

# **Preface to Rescuing the World Bank A CGD Working Group Report and Selected Essays**

**T**he development and transformation of societies where poverty and disease afflict large numbers of people is a central challenge of the 21st century. In broad terms at least, that point, once agreed, seems to justify the existence of the World Bank—still possibly the single best-placed institution to address that challenge.

But the World Bank has been under siege—assailed by critics of the left, right and center on grounds it is not effective, not accountable, not democratic or legitimate, and most threatening of all for the Bank, no longer relevant in a global economy where private capital, production and ideas dominate.

Yet the world does need a strong World Bank. Without reform and revitalization at the Bank agreed by its members—the advanced economies and the poorest—the world will have one less institution to manage not only “development” in the conventional sense of the word, but the related global challenges of the 21st century.

Are the Bank’s current shortcomings exaggerated, or are they potentially fatal, marking a moment that will later be seen as the start of a long decline into irrelevance and obscurity? If they are potentially fatal, can this critical institution be rescued?

For the most part the contributors to this book see the Bank as an institution at risk—in a way it has not been before—but one that can be rescued. Readers will find here different positions on the what, why and wherefore of the Bank’s current weaknesses—and on what exactly ought to be done with what priority to rescue it. These differences notwithstanding, the book is packed with practical suggestions that the shareholders (the Bank’s 184 member governments) and the president of the Bank can take to move their institution toward greater strength, flexibility, and effectiveness in a rapidly changing global economic system.

This book has two parts. The first dates to the appointment of Paul Wolfowitz as the new president of the Bank in the spring of 2005. We at the Center for Global Development saw the logic of drawing up an agenda for him, in support of anticipated efforts to revitalize the Bank. The Working Group we organized focused not on internal management issues but on the structural changes—in mandate, instruments, and its own governance—that are critical to a renewed Bank. The group defined five tasks on which the president should exercise leadership in persuading the Bank’s member governments to take action. The report of the group, *The Hardest Job in the World: Five Crucial Tasks for the New President of the World Bank*, was made available to President Wolfowitz on his official entry to the Bank on June 1, 2005. It is presented in its original form here as part one of this monograph. To my mind, the tasks remain as crucial today as they were when the report was first issued.

The second part has its roots in the September 2005 Annual Meetings of the IMF and the World Bank in Washington D.C. To generate healthy discussion and debate and to explore the recommendations with a broader community, including officials and private sector actors attending the Annual Meetings, the Center organized a symposium on the Friday preceding the weekend meetings. We were fortunate to have President Wolfowitz himself kick off the symposium by thanking the Center and the members of the Working Group for their effort—and noting that if his job was not the “hardest” in the world it was certainly the “best”. The second part of this volume comprises a set of essays largely based on the presentations made that day to a large and enthusiastic audience.

Readers of the essays will note substantial differences between some authors on some issues. That was the point of the symposium and is the point of this publication—to contribute to the healthy discourse on a set of difficult issues with no easy answers. In that sense, this volume represents the kind of contribution the Center for Global Development strives to make on the many difficult issues confronting the development community today.

I would like to extend my thanks to three groups of people who were responsible for bringing this volume to life.

The first is the team responsible for *The Hardest Job in the World*. We were fortunate to convince a small group of 18 distinguished colleagues—from the private sector, academia, civil society, and the governments of rich and developing countries—to come together over the course of three months to map out an agenda for the new president. I was particularly fortunate to have Devesh Kapur, a CGD non-resident fellow (now at the University of Pennsylvania) and co-author of *The World Bank: Its First Half Century*, an authoritative two-volume history of the Bank, join me in chairing the group. His encyclopedic knowledge of the Bank and his creative insights were a priceless asset to our work. The work of the Working Group was coordinated by Milan Vaishnav, my former special assistant who is now a graduate student at Columbia. As in every other task, he was superb, bringing a steady hand and fine judgment to every step of the process.

In addition, many others who could not participate in the group also provided input and comments, including Masood Ahmed, Jessica Einhorn, Ravi Kanbur, Maureen Lewis, Johannes Linn, Peter McPherson, and John Sewell. In particular, I would like to thank Kemal Dervis (former CGD visiting fellow who is now head of the United Nations Development Programme), John Hicklin (also a former CGD visiting fellow, while on sabbatical from the IMF), and David Peretz (former U.K. executive director at the Bank and IMF) for their extensive comments on the draft.

Second, I thank the participants of the Annual Meetings symposium and other authors whose work appears as essays in the second part of the volume. Without their willingness to review and revise, and their patience, we would have missed a unique opportunity to showcase the thoughtful and provocative analysis and recommendations of some of the world's foremost experts on the World Bank.

Last, but certainly not least, I thank heartily Lawrence MacDonald and his outstanding communications and publications staff for their support in the production of this volume.

I hope that this book will contribute to the growing momentum for change at the World Bank. Change seems crucial to me and other contributors to this volume. Only by changing to meet the demands of the 21st century can the World Bank live up to its potential to be a powerful, positive force for greater and more broadly shared prosperity.

Nancy Birdsall  
President  
Center for Global Development  
June 1, 2006