

Supplementary Reading

James D. Wolfensohn and the World Bank

On January 3, 2005, World Bank President James D. Wolfensohn informed the World Bank's Board of Executive Directors that he would not seek a third term as head of the institution. Under Wolfensohn's leadership, the World Bank has evolved in many significant aspects, and this is a brief summary of some of those developments during his two terms, which conclude May 31, 2005.

Wolfensohn at the Bank, 1995-2005

Over the past ten years, as President of the World Bank Group, Jim Wolfensohn has brought about major change in the way the world's largest development organization operates, firmly refocusing it on its main goal of fighting global poverty. He has led the modernization of the 60-year old institution through rapid decentralization of Bank activities to over 100 country offices, and through the adoption of cutting-edge business practices and technology. At the same time, there have been new and significant policy directions, most notably major efforts on debt relief, anti-corruption, the environment, the private sector, post-conflict reconstruction, HIV/AIDS, inclusion, disabilities and a broad range of social issues.

The effectiveness of today's Bank in delivering results for poor countries has been recognized by both developing and developed countries. In September, 2004, the *Economist* magazine stated that the World Bank today "does more to fight poverty than any other public body." Over the past ten years, a fundamental shift has taken place in terms of the Bank's support for poverty-reduction programs. These are now designed by developing countries themselves—comprehensive, home-grown plans structured in a way that enables both donors and recipients of aid to achieve better results on the ground. There has also been a greatly increased focus in the Bank's lending for improvements in policies and institutions, meaning that aid is used more selectively, and increasingly is focused on countries with strong records for good policy-making—such as Uganda and Vietnam.

Other significant changes over the past decade include:

- Ten years ago, debt relief was not on the World Bank's agenda, nor considered a priority by the international community. Today, largely due to Wolfensohn's drive for an initiative for the Highly Indebted Poor Countries (HIPC), 27 countries are receiving debt relief on the order of \$54 billion.
- Ten years ago, corruption was rarely mentioned in international development circles. In 1996 Wolfensohn gave a groundbreaking "cancer of corruption" speech to the World Bank/IMF annual meeting, citing corruption as a major burden for the poor in developing countries. Corruption is now widely recognized as a major impediment to development that must be tackled

aggressively. The Bank itself is supporting some 600 anti-corruption programs in nearly 100 countries.

- Ten years ago, HIV/AIDS was not viewed as a significant issue on the development agenda, nor were women's issues. Today, the Bank is the largest provider of external resources to the developing countries for HIV/AIDS treatment and prevention initiatives. Additionally, between 1995 and 2003 the Bank committed nearly \$7 billion for girls' education as well as for health, nutrition and population projects.

The past decade has also seen the Bank refine and broaden its approach to one of its core mandates, that of reconstruction. The Bank's efforts in Bosnia during the mid-nineties showed a new, more active approach to reconstruction that sought to provide swift assistance to survivors of this brutal conflict, and cement the fragile peace accord. Since then, the Bank has played a vital role in West Bank/Gaza, Kosovo and over 30 other countries—its expertise and finance helping to restore growth and peace. The Bank is now working closely with those governments affected by the tsunami disaster of December 26 to help pave the transition from relief to longer-term reconstruction.

Ten years ago, the World Bank was perceived almost solely as a lending institution. It is now equally focused on the importance of advice, knowledge and global experience, powered by a technological revolution that links Bank offices all over the world by satellite, allowing videoconferencing on a global scale. The Bank also has taken advantage of the enormous potential of the Internet to help create an independent, web-based portal for all development information called the [Development Gateway](#).

A further major change over the past decade has been the increase in openness and transparency on the part of the Bank. Wolfensohn personally encouraged efforts to reach out more to other international organizations, the private sector and to civil society. NGOs now participate in most of the Bank's projects. Wolfensohn has also made partnership with the private sector a central part of the Bank Group's activities.

Environmental activities have also expanded rapidly over the past ten years, and the Bank is today the largest external provider of financing for environmental projects, providing \$1.3 billion in the most recent fiscal year.

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