



OFFICIAL USE ONLY

SecM2012-0279

June 21, 2012

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FROM: Vice President and Corporate Secretary

## **Contract of the President**

### **Final**

Attached for information is a copy of the President's contract that was signed on June 19, 2012. As approved by the Board, the text of the Contract will be publicly disclosed on Bank's external website on July 1.

#### Distribution:

Executive Directors and Alternates  
World Bank Group General Counsel

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

June 19, 2012

Dr. Jim Yong Kim

Dear Dr. Kim,

On behalf of the Executive Directors, we would like to congratulate you on your selection as President of the International Bank for Reconstruction and Development.

In accordance with our discussions, attached is a letter that lists the terms of your appointment. Upon signature, it will constitute an agreement between you and the Bank.

We look forward to working with you to achieve the Bank's mission and wish you much success in your new position.

Sincerely yours,



Abdulrahman Almofadhi  
Executive Director



Ambroise Fayolle  
Executive Director

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June 19, 2012

Terms of Appointment of Dr. Jim Yong Kim as President of the International Bank for  
Reconstruction and Development

Dear Dr. Kim:

On April 16, 2012, the Executive Directors selected you as President of the International Bank for Reconstruction and Development (Bank).

In accordance with our discussions, we are writing this letter to confirm the understanding between you and the Bank:

1. **Term.** Your appointment will become effective July 1, 2012, and your term of office will be five years from that date.
2. **Principal Responsibilities.** Your duties as President and Chairman of the Board of Executive Directors of the Bank will be those set forth in the Articles of Agreement of the Bank as supplemented by the By-Laws and such rules, regulations, directives and instructions as the Executive Directors shall adopt in accordance therewith. They shall include such further duties commensurate with your position as may be attached to offices in other institutions held ex officio by the President of the Bank or to offices in these institutions to which you may be appointed. At present, the offices held ex officio by the President of the Bank are Chairman of the Board of Directors of the International Finance Corporation, President and Chairman of the Board of Executive Directors of the International Development Association, Chairman of the Administrative Council of the International Centre for Settlement of Investment Disputes and Chairman of the Board of Directors of the Multilateral Investment Guarantee Agency.
3. **Code of Conduct.** You will adhere to the standards set forth in the Code of Conduct for Board Officials (Code). You will also observe the standards of ethical conduct applicable to staff members of the Bank, where these reflect a stricter standard. Notwithstanding any provisions to the contrary in the Code or the staff standards, the following provisions will apply to you as President:
  - a. **Honors, Decorations and Medals.** In view of the international character of your position and in order to maintain the highest standards of independence and impartiality, you will not, without the prior approval of the Executive Directors, accept any honor, decoration or medal.

- b. **Non-Profit Service.** It is understood that during your tenure with the Bank, you will not serve as a non-salaried officer, director or trustee of non-profit charitable, educational, literary or scientific organizations or committees, unless (i) you obtain prior approval of the Executive Directors and (ii) such service requires only occasional effort on your part and does not conflict or interfere in any material manner with the performance of your duties as President of the Bank.
  - c. **Outside Employment.** It is understood further that you will not, without the prior approval of the Executive Directors, accept any public or private employment or engage in any other business activity outside of your duties to the Bank as described herein.
  - d. **Private Investment Management.** You may manage your own private investments and those of members of your immediate family to the extent that the management of these investments does not involve the operation of a business.
  - e. **Conflict of Interest.** It is understood further that you will comply with conflict of interest provisions in the Code and in the rules applicable to staff where these reflect a stricter standard.
  - f. **Financial Disclosure.** You shall submit annual written disclosures in accordance with paragraph 8 of the Code and the rules applicable to senior staff members of the Bank.
  - g. **Clarification.** Where clarification is required with respect to ethical standards, you may seek the guidance of the Ethics Committee established by the Executive Directors pursuant to paragraph 11 of the Code.
4. **Remuneration.** You will receive remuneration from the Bank for your service as follows:
- a. **Salary.** The salary of the President of the Bank is currently \$467,940 per annum, payable in equal semi-monthly installments.
  - b. **Allowance.** In addition to reimbursement for all other expenses incurred by you on the business of the Bank, you will receive a non-pensionable allowance, payable in equal semi-monthly installments, without any certification or justification by you. The amount of this allowance is currently \$83,760 per annum.

c. **Annual Adjustment.** Your salary and allowance will be adjusted effective July 1, 2012 and each July 1 thereafter by the percentage increase in the Washington metropolitan area consumer price index for the twelve months ending in the preceding May. The applicable index for this purpose will be the U.S. Bureau of Labor Statistics Regional (Washington, Baltimore, Maryland, Virginia, West Virginia) Consumer Price Index for All Urban Consumers, or the equivalent replacement index.

d. **Tax Allowance.** You will receive a quarterly tax allowance on your salary, allowance, and other taxable benefits as provided for in Section 13(b) of the By-Laws of the Bank, in accordance with the usual practice for staff of the Bank.

5. **Expenses.** You will be reimbursed for reasonable entertainment directly related to the business of the Bank over and above the normal expenses of running your household. When you travel on commercial airlines on official business, you may travel first class at the Bank's expense. Your travel expenses shall include travel and hotel expenses of your spouse in attending overseas Annual Meetings of the Board of Governors and in accompanying you on official travel in the cases you determine it to be in the interest of the Bank.

6. **Vacation and personnel arrangements.** You will be entitled to a reasonable vacation, and in matters of personnel policy, arrangements similar to those applying to the Executive Directors shall, except as otherwise provided herein, be applicable to you.

7. **End of service.** Although you have been appointed for a term of five years, the Executive Directors may terminate your contract with the Bank in accordance with Article V, Section 5(a) of the Articles of Agreement. It is expected that should you desire to resign, you will give the Bank reasonable advance notice of your desire to do so.

8. **Termination Allowance.** At the end of your term, or if your service is terminated by the Executive Directors at any time, or if you resign or die in Bank service after having served for at least one year under this agreement, the Bank will pay a termination allowance within 30 days after the last day of Bank service. The termination allowance will be an amount equal to your annual salary, subject to the income offset provisions described in paragraph 10. The termination allowance will be subject to a tax allowance in the same manner as your salary. Such tax allowance shall be paid no later than the end of the quarter immediately following the quarter in which the termination allowance is paid. The termination allowance and the tax allowance paid under this paragraph will be referred to as the "Termination Payment."

9. **Retirement Benefits.** In addition to your benefits under the Bank's Staff Retirement Plan (SRP) and the Supplemental Staff Retirement Plan (SSRP), the Bank undertakes to pay you supplemental retirement benefits as follows:

- a. The Bank undertakes to pay you a supplemental pension for life in an annual amount equal to a percentage of your highest average net salary (as defined in the SRP) for each day of SRP service. The percentage shall accrue at a rate equal to 5/365% during your first eight years of service, and 3/365% thereafter. The supplemental pension shall become effective on the day after your last day of Bank service, and shall be paid in monthly installments on the last day of each month thereafter, beginning with the month in which service ends, or the following month if the last day of service is within the last 15 days of the month. The supplemental pension shall be subject to annual cost of living increases in the same manner as a SRP pension would be pursuant to Article 7A of the SRP.
- b. A supplemental death benefit equal in amount to 100% of the death benefit payable from the SRP and the SSRP will be payable to the recipient(s) of the SRP death benefit within 60 days after your death. If there is no death benefit payable under the SRP, the amount of the supplemental death benefit, as well as the beneficiary and form of payment, shall be determined by applying the provisions of Section 4A.2 of the SRP with respect to the annual supplemental pension payable immediately before your death.
- c. No tax supplement or allowance is payable on the SRP or SSRP benefits, the supplemental pension, the SRP or SSRP death benefits or the supplemental death benefit.

10. **Offset of Supplemental Pension and Termination Payment.** If after the last day of your Bank service you receive income from regular and continuous employment of not less than six months' duration (Continuous Employment), your monthly supplemental pension will be reduced by such income as provided in paragraphs 10(a) and 10(b) below. You agree to notify the Bank of the number of months of Continuous Employment and income earned during each period of such Continuous Employment (Notice). The Notice will be delivered to the Bank no later than the end of the calendar year in which such Continuous Employment reaches six months.

- a. *Basic Offset of Supplemental Pension.* The basic amount of the monthly reduction will be the total income earned during each period of Continuous Employment divided by the number of months of such Continuous Employment (Basic Reduction). The Basic Reduction will begin with the first supplemental pension payment in the calendar year following delivery of Notice and will continue for the number of months of Continuous Employment reported in the Notice.
- b. *Additional Offset of Supplemental Pension.* If, during the twelve-month period immediately following your last day of Bank service (First Year), you receive income from Continuous Employment in excess of the supplemental pension for

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the same period (Excess Income), your monthly supplemental pension will be reduced by an amount equal to the lesser of (i) the aggregate amount of such Excess Income and (ii) the amount of the Termination Payment (Termination Payment Reduction). The Termination Payment Reduction will be reduced by the amount of any taxes paid with respect to the Termination Payment. The Termination Payment Reduction will be recouped monthly from the supplemental pension commencing in the first month after the First Year in which the supplemental pension has not been reduced to 0 under paragraph 10(a).

11. **Performance Assessment.** The Bank's overall effectiveness requires a close working relationship between the President and the Executive Directors. You will participate, on an annual basis, in a confidential dual performance exercise between you and the Executive Directors, in a manner to be agreed between you and the Executive Directors during your first year of service. The dual performance exercise will be guided by the principles outlined in a report on this subject approved by the Executive Directors on March 21, 2011.

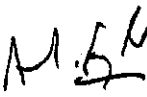
12. **Public Disclosure.** These terms of appointment will be publicly disclosed, in accordance with applicable Bank policies.

Your acceptance of this letter will constitute the agreement between you and the Bank.

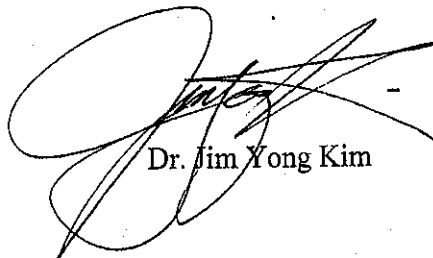
Sincerely yours,

International Bank for Reconstruction  
and Development

  
Abdulrahman Almofadhi  
Dean

  
Ambroise Fayolle  
Co-Dean

Accepted on June 19 2012

  
Dr. Jim Yong Kim