

FFICE MEMORANDUM

DATE: March 4, 1998

TO: James D. Wolfensohn, President, World Bank Group

FROM: The Team for Racial Equality

SION: 87541/35006

SUBJECT: Racial Equality in the Bank Group — The Challenge of Inclusion

1. Allegations of racial discrimination at the Bank Group have been documented since 1971. In 1979, the African governors discussed the issue at their meeting in Belgrade. The following year, *Washington Post* columnist William Raspberry wrote a series of articles critical of the Bank's hiring of black staff. Since then, three studies have been conducted on this issue. In 1979, the Africa Study Group submitted a report finding that "The Africans in the Bank staff strongly believe that they are victims of discrimination because they are 'African.' They also strongly perceive that of all the minority groups in the Bank, they are the 'most discriminated against.'" In 1992, the Staff Association's African Issues Working Group issued a report concluding that "Sub-Saharan African staff receive less favorable treatment than is the norm in the Bank." Among the specific issues documented are the comparatively lower level of recruitment of Sub-Saharan African staff, the lower grades at which they are recruited, the more restrictive nature of their assignments once on board, their slower rate of promotion, and their scarcity among managers. Most recently, in 1997, Controllers (CTR) engaged an audit team from the firm of Dewey Ballantine to review allegations of racial discrimination in the VPU. A report was issued entitled "An Analysis of Allegations of Discrimination within the CTR Vice Presidency in the Hiring, Career Development, and Compensation of Managers and Professional and Support Staff Who Are Black African Nationals or Are of African Origin." The Dewey Ballantine audit team found "evidence of miscommunication between management and black staff, probable instances of favoritism in promotion decisions, a work environment that was perceived by black staff to be hostile and prejudiced, and discrepancies between the hiring and promotion of black and nonblack candidates."

2. The findings of these studies send a clear message: race-based discrimination is present in our institution, and the problem of discrimination, where it exists, is evidenced in management's hiring and promotion decisions, attitudes, and behaviors. The discrimination, especially against black African staff and other staff of African origin, translates into a denial of opportunity and inequitable treatment on the basis of the color of their skin.

3. This problem is serious indeed. It lowers the effectiveness and productivity of Bank Group staff. It undermines staff morale and performance. It seriously impairs our credibility and image as a leading global institution. It prevents us from tapping fully the best of all the global resources available to us, undermining our competitiveness. Furthermore, any form of racial or cultural discrimination within the Bank's staff is inconsistent with our proclaimed mandate to play a leading role in fostering social and economic development in the global society, particularly in partnership with poorer nations. The Personnel Committee of the Executive Board of the Bank Group, in a meeting to discuss the Diversity Paper on December 12, 1997, stressed that racial discrimination could not be tolerated in the Bank and underlined the urgent need to

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address this issue. The president of the Bank Group is fully empowered by the Articles of Agreement to address this problem.

4. The current attempt to tackle this issue should be seen as part of a continuing effort by Bank Group management to respond to these concerns. Although past efforts have been less than fully effective, the Bank Group should be proud of its continuing commitment to the issue. We therefore seek the wholehearted support of management for the proposed action plan and for the goals we are seeking to achieve.

5. Following a comprehensive review of existing material on the subject, the Team for Racial Equality believes that the current set of recommendations would allow the institution to act decisively and with lasting impact and that your personal commitment and leadership are necessary conditions for progress. Under your leadership, we can create an institutional value that will improve the quality of our products, services, and client relationships and will foster a more inclusive working environment for staff. We recommend that you lead an institution that has zero tolerance for racial discrimination in both words and deeds and that envisions a future in which discriminatory behavior has no room.

6. We transmit herewith the team's final recommendations and action plan, as outlined in attachment 1. If you wish, the team would be very pleased to discuss this matter with you. The team also volunteers to assist in the review of candidates for the post of senior advisor on racial equality and to ensure continuity in the transitional period until the senior advisor is fully operational. It also volunteers to provide implementation support, as needed.

cc: Messrs./Mmes. Sandstrom, Zhang, Berry, Stern

Team Members:

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Attachment 1**Team for Racial Equality****EXECUTIVE SUMMARY
Recommendations**

1. In October 1997, the Bank Group established the Team for Racial Equality, comprised of fifteen staff members. The team was charged with reviewing existing documentation alleging racial discrimination in the workplace, especially against black staff, and with making recommendations to management for addressing this problem and for creating a truly inclusive work environment in the Bank. Racial equality is a key component of the Diversity Action Program of the Bank Group. In addition to the literature review, the team consulted with relevant experts and drew from the experience of similar work done at the International Monetary Fund (IMF). The recommended action plan is a consensus document, arrived at through a transparent process that fostered healthy exchanges within the team and between the team and management. It contains forward-looking, implementable measures designed to enhance racial equality and harmony in the Bank Group and to guide its relations with clients. The team is deeply thankful for the support and guidance of the champions of this worthy cause, Messrs. Sven Sandstrom and Shengman Zhang.

2. The key recommendations in the action plan are as follows:

- The president should issue a policy declaration stating unequivocally that racial discrimination or racial bias has no place within the Bank Group. Further the president should remind all staff of the Bank Group's policy of zero tolerance for any form of racial discrimination or racial bias and entreat them to work together for a truly inclusive work environment. The president should reaffirm his personal leadership and commitment to holding all vice presidencies accountable for achieving the objectives of the action plan.
- A senior advisor on racial equality (SARE) should be appointed to serve for a maximum of five years within the Diversity and Gender Office. Reporting directly to the Human Resources vice president (HRVP), the SARE would have adequate autonomy and direct access to the President and the Managing Director overseeing Human Resources (MDHR), as does the gender equality advisor. This position eventually should be merged with the functions of the diversity coordinator.
- Accurate and complete databases should be developed as indispensable management tools for monitoring the status and progress of black staff.
- The number of black staff should be increased substantially through (a) a proactive policy of recruiting suitably qualified and experienced candidates, especially for positions graded at levels 22 and above, and hiring black professionals in management and executive positions, (b) proactive career development and staff rotation policies and programs designed to foster career growth of black staff, (c) facilitating the appointment of the existing pool of black consultants to more stable positions, and (d) enhanced opportunities for career progression of black staff at levels 11-18. The SARE and concerned managers should agree on Vice Presidential Unit (VPU) action plans, including measurable benchmarks for each vice presidency annually.

- Training programs need to be developed on broad issues of cultural diversity and on working in a multicultural environment.
- Positive and negative incentives should be created that are consistent with the policy of zero tolerance.

Action Plan

3. **Statement of the Problem.** The documented differences in the numbers, grade distribution, and location of staff highlight the problem facing blacks in the Bank Group, who perceive a work environment that is far from inclusive. The differences reflect the outcome of subtle organizational behaviors, which manifest themselves in concrete career-affecting management decisions on recruitment, how work is shared, who gets key visible assignments, and the ability of black staff to rotate to regions outside of Africa, which is necessary to diversify their experience and prove their fungibility and promotability. Most important, black staff are painfully aware that they are denied opportunities because, behind closed doors, subtle unverifiable doubts are cast on their capacity—based not on their documented competencies and accomplishments but rather on the subjective opinions of individual managers and staff (see attachment 2 for details).

- Out of 1,250 staff at level 25 and above, representing 20 percent of regular staff, there are currently about 43 Sub-Saharan African staff (SSA), five Caribbean blacks, and two black Americans. Thus, black staff represent about 4 percent of senior staff at level 25 and above.
- The figures are particularly striking for black women: Only seven black women are at grades 25 and above, representing 0.6 percent of total staff at that level. Only one black woman is above level 26. Across all nationalities, women represent 16 percent of all staff at level 25 and above.
- In the recent 120 Bank-wide management selections, only one of the existing black managers was selected; no black was newly appointed, despite several promising applications, which were, in fact, encouraged by Human Resources.
- Fifty percent of black staff at level 22 and above are located in the Africa Region.
- Of the Bank's 28 corporate officers, only one is black; and of the 150 top managers, for example, at the director level, only four are black.
- Only one black is serving as a resident representative outside the Africa Region.
- Of the 161 managers at division chief level, six are black; and there is only one black among the 117 managers at the level of advisor.
- One black is a member of a sector board, and no blacks are represented on the councils.

4. **Business Case.** As a premier international organization, the Bank Group should preserve its integrity in fairness, objectivity, and equal opportunity for all staff, irrespective of race,

culture, nationality, and gender. As it pursues its mandate of fostering global development in partnership with all nations, the Bank should proactively recruit and develop staff from all nations. The business reasons include:

- Demonstrating the Bank's unique credentials for doing business in a global environment and for understanding poverty and economic development, with the highest level of professional knowledge from all nations, cultures, and races
- Consistency with the Articles of Agreement, which empower the president to pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible, subject to the paramount importance of securing the highest standards of efficiency and technical competence
- Creating added value for the institution and its clients, in both an economic and social sense, by fully developing the capacity of all staff and fully realizing the potential synergies of a global pool of resources
- Maintaining consistency with the "challenge of inclusion" by adhering to the principles of racial equality and harmony and by projecting the vision for global development without racial or ethnic conflicts.

5. **Racial Equality Objectives.** The Bank needs to have much better tools for monitoring the status and progress of black staff. Past efforts to achieve racial equality set lofty goals, most of which remain unrealized in part because the Bank's Human Resource information system has no way to monitor and measure progress. The team, therefore, strongly endorses the findings of the Dewey Ballantine report that accurate and complete databases are indispensable tools for monitoring the progress of the action plan and the impact of its efforts. We recommend that Human Resources be responsible for this. After many unsuccessful efforts, the Bank only began making progress toward achieving gender equality within its operations after adopting measurable benchmarks for its gender equality objectives. The Bank needs to make a similar commitment to the measurement and monitoring of racial equality goals.

6. This does not mean establishing quotas for the hiring of racial minorities. Measurable benchmarks or targets are not quotas, and managers will only meet their targets by hiring and promoting suitably qualified and experienced individuals. Furthermore, the issue is not to institute an entitlement program for blacks. Rather, it is to treat qualified and experienced blacks on a level playing field.

7. Our objective is to change practices and behaviors from those that discriminate against staff on the basis of race and other characteristics not relevant to the business of the Bank, or the individual's work or career, to those that provide fair treatment, objectivity, and equal opportunity for all staff. We also seek to foster professional excellence and institutional effectiveness in an increasingly multicultural world.

8. **Recommended Actions.** To achieve this goal, the institution needs to pursue a broad and systematic approach consisting of the following closely interrelated and mutually reinforcing actions: (a) establish a policy and institutional framework that supports a culture that values racial equality and mainstream these values and assign roles and accountability, (b) increase the number of qualified black staff through proactive pipeline building and staff development, and

(c) implement cultural awareness training and a system of rewards and sanctions to foster changes in attitudes and behaviors.

(a) **Establish a policy and institutional framework**

- The president should declare a policy of zero tolerance and strongly affirm his personal commitment and leadership.
- Racial diversity should be established as a core component of the Bank Group's Diversity Program.
- VPUs should be held accountable for the achievement of objectives of racial equality.
- A senior advisor on racial equality should be appointed (see attachment 3 for details of the institutional framework).

(b) **Increase the number of black staff.** The team recommends that the SARE monitor and evaluate the implementation of the actions proposed here and report to the president of the Bank Group annually.

(i) **Proactive recruitment**

- The SARE should collect data for tracking black staff, especially new staff, and for setting, jointly with managers, measurable benchmarks for each vice presidency on an annual basis.
- Each vice presidency should hire more black staff into higher-level positions graded at levels 22 and above, with the expectation that some of these will be hired or promoted at 25 and above and that some of those hired at levels 22 to 24 will subsequently be promoted to levels 25 and above; qualified candidates should come from both Part I and Part II countries, because these two groups of countries have very few black staff in higher-level positions.
- The SARE should assist with the preparation of VPU action plans.
- A cohort of management-level black professionals should be hired to increase substantially the number of black staff in management and executive positions.
- The number of Sub-Saharan Africans recruited through the Young Professionals Program should be increased by identifying universities of high standing and other sources of high-potential black candidates.
- As with the existing Junior Professional Program for certain Part I nationals, Human Resources should establish a Junior Professional Program for black staff to be funded by the Bank and/or willing Part I countries.
- The existing pool of high-potential black consultants working in the Bank should be given opportunity for appointment to regular positions.

(ii) Career development and staff rotation

- Some black staff strongly believe that their careers have been adversely affected by past discrimination. Although the Bank has procedures for seeking redress, such as the Ethics Officer and the Appeals Board, many black staff are reluctant to file grievances of racial discrimination through the existing mechanisms. Therefore, it is recommended that the Bank establish a different mechanism for investigating and recommending dispositions for resolving specific allegations of racial discrimination and improving existing procedures.¹
- The Performance Management Process should be reviewed under the leadership of the SARE, as is done for gender, to determine if there are discrepancies and to assess their impact on career progression.
- A review should be conducted of the procedures for determining grades and salary at entry, time in grade, and grade at retirement for black staff compared with nonblack staff, leading to recommendations for ensuring consistent and fair treatment of staff in comparable situations.
- A clear policy is needed for rotating staff within the Bank Group, taking diversity objectives into account, and a modality should be developed to ensure actual rotation.
- The Networks and, if necessary, language training support from the Learning and Leadership Center should be used to prepare black staff for cross-regional rotations.
- Budgetary incentives should be developed to promote cross-regional rotation of black staff.
- High fliers or good-potential staff for the Human Resources VPU and Networks should be identified for Bank-wide placement; mentoring and monitoring of this group deserves active support.
- Field staff should be integrated into the substantive aspects of work programs.
- A special training program for national staff in field offices should be developed and adequately funded.
- Increased opportunities should be provided for the career progression of existing black staff at levels 11-18.

¹ This recommendation draws from the IMF's experience in "Review of Individual Discrimination Cases," in which an outside review panel examined the individual cases of current IMF staff and contractual employees whose careers might have been adversely affected by past discrimination arising from characteristics not relevant to their work or careers, including age, gender, nationality, race, and religion. However, this one-time action did not replace the IMF's grievance procedures.

- The SARE should offer sources of suitably qualified and experienced black candidates to ensure that more blacks are selected for the president's Executive Development Program, other special training programs, and secondments.
- The representation of black staff on councils and sector boards needs to be increased.
- The SARE should study best practices and propose mechanisms for mentoring and coaching black staff.

(c) Implement a cultural awareness and incentive system

- Racial and broad cultural diversity issues should be built into Human Resources training programs.
- An information program targeting clients, national and international organizations, and mass media should be aimed at building support for the Bank Group's policy on racial equality.
- Support is needed for a program on "Working on a Multicultural Environment" that is similar to the Executive Development Program and is targeted initially to managers and then to regular staff at all levels.
- The SARE, in collaboration with the Learning and Leadership Center, should develop and implement appropriate training modules aimed at internalizing the notion of inclusion in the workplace.
- Incentives should be provided to induce and sustain desirable behavior, and any deviation from the established policy and proper behavior should be sanctioned, and best practice rewarded, among managers and VPUs.

Attachment 2

Team for Racial Equality

**THE CHALLENGE OF INCLUSION:
REVIEW OF THE CURRENT SITUATION IN THE BANK GROUP**

1. The Team for Racial Equality has focused on the issue of race as a specific aspect of diversity within the World Bank, because issues surrounding race have been brought to management's attention for nearly 30 years by the national press, by African governors, as well as by staff. As a result, the perception as well as the documented reality of differential employment status and treatment of black staff within the World Bank Group have been the subject of study groups and action plans.

2. In 1979, the African Study Group found, based on questionnaire responses and individual interviews, that "The Africans on the Bank staff strongly believe that they are victims of discrimination because they are African." Subsequently, the Staff Association's 1992 report to Mr. Preston and Mr. Stern's 1993 report to all vice presidents documented with statistical evidence that Sub-Saharan African (SSA) staff receive unfavorable treatment relative to Bank norms. The following issues are documented for SSA staff:

- Comparatively lower numbers recruited
- Recruitment at lower grades—one level lower than comparably qualified staff from other parts of the world
- Statistically significant lower average salary levels compared with the Bank average for comparably qualified non-SSA staff at grades 22–24
- More restrictive and low-profile assignments and unusual difficulty getting reassigned outside the Africa Region
- Slower promotion rates and scarcity among managers.

3. Interviews with managers for the 1992 report revealed cultural prejudices among some managers, who rated Africans as "unsophisticated and inferior," and documented favoritism based on the importance of "old-boy networks."

4. Most recently, the Dewey Ballantine audit team was hired to investigate and document "Allegations of Discrimination within the CTR Vice Presidency in the Hiring, Career Development, and Compensation of Managers and Professional and Support Staff Who Are Black African Nationals or Are of African Origin." The audit team's report thoroughly documents and confirms—in two volumes of data from the Human Resources Department and interview findings—a work environment that black staff perceive to be hostile and prejudiced, with issues of favoritism and a disproportionate concentration of black staff in lower levels. In most cases, discrepancies between black and nonblack staff could not be explained on the basis of objective criteria related to qualifications or performance differentials identified in available records. Rather, discrepancies were attributed by the audit team and managers to the effectiveness of "old-boy" networks that resulted in "favoritism" in management decisions. The

resulting discrepancies extended beyond those affecting SSA staff in particular to staff of African origin with black skin in general. The situation today is documented in the following table.

Table 1. Fixed-Term and Regular Staff, by Level and Ethnicity

<i>Indicator</i>	<i>Total staff</i>	<i>Part II staff</i>	<i>Black SSA</i>	<i>Caribbean</i>	<i>Black American</i>
Number	6,220	2,868	456	190	57
Percent	100	46.1	7.3	3.0	0.9
<i>Level (Percent)</i>					
11-17	31.7	41.4	46.7	72.1	75.4
18-21	11.1	12.8	8.7	13.7	8.8
22-24	37.2	31.8	35.1	8.9	12.3
25 +	20.0	14.0	9.5	5.3	3.5
Total	100.0	100.0	100.0	100.0	100.0

5. Black staff are recruited disproportionately in the secretarial grades, ignoring the educational and professional success of blacks in Africa, the Caribbean, and the United States who are capable of filling the professional ranks of the Bank. Total staff and Part II averages indicate that 32 and 41 percent of staff, respectively, are at secretarial levels. By contrast, for black staff, those percentages range from 47 percent for SSA staff and as high as 75 percent for black American staff. Moreover, out of 1,210 staff at level 25 and above, representing 20 percent of total staff, there are 50 blacks, representing only 4 percent.

Box 1. Common Complaints

"It is almost impossible for black staff to rotate. The excuse 'we do not know how the client will react to a black, and we can't take the risk' is the justification that I hear frequently. But I doubt very much that this is what the client thinks; rather this is the preconception of the individual manager, and the client is a convenient excuse. The Bank should stand behind its staff, and a policy of zero tolerance of discrimination not only should operate internally but also should extend to member states. The Bank should not tolerate their racism either, when it exists."

"As an advisor, I sit in management meetings where staff with well-documented records of accomplishment and proven ability to manage complex and sensitive operations are subtly criticized for their lack of communication skills or weaknesses in areas that may not be relevant to their promotability."

"It seems that getting to level 24 is O.K. for a black person, but unless you make it to level 25, you have no chance of becoming a manager. Getting to level 25 is when the subtle biases and agreements behind closed doors (which may not even be related to your record) come into play."

"I have spent my life believing that if I went to the right schools and worked hard to prove myself, I could not be denied any opportunity that I earnestly sought. I never really felt that I had experienced racism until I got hit in the face by the glass ceiling at the World Bank. When I was being recommended for promotion, my career was almost ruined by agreements made about me behind closed doors, which I was not even supposed to know about. I went through hell fighting the unfairness and trying to set things right—such a waste of energy."

6. These documented differences indicate the subtle organizational behaviors that manifest themselves in concrete career-affecting management decisions. These behaviors are documented

further by the pervasive anecdotes, anxieties, and frustrations of black staff and by the complaints of sympathetic advisors and, in some cases, managers who have witnessed inappropriate bias and innuendo (see box 1). The dearth of blacks within management structures permits the perpetuation of an organizational culture that tolerates racial bias.

7. The recommendations outlined in attachment 1 are critically important to leveling the playing field for black staff at the World Bank. Particularly critical is the need to establish and monitor the achievement of targets in the recruitment and promotion of black staff. The onus is on all of us to stamp out this social malaise from this fine institution.

Attachment 3

Team for Racial Equality

**SENIOR ADVISOR ON RACIAL EQUALITY (SARE):
FUNCTIONS AND INSTITUTIONAL FRAMEWORK**

Purpose/Mission: Promote a community and work environment committed to supporting the values of racial equality

Focus: Primarily, black staff of the World Bank Group

Functions:

- Promote institutional commitment to racial equality through the development of policies and an action plan to be implemented by senior management
- Monitor implementation of the action plan
- Monitor best practices and relevant lessons learned in other organizations for implementation in the Bank
- Support and monitor proactive recruitment and pipeline development of black staff
- Establish mechanisms for informal networking on racial equality matters
- Monitor the adequacy of processes relating to recruitment, promotion, training, and professional development
- Conduct and facilitate audit of progress
- Monitor adequacy of personnel policies
- Ensure that councils and networks play an active role and are held accountable for promoting racial equality (for example, by creating diversity in the composition of short-listed panels)

Location of Position: Anchored in the Human Resources Vice Presidential Unit, with adequate autonomy and direct access to the Managing Director overseeing Human Resources and the President

Key Points of Contact:

- Regions: vice presidents, directors, managers
- World Bank Group—IMF Africa Club; Bank-Fund Caribbean Staff Association

- Staff Association
- World Bank Group Networks (councils and boards)

Diversity Advisory Group:

- Consists of the SARE (the senior advisor on gender equality), the diversity coordinator, and three other members and is chaired by the managing director of Human Resources
- Considers appointment of focal points in each vice presidential unit

Candidate Profile: Preferably an outside candidate with demonstrated sensitivity and commitment and relevant professional experience

Budget Support: Separate budget, adequately funded for:

- Advocacy
- Training, workshops, consultancies, and professional development
- Monitoring and audit activities
- Database development and maintenance
- Recruitment activities

