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Challenges for new president of World Bank

By Azam S. Ahmed
UNITED PRESS INTERNATIONAL

Washington, DC, May. 31 (UPI) -- As Paul Wolfowitz enters as the new president of the World Bank Wednesday, he will be welcomed by protests taking place across from the bank in Murrow Park.

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Washington activists, protesting both what they view as the World Bank's destructive policies and the lack of democracy and accountability that allowed Wolfowitz, former deputy defense secretary, to become president of the institution, will also be handing the new chief a letter addressing their grievances, signed by 303 civil society groups from 61 countries.

Since his nomination to the position, critics have questioned not only Wolfowitz's credibility as president of the organization given his lack of experience -- he has neither served as a banker

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or an economist -- but also whether he will be able to serve as a development leader during his tenure given his views on U.S. involvement in international affairs.

Wolfowitz, who played a strategic role in the Iraq war, is well aware of the controversy that shrouds his appointment.

"I understand that I'm -- to put it mildly -- a controversial figure," he has said. "But I hope as people get to know me that they will understand that I really do believe deeply in the mission of the Bank."

But getting acquainted with the day to day workings of the World Bank -- the process of development and understanding the basics of the developmental aid -- will be one of Wolfowitz's biggest challenges, according to Johannes Linn, visiting fellow at the Brookings Institution, a centrist Washington think tank. The tasks of meeting with people in the countries where the World Bank works and understanding the bank's role are important for him to grasp, "and without that kind of investment, he (Wolfowitz) risks remaining superficial," Linn said.

But this challenge is compounded by his image in the international community. Known for his hawkish stance on U.S. intervention after the Sept. 11, 2001, attacks, Wolfowitz pledged that the United States would pursue terrorists and "end" states' harboring or sponsoring of militants. This has left critics asking whether he can be effective in helping to end world poverty, and in particular in reconstructing the Middle East.

"He has an uphill battle not just in the Middle East, but in the world because of his background," Linn said. "He will have to overcome this sense of distance, anger and frustration over his past roles."

But despite his controversial appointment, Wolfowitz has publicly declared his commitment to the position.

"It is humbling to be entrusted with the leadership of this critically important international institution," he said in a statement after his appointment.

The challenges facing him, however, are

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somewhat different from those facing the bank as an institution.

Analysts say one challenge the bank faces is to maintain and expand the development of middle income countries, a program where funding has dropped and must be revived. Countries such as China and India, where economic growth has flourished in recent years, have begun to rely less on bank loans, in spite of their large number of poor. This concerns Devesh Kapur, a fellow at the Center for Global Development, and co-chair of the forthcoming report "The Hardest Job in the World," an assessment of the five-most crucial tasks facing the new president of the World Bank. He said that in spite of the growth exhibited by both of these economies, there are still large amounts of poor who are not reached.

"China and India represent 40 percent of the world's population, and still have a high number of poor despite their growth," he said. "One must think about poor everywhere rather than just those in poor countries."

Another issue of concern is Africa. According to World Bank figures, Africa accounts for 11 percent of the total world population, but for only 1 percent of the global gross domestic product. In contrast to 1981, the GDP per African has dropped by 13 percent. Africa's share of world exports has dwindled from more than 3.5 percent in 1970 to about 1.4 percent at the end of 2002.

"Africa is globally the single most difficult problem for the development community," Linn said.

The challenge of balancing the role of the World Bank in the countries where it offers developmental aid is yet another test. Issues of governance - primarily a necessity to fight corruption and ensure the implementation of sound economic policies -- surface as challenges. But the World Bank must be careful.

"Wolfowitz must find a balance between taking on cross-board good governance, while not pushing to reshape the government," Linn warned.



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