like a salmon swimming against the current all the time.

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

ARRIAGADA: No, I think I have talked about more than I would have wanted to talk about.

ZENNI: Okay. Many thanks for a most productive interview and for your invaluable contribution to the Bank’s Oral History Program.

ARRIAGADA: My pleasure. I just wish and I really hope that all the contributions that you are getting from all the different people that you are interviewing are really used by this organization to learn and move on. And I would really encourage you to look for avenues and keep up to make sure that the work and reflections that you are capturing here are actually processed and used by the decision makers in this place to learn basically from people who have spent most of their careers here.

ZENNI: Well, thank you very much.

[End of interview]