



# CONSTITUENCY NEWSLETTER

OFFICE OF THE EXECUTIVE DIRECTOR FOR  
AUSTRALIA, CAMBODIA, KIRIBATI, KOREA, MARSHALL ISLANDS, MICRONESIA FS, MONGOLIA,  
NEW ZEALAND, PALAU, PAPUA NEW GUINEA, SAMOA, SOLOMON ISLANDS, TUVALU AND VANUATU

Newsletter # 33

For the period April-June 2012

## NEW WORLD BANK GROUP PRESIDENT



On April 16, 2012, Dr. Jim Yong Kim was selected by the Executive Directors as the 12<sup>th</sup> World Bank Group President. Dr. Kim replaces Mr. Robert B. Zoellick whose five-year term expired end of June, 2012. The Board expressed its deep gratitude for Mr. Robert B. Zoellick's outstanding leadership and his dedication to reducing poverty in its member countries, the core mandate of the World Bank Group.

The Executive Directors selected Dr. Jim Yong Kim as President for a five-year term beginning on July 1, 2012. The President is Chair of the Boards of Directors of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The President is also ex officio Chair of the Boards of Directors of the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the Administrative Council of the International Centre for Settlement of Investment Disputes (ICSID).

Dr. Jim Yong Kim at the time of his selection was the President of Dartmouth College. A U.S. national, born in Korea, Dr. Kim is a co-founder of Partners in Health (PIH) and a former Director of the Department of HIV/AIDS at the World Health Organization (WHO). Before assuming the Dartmouth presidency, Dr. Kim held professorships at Harvard Medical School and the Harvard School of Public Health. He also served as chair of the Department of Global Health and Social Medicine at Harvard Medical School, Chief of the Division of Global Health Equity at Brigham and Women's Hospital, and Director of the François Xavier Bagnoud Center for Health and Human Rights at the Harvard School of Public Health.

Dr. Kim was awarded a MacArthur "Genius" Fellowship (2003), was named one of America's "25 Best Leaders" by US News & World Report (2005), and was selected as one of TIME magazine's "100 Most Influential People in the World" (2006). He was elected in 2004 to the Institute of Medicine of the National Academy of Sciences—one of the highest honors in the fields of health and medicine—for his professional achievements and commitment to service. He has published widely over the past two decades, authoring or co-authoring articles for leading academic and scientific journals, including the New England Journal of Medicine, Lancet, and Science.

Born in 1959 in Seoul, South Korea, Dr. Kim moved with his family to the United States at the age of five and grew up in Muscatine, Iowa. Dr. Kim graduated magna cum laude from Brown University in 1982. He earned a medical doctorate from Harvard Medical School in 1991 and a



Ph.D. in anthropology from Harvard University in 1993. He is married to Dr. Younsook Lim, a pediatrician. The couple has two young sons.

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### **EXECUTIVE DIRECTOR JOHN WHITEHEAD MEETS THE INCOMING PRESIDENT DR. KIM – JUNE, 27 2012**

**D**r. Kim prior to taking up his tenure as World Bank Group President on July 1, 2012, had one on one meetings with the World Bank Board members. This was to listen and to share his passion in the Bank's mission and work, and his desire to work with the Board and staff to advance both.

The incoming President met with our Executive Director, John Whitehead, on June 27, 2012. The following is a note from the meeting.

*"I met with incoming World Bank President Jim Kim prior to his taking up the reins the following week. He immediately impressed with his enthusiasm and his willingness to engage. I was left in no doubt about his excitement in taking up the role, and his desire to get the best possible out of the organisation in terms of making a real difference to global poverty wherever it might exist. He made it clear from the outset that he wanted a much closer (and strategically focused) engagement with the Board than had been the case with his predecessor.*

*He had clearly read the note I had provided for the discussion, a copy of which is attached). One of his first comments was how closely the thoughts in that note coincided with the views he was forming based on the input he had received from senior management and others as well as his own initial observations. He immediately seized on the "genuinely world bank" notion, indicating that he saw no reason why the Bank should not be involved in assisting Greece climb out of its current difficulties. He clarified that he was thinking in terms of advice and technical support rather than lending, and "of course only if they wanted us involved".*

*I used this point as an entree to the particular position of small vulnerable states, especially those in the Pacific, pointing out that, because populations were small and fixed costs of the Bank operating there significant, it was easy for small states to get lost in the rush to help large countries. Yet if the organisation was to be genuinely a world bank, it needed to be involved in combating poverty - and the risk of hardship and poverty - wherever it might occur. He was sympathetic to this concern, but it is clear that the situation of small countries is not yet "front and centre" for him, and we will need to keep working on this. An invitation to the Pacific, perhaps toward the end of his first year, might be one way to encourage this.*

*Dr Kim asked me if there was one thing he needed to understand about the internal workings of the Bank, what would it be. I told him it was a large bureaucracy, with outdated management practices, and therefore slow to respond and lacking flexibility in a number of respects. Procurement, HR reform, and updating IT (capital and practice) would be vital if the Bank were to remain at the leading edge as a development institution.*

*Dr Kim picked up on the IT point with relish in the context of creating a true "knowledge bank". The concept is obviously one he has a very ready acceptance of, and his university experience apparently includes some up-to-the-minute ways of marrying knowledge and I T in ways that should provide considerable development leverage.*

*Before we parted, Dr Kim noted that Korea was a member of our constituency, and commented on how pleased he had been to meet with my Korean Alternate, In-Kang Cho. I commented that, on top of the very obvious personal attributes that he will bring as President, we were also very pleased to have a Korean-American at the helm of the*

World Bank Group, and that our office stood ready to assist in any way we can as he gets "his feet under the desk".

John Whitehead  
June 2012

*\* John's note on his personal thoughts on the World Bank Priorities for the meeting with Dr. Kim and notes on Dr. Kim's first engagement with the Staff and an informal meeting with the Board are re-produced at the end of the newsletter.*

## SENIOR MANAGEMENT CHANGES/APPOINTMENTS



**J**ustin Lin relinquished his post as the Senior Vice President and Chief Economist on June 1, 2012. He returns to teach at Peking University.

The WBG thanks Justin for the four years of outstanding service as Senior Vice President and Chief Economist. During one of the most tumultuous times in economic history, The Bank has appreciated his advice during the global crisis and his intellectual vision in challenging paradigms of development thinking.

In the last two years, Justin and the DEC team have worked tirelessly with other parts of the Bank to advance the Open Data Initiative that has received accolades from the development community and far beyond. The delight and unparalleled drive that Justin brings to his work is evident in his work with clients, colleagues, and other development experts.



**M**artin Ravallion, Director of the Development Research Group in DEC, was appointed to serve as acting Chief Economist and Senior Vice President for DEC up until a successor is appointed.

Martin is well-known in the Bank, having worked in a number of sectors and all regions since he joined in 1988. He has been Director of the Research Group since 2007. More recently, he has pushed the Bank to change its research model from a top down, "Bank knows best" approach to one that recognizes that we do not have all the answers and can benefit from drawing on experience and expertise from outside, particularly from our developing country partners.



**O**n March 30, it was announced that **Ferid Belhaj** would be appointed Country Director, Iraq, Iran, Jordan, Lebanon, Syria in the Middle East and North Africa Region (MENA) effective September 17, 2012.

Mr. Belhaj, a Tunisian national, joined the Bank in 1996 as a Counsel in the Legal Department. He has since held various positions, including Country Manager, Morocco and Special Representative to the United Nations, his most recent assignment being Country Director, Timor-Leste, Papua New Guinea, and the Pacific Islands in the East Asia and Pacific Region (EAPVP).

The WBG EAP constituency office extends its deep appreciation to Ferid for his dedication and professionalism.



**E**thel Sennhauser was appointed Director, Central Operational Services Unit (COSU) in the East Asia and Pacific Region (EAP) effective June 1, 2012.

Ms. Sennhauser, an Argentine national, joined the Bank in 1995 as a Natural Resources Management Specialist in the Rural Development Sector Unit in the South Asia Region (SAR). Since then she has held various positions, her most recent assignment being Sector Manager, Agriculture in the Agriculture and Rural Development Sector of the Latin America and Caribbean Region (LAC).

## OFFICE TRAVEL/STAFF MOVEMENT

**M**r. John Whitehead, Executive Director, travelled to Tarawa, Kiribati, at the end of June to attend the Forum Economic Ministers' Meeting and to also consult with the Kiribati Authorities. He then travelled to Honiara, Solomon Islands, for consultations with authorities. The travel period was from June 29 to July 12, 2012.

Mr. In-Kang Cho, Alternate Executive Director, joined the Executive Directors' Group Travel who visited Bulgaria and Turkey on May 1-12, 2012.

Mr. Michael Willcock, Senior Advisor, travelled to Manila, Philippines, to attend the ADB Annual Meeting on May 1-6, 2012. In Manila, he met with most of the constituency's delegations.

Ms. Beth Delaney, Advisor, travelled to Paris, France, to attend the IDA Donor Conference which took place on May 15-16, 2012.

Mr. Hoan-Uk Joo, Advisor, travelled to Seoul, Korea, for consultation with authorities on May 8-16, 2012.



## SENIOR BANK MANAGEMENT VISIT TO THE CONSTITUENCY

**T**he Sustainable Development Network (SDN) Vice President Rachel Kyte visited Korea to attend the Green Growth Summit, co-hosted by the Korean Government and its think tank the Global Green Growth Institute (GGGI) on May 10-11. Hundreds of government officials, economists and other academics from around the world joined the summit to talk about specific ways in which international cooperation could be strengthened to support countries seeking to pursue green growth and green economy strategies.

On the sidelines of the event, Rachel released its first report on green growth, urging governments around

the world to think green when pursuing growth policies. Titled “Inclusive Green Growth: The Pathway to Sustainable Development,” the report debunks the myth that a green growth approach is a luxury most countries cannot afford, pointing instead to political barriers, entrenched behaviors and a lack of appropriate financing instruments as the chief obstacles. Korea pledged \$40 million to strengthen and expand the WBG’s global green growth portfolio by tapping into and leveraging Korea’s successful experience.

## BANK ‘S NEW STRATEGIES, POLICIES AND ANALYTICAL WORK

### ***WB Donor’s Meeting (Paris)***

The World Bank Group held its annual Donor Forum in Paris on May 15-16, 2012. The 2012 Donor Forum was organized jointly by the WB, IFC and MIGA, and was attended by 54 officials representing 26 bilateral donors, the EC, six MDBs and the OECD. The constituency office was represented by Beth Delaney, Advisor to the Executive Director.

The Forum had a particular focus on issues around development effectiveness, results, and 'value for money' noting the scarce concessional resources available in the current aid environment. Key messages delivered to the WBG by participants were the desire to continue a dialogue on strategic issues, including in the context of the changing aid architecture; the importance of delivering and communicating results in a cost effective manner; and a call for stronger coordination across the World Bank Group and with other development partners, particularly in fragile and conflict situations.

The next Donor Forum is expected to take place May 21-22, 2013, at the World Bank Office in Paris.

## CONSTITUENCY ISSUES APPROVED BY BOARD/IN PIPELINE FOR BOARD

### ***Mongolia’s CPS***

The Executive Directors discussed the joint IBRD/IDA/IFC/MIGA Country Partnership Strategy (CPS) for Mongolia, for the period FY2013-2017.

Directors remarked that Mongolia stands at the threshold of a new era with record income from mining activities capable of rapidly improving the living standards of its people. They stressed the need to make the best use of the country’s natural resource endowment by strengthening public revenue and expenditure management as well as enhancing transparency. They also underscored the challenges of improving infrastructure, environmental regulation, skills training and overall governance. Directors commended the first steps taken by the Mongolian Government to properly manage natural resource revenue inflows and promote macroeconomic stability, including through the Fiscal Stability Law and the Integrated Budget Law. They welcomed Mongolia’s efforts to ensure that high growth prospects are inclusive and sustainable.

Directors appreciated the three pillars outlined in the CPS and noted they are aligned with Mongolia’s National Development Strategy. They called for continued focus on gender equality as well as attention to enhanced livelihoods, service delivery, safety net provision, agricultural sector, and disaster risk management. Directors recognized that the CPS marks the beginning of Mongolia’s access to IBRD resources.

## ***Solomon Islands' DPO-1***

The Executive Board of Directors approved the Solomon Islands Development Policy Operation I on April 26, 2012. The Executive Board commended the Government of Solomon Islands for its commitment to continue with reforms under the Economic and Financial Reform Program. In this connection, the Executive Board supported the relevance of the pillars of the Development Operation-I which will help the Government to improve the quality of its public financial management, strengthen the financial management of key state owned enterprises, and will help to enhance extractive industries revenue transparency.

## **2012 SPRING MEETINGS**

### ***Development Committee Meeting***



At the six-monthly Spring Meeting of the Development Committee, the global economic outlook, the importance of structural economic reforms and the role of safety nets and the private sector dominated the discussion. Governors warmly thanked President Zoellick for his leadership of the World Bank Group over the past four years and urged the Bank to push forward with its modernization agenda. Our constituency was represented at the Development Committee lunch and meeting by the

New Zealand Secretary to the Treasury, Gabriel Makhlouf.

On the global economic outlook, the DC Communiqué noted “policy adjustments and improved economic activity have reduced the threat of a sharp global slowdown” but that “implementing policies and structural reforms to promote poverty reduction and inclusive growth must continue.” During the meeting, G24 Governors highlighted the resilience of emerging countries and low-income countries but reiterated the challenges were enormous. Declining ODA levels were a concern as this meant World Bank lending would also decline at this critical juncture.

The World Bank must stay engaged with middle-income countries and continue to support the transition in the Middle East and North Africa. Food price volatility and food security featured in terms of the disproportionate impact on the poor (and on women and children) but also to highlight the benefits of well designed social safety nets in providing resilience to the poor in times of crisis and as a factor in long-term poverty reduction. Several Governors spoke of the importance of establishing social protection systems in “good times” and some urged the Bank to do more in lower-income countries and fragile states. Several Governors spoke of their experiences in developing social safety nets, highlighting targeting and efficiency of transfers as being key elements to success. The Global Agriculture and Food Security Program (GAFSP) was highlighted for its delivery of results.

Most Governors spoke to the importance of the private sector and the role (if all its parts worked seamlessly together) the Bank Group could play in mobilizing the private sector in developing countries. Speakers also noted the potential role of Public-Private Partnerships as a tool for leveraging and growth in the private sector. Many linked discussion of leveraging the private sector to the forthcoming WDR on jobs as

well as the ongoing support of the Bank Group to youth unemployment programs.

All Governors thanked President Zoellick for his “results” as World Bank Group President and for creating a more modern and effective Bank Group. Governors highlighted the successful recapitalization of the Bank, IDA16 replenishment and the new Program-for-Results instrument as well as the role the Bank had played in responding to the global economic crisis and more recently the Arab Spring. Governors also spoke of the important changes made to the workings of the organization and urged management to continue taking forward the modernization agenda under the new leadership.

**Statement by Mr. Gabriel Makhlof**

**Secretary to the Treasury of New Zealand**

**On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu**

I am privileged at these Spring Meetings to represent a constituency that is vast, in both geography and diversity. To travel it from North to South covers around 13,000 kms of land, ocean, and people. We are diverse in our cultures, histories, politics, and the economic and environmental challenges we face. We come together at the World Bank because we believe it has an enduring role to play in helping us address those challenges, within the region and beyond.

As Mr. Zoellick nears the end of his service as President, we would like to thank him for his strong leadership of the World Bank through a time of uncertainty, turbulence, and profound change, both in the Bank and the world around us.

We would also like to congratulate the incoming President Dr. Kim on his election. This was a difficult choice given the very high caliber of all of the candidates. We are pleased at the improvements to date in the selection process that have helped move the World Bank closer to being a truly modern, merit-based institution. One challenge for the incoming President will be to ensure that this spirit of positive reform is maintained and has an ongoing impact across the World Bank Group.

In this respect, we welcome the Update on the Bank’s Business Modernization process, and encourage the Bank to prioritize three areas: getting staff incentive structures right, to ensure the right people are working on the right issues at the right time; simplifying procedures to ensure results are achieved as efficiently as possible; and ensuring that the World Bank Group works as a coherent whole to maximize its impact. We would like to commend the excellent progress that the Bank and IFC have made on this last point within the Pacific region, and encourage it to continue. We feel this can be taken as a model for others.

The incoming President is inheriting a strong institution, but one that needs to continue demonstrating its relevance, efficiency and effectiveness. There remains the task of re-defining the Bank’s role and engagement with emerging and Middle Income countries, new donors, and traditional development institutions. While there are early positive signs in the global economy, substantial risks remain that may necessitate swift responses. In a heavily resource-constrained world, the demand for development results is becoming ever sharper – from donor and client countries alike.

The Global Monitoring Report provides a sobering perspective on the Millennium Development Goals that remain out of reach, in particular those closely linked to food and nutrition – maternal mortality and child mortality. There is much work to do, and while much of it will be specific to the particular needs of individual countries, many issues are best tackled through a concerted global effort – for example the trade agenda, where we must all work to do more over time to achieve results.

The process of shifting the Bank to be more focused on results has taken important steps forward, with improved access to and use of knowledge products, and the development of a new country-led Program for Results lending product. The Bank has developed important global knowledge products in the 2011 and 2012 World Development Reports on Fragile and Conflict Affected States, and Gender Equality in Development. The Bank Group needs to maintain the momentum on applying the lessons from this work to its day-to-day operations. We are similarly pleased to see the 2013 WDR focus on Jobs, an increasingly challenging topic. The issue of how to grow while growing jobs is one of the biggest challenges – if not the biggest challenge – facing economies and policy makers around the globe. Jobs are also one of the key ways in which people directly experience the benefits of development, making this a critical point of engagement for the World Bank.

The 2013 WDR, along with our discussion today, is a useful way to reinforce the special role that the private sector can and should play in the intertwined agendas of job creation, growth, and poverty alleviation. Increasing the recognition of this role, and articulating how the public sector and multi-lateral institutions can support that role, will be key deliverables from the WDR process. We recognize the practical and intellectual challenges this WDR faces, in attempting to tackle some of the most difficult questions in modern economics. This is an area where the Bank can play a valuable leadership role in the development community, and we look forward with interest to the results.

Alongside a focus on jobs, it is opportune to address the issue of social safety nets. Efficient and sustainable safety nets are an enabler for private sector innovation, investment, and a population able to take calculated risks. They also provide a buffer to protect the most vulnerable populations from deprivation, and to help build social resilience to ensure the gains of development are not reversed in times of economic downturn. We support the Bank in its focus on this topic, and would emphasize the role the Bank can play in expanding knowledge of what works and what doesn't; facilitating learning between the approaches of different client countries; and assisting countries to improve the design of their safety net systems so existing resources are applied more efficiently and effectively. The Bank's role in assisting Fragile and Conflict-Affected states with social safety nets is likely to be more hands-on than the role with MICs, getting in early to assist with meeting basic needs to support longer-term development.

We support the Bank's input into the G20 process and encourage it to continue. The Bank helped to achieve outcomes last year, in particular on food security and infrastructure, and is supporting progress this year on financial inclusion and green growth. The Bank has a further opportunity to disseminate its learnings on the Jobs WDR through its input into the G20. We encourage the Bank to further develop its role as a conduit to engage non-G20 countries in the process.

We also thank World Bank staff at all levels, Bank management and my fellow Governors for their enduring commitment to the development of our very large corner of the world. We commend the Bank Group's ramp up of activities within the Pacific, and its effort to tailor solutions to the particular challenges of scale and distance that are faced by our Small Island/Great Ocean States. This will remain a challenge and requires ongoing and sustained attention. We thank the Bank for its ongoing support to Mongolia, as it moves through the graduation pathway to IBRD lending. We wish to see continued support from the Bank to all our constituency member countries, and with some of our members we wish to see a clearer Bank

strategy set forth for engagement. We commend the Bank for its engagement in the Oceans agenda, and look forward to the translation of this into practical initiatives to assist our members. And of course, we encourage the continued evolution of the Bank's relationship with countries such as Korea that have graduated into an increasing leadership role within the donor community, and have much to offer on development issues.

### ***DC Communiqué***

The Ministers attending the Development Committee agreed on the following Communiqué as a summary of the discussion, highlighting key development issues such as the Global Monitoring Report, work to enhance social safety nets, the role of the private sector in development, and the modernization agenda of the World Bank.

#### **Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries Washington, DC April 21, 2012**

1. The Development Committee met today, 21 April 2012, in Washington DC.
2. The global economic outlook remains challenging. Policy adjustments and improved economic activity have reduced the threat of a sharp global slowdown. Growth in emerging and developing economies continues to be relatively strong, but poor countries still need support. Implementing policies and structural reforms to promote poverty reduction and inclusive growth must continue.
3. The likely achievement of the Millennium Development Goal (MDG) to halve global poverty by 2015 is welcome news, but we remain vigilant and continue to work with all stakeholders to advance the other MDGs and to learn from experience. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to support the implementation of the New Deal for Engagement in Fragile States. We call on the WBG to develop more innovative and stronger partnerships with middle income countries. Providing knowledge and financing for global public goods will also remain key. We welcome steps being taken by the IMF to implement the agreed funding package for the Poverty Reduction and Growth Trust, which should enable it to meet likely demand for the IMF's concessional support through 2014.
4. Higher, more volatile food prices threaten poverty reduction and other lagging MDGs, especially reducing hunger and child and maternal mortality. Food insecurity and malnutrition have devastating effects, especially on women and children. The Global Monitoring Report: Food Prices, Nutrition and the MDGs is timely and builds on our discussion last spring and the G20 conclusions at Cannes. We call on the WBG to continue to pursue multi-sectoral solutions to food insecurity and malnutrition through instruments such as the Global Agriculture and Food Security Program.
5. Social protection makes sound development sense. Social safety nets bolstered poor people's resilience to the last financial crisis and are also an important component of longer-term poverty reduction when they are well-targeted, affordable, gender sensitive and sustainable. The WBG has increased support for social safety nets, including conditional cash transfers, public works, and school feeding. We welcome the

report *Safety Nets Work: During Crisis and Prosperity*, with its focus on improving the design and efficiency of existing social safety net programs and building new ones where needed, particularly in low income countries. We urge the WBG to promote south-south learning and to allocate sufficient resources to this work, continuing to collaborate with relevant institutions such as the IMF, the regional development banks and the International Labor Organization.

6. A vibrant private sector is crucial for growth, jobs and poverty reduction. We therefore welcome the report on the WBG's *Innovations in Leveraging the Private Sector for Development*. Building on its mandate of poverty reduction, the WBG is uniquely placed to innovate and advise clients about how to harness the private sector for development and to promote an enabling environment. The IFC has effectively supported development through the private sector and grown its investment portfolio and advisory services, and innovative products such as local currency and short term finance, while maintaining its focus on IDA countries and frontier markets. MIGA has also expanded its guarantee portfolio. We ask management to prepare a group-wide approach that assesses the implications for priorities and use of resources, and optimizes synergies between IBRD, IDA, IFC and MIGA to enhance responsiveness to clients and provide integrated solutions.

7. We are encouraged by progress on the modernization agenda, designed to improve the Bank's effectiveness and efficiency to deliver more and better results. Cultural and organizational change will be needed and we fully support management in bringing this about. The *Update on the Bank's Business Modernization: Results, Openness and Accountability* indicates a clear way forward. Critical areas for reform include human resources and knowledge building and sharing. Promoting staff diversity is vital to enhance operational effectiveness and attract motivated talent. The Corporate Scorecard is beginning to drive a results culture through the organization. Building on recent *World Development Reports*, the incorporation of gender equality and greater focus on fragile and conflict affected situations (FCS) will incentivize improved WBG performance. The momentum behind modernization must be maintained, and we look forward to a progress report next spring and to an updated Corporate Scorecard this autumn. Modernization, innovation, and greater creativity in the use of capital will achieve a more efficient WBG and contribute to its long term financial sustainability.

8. The Ministerial Dialogue on Sustainable Development, with the participation of the United Nations Secretary General Ban Ki-moon, sent an important signal about the need for global partnership to advance this demanding agenda. We look forward to continued discussion about inclusive, green growth in the context of poverty reduction and sustainable development, natural capital accounting and oceans, feeding into the Rio + 20 and G20 processes.

9. We express our profound appreciation and gratitude to Robert B. Zoellick for his leadership of the WBG over the last five years. He has positioned the WBG at the forefront of effective and timely responses to food and financial crises and natural disasters, as well as reinvigorating delivery of longer-term poverty reduction and tangible results. He has championed gender equality, better performance in FCS, adaptation to climate change, and renewed attention to agriculture and infrastructure. Under his leadership, the Bank secured the first capital increase in over twenty years and two unprecedented IDA replenishments, and launched a host of private sector initiatives, such as the IFC's Asset Management Company. He has helped transform the WBG, making it more open, transparent, accountable and ready for a new era of "modernized multilateralism". Reflecting this change, Mr. Zoellick has overseen the rise in the voting share of developing countries to 47%, to be followed by a further review of voice by 2015.

10. We congratulate Dr. Jim Yong Kim on his selection as President of the WBG and commit to working in close partnership with him. We thank Dr. Ngozi Okonjo-Iweala and Dr. José Antonio Ocampo for their

candidacies and for sharing their valuable ideas for the WBG.

11. We welcome Mr. Marek Belka as the new Chair of the Development Committee and look forward to working with him. We also note with satisfaction the proposed revision of the Development Committee's membership to reflect the addition of a third chair for Sub-Saharan Africa in the WBG's Board.

### *Constituency Meeting*

As is customary, member delegations of the World Bank and IMF constituencies had a joint meeting ahead of the formal business of the spring meetings. The meeting, chaired by the Executive Directors of the Bank and Fund constituencies, provided an opportunity for all delegations to gather and discuss the agenda for the spring meetings. After a presentation from staff of the IMF constituency office highlighting recent developments in the work of the IMF and the current state of the world's economy, our office gave a brief presentation which covered the following points:

- While the global economic outlook was better than many would have expected at the time of the October 2011 Annual Meetings, growth prospects were still weak, reinforcing the need for countries to continue with structural reforms needed to build and sustain development progress.
- A concern with how to become more resilient to external shocks was reflected in the Development Committee's agenda items on safety nets and leveraging the private sector.
- On the management side, the Bank is still pursuing its modernization agenda, which has a focus on achieving and reporting on **results**, enhancing the Bank's efficiency and effectiveness by ensuring that its different elements – regions and networks, IBRD, IDA and IFC – **work better together** and focusing on **simplification** to improve accountability, cut costs and make dealing with the Bank easier for its clients.
- On the policy front, the Bank recognises importance its members give to fostering resilience, managing risks and creating opportunities for growth. So the Bank is focusing on how to address challenges in areas like agricultural productivity, food security, disaster risk management, the financing and provision of infrastructure, energy investment and fostering private sector growth as the engine for job creation, innovation and productivity growth.
- At the spring meetings, the Development committee agenda items on safety nets and leveraging the private sector reflects these concerns. At the Annual Meetings in Tokyo in October, the 2013 World Development Report on Jobs will be launched, so a focus on how best to foster the economic environment that promotes job creation is likely then.

Finally, the Bank cannot do its job singlehandedly – it needs to work with other development partners, its shareholders, civil society and others to improve its effectiveness in fighting poverty and promoting growth. The World Bank constituency office has a key role to play in ensuring that the Bank maintains its focus on our constituency members' needs – to be an advocate for constituency members, and to help explain to our members what the Bank is doing.

## IDA 16 WORKING GROUP

The four (4) IDA 16 Working Groups presented their preliminary finding at the 2012 Spring Meeting. The Fragile and Conflict-Affected Countries, Inclusive Growth, IDA's Long-Term Sustainability and the Result and Effectiveness Working Group each gave updated report on their work to the Governors and Bank Management.

The highlight of the four Working Groups was on a report presented by the Result and Effectiveness Group. Chaired by Australia, with Sierra Leone as

the Co-Chair, the Group presented an excellent update of its preliminary finding.

The four Working Groups will further update the Bank and the Governors at the 2012 World Bank Group and IMF Annual Meetings in Tokyo, before they present their report at the IDA 16 mid-term review in November 2012.

For financing purposes, the International Development Association (IDA) groups fragile states in four categories:

*Countries receiving allocations based on IDA's Performance Based Allocations (PBA) system; Countries receiving exceptional post-conflict allocations; Countries receiving exceptional allocations upon re-engaging with IDA after a prolonged period of inactivity, but which did not qualify for post-conflict assistance; and Countries that do not receive any IDA financing because they are in arrears on IDA repayments.*

## UP COMING EVENTS AND NEWS OF INTEREST TO THE CONSTITUENCY

### 2012 ANNUAL MEETINGS - TOKYO



The Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group will take place in Tokyo, October 12-14, 2012. Meetings will be held with ministers of finance, central bankers and development partners, private sector executives, and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. The IMF's [International Monetary and Financial Committee](#) and the joint [Development Committee](#), which discuss progress on the work of these two institutions, will meet on Saturday, October 13, 2012. Arrangements are under way to welcome the country delegations in those meetings.

The constituency office as always is available to facilitate delegations' participation. Communications in this regard for registration and hotel arrangements have been sent to all members.

Some of the salient points for the Annual Meeting in Tokyo are:

- There will be three principal venues in play during the annuals - the Tokyo International Forum-TIF (for the plenaries, official Bank/Fund meetings etc); the Imperial Hotel (about 10 minutes walk away from TIF) which will hold office accommodation for Executive Directors, Bank and Fund staff and, where requested, delegations - a Friday evening reception by the Government of Japan will also be held at the Imperial; and the Okura Hotel (about 25 minutes walk from TIF and 10-15 minute walk from the Imperial) for the seminar program run in conjunction with the meetings and some other events.

- Registration is to take place at yet another venue (Tokyo Chamber of Commerce). There is a satellite registration centre planned for the Imperial Hotel so people staying there will find registration easier.

- The Annual Meetings website will shortly show a tentative schedule for the annuals. Further material on the planned Sendai Event will be provided on the website by the end of July.
- The annual meetings plenary in TIF will start at 9:00 am sharp on Friday 12 October, with everyone having to be seated by 8.45 am prior to the arrival of the Crown Prince of Japan.
- Visa fees will be waived by the Govt of Japan when a person provides the registration confirmation letter.
- Hotel bookings need to be backed up by credit card details, provided by July 23, to guarantee bookings. Any bookings not guaranteed by then will be released.
- As the hotel venues will be carrying on business as usual with non-Bank/Fund people, and because of the traffic congestion that would otherwise arise, there will be no hard security perimeter of the kind that is put in place in Washington - ID checks will be required to gain entry at each venue, slowing down movements between venues.
- There will be regular shuttle buses between venues and hotels - operating at three-minute intervals during peak times.

### **2012 PACIFIC SEMINAR AND THE SMALL STATES FORUM**

The Bank will again be hosting the Pacific Seminar and the Small States Forum during this year's Annual Meetings in Tokyo. The meetings are scheduled for October 13 and 14, respectively. Discussion topics are being finalized and will be communicated to constituency members soon.



### **2013 VOICE SECONDMENT PROGRAM**

Following the call for the next round of nominations for the ninth cohort, which will start in January 2013, our office invited our constituency developing member countries to submit their nominees for the program. We received four nominees, one each from **Cambodia, Mongolia, Tuvalu and Vanuatu**. The selections are expected to be finalized by early August 2012 to leave sufficient time for placements and preparations, including local English trainings to selected candidates.

## **PERSONAL THOUGHTS ON WORLD BANK PRIORITIES**

*These thoughts have no particular constituency status, but are simply personal reflections by the Executive Director on matters the incoming President may wish to think about. There is an underlying theme of making an early, strong impression about a new direction for the WBG. The order of thoughts below has no particular significance in terms of priority or otherwise. They are deliberately expressed in a free and frank manner.*

**Keep the focus on POVERTY**

The mission of the WBG is “to fight poverty with passion and professionalism”. It’s important to keep the focus on this. It will mean coming to terms with where poverty is now found (the majority in middle-income countries, obviously still in the poorest countries and some in high-income countries). We need to be proactive about this too: that’s why getting better at helping vulnerable countries (including small island states with a propensity for disaster) and conflict-affected states is so important.

**Make this a genuinely WORLD BANK**

The financial environment is one where it’s going to be hard work to raise funding. Donor countries and their citizens need to be convinced that investment in the Bank and IDA should be high on their priority list. This is principally about demonstrating that a dollar invested in this organization provides the best development return available, but more is needed. The WBG should, for example, make advisory services much more readily available to high-income countries. Middle-income countries also are becoming disillusioned – we need a strategic approach to them that convinces them that their needs will be met. And the Bank’s systems and policies need to be much more flexible if they are to really help small countries.

**Develop a real and ongoing STRATEGIC DIALOGUE**

The WBG desperately needs a new sense of direction and a strategy to achieve it. This should not be some grand and detailed analytical paper, nor generate mountains of glossy material. Led by the President, we need to establish a clear sense of direction and an initial high-level sense of how to progress it. This in turn, should kick off an ongoing discussion of what is working in progressing this direction, what is not, and how to make more of a difference. None of us should be threatened by this: an organization open about its successes and failures will be a genuine learning organization: a necessary condition to becoming the best we can be.

**Shift the focus from risk aversion to RISK AND OPPORTUNITY MANAGEMENT**

Some good work has been started on this that needs to continue. We also need to change the culture of the place. The Bank has become incredibly bureaucratic over the years. This is because our incentives and sanctions structure, and a raft of policies, drives us in this direction. Bureaucracy may protect us against some risks, but it opens us up to other less obvious ones, and means we will increasingly miss good opportunities (type 1 / type 2 errors).

**Continue vital MANAGEMENT REFORM AND MODERNISATION**

This was neglected for years, and therefore there is a huge amount to be done. This means it will be necessary to do chunks at a time rather than everything at once, but we should iterate toward an integrated and holistic approach. My personal favorites are procurement reform (good systems that fit client needs and circumstances) and HR reform (including some move away from the predominance of fixed-term contracts and establishing a strong expectation (reinforced by the incentives and sanctions regime) that continued poor performers will be managed out. We also need to take a look at the incentives needed to ensure we get the right people with the right skills, especially in fragile and vulnerable states (including small islands).

**Get real about creating a true KNOWLEDGE BANK**

*There's much rhetoric about becoming a knowledge bank, but not enough real commitment and action. This must surely be part of our strategic direction – as previously poor countries reach economic take-off the financial resources the Bank can bring will become relatively less and less significant. However, the knowledge we can bring ourselves, and our ability to convene others with valuable knowledge to provide, can continue to be vital to effective development. We definitely have weaknesses to plug, but we also need to recognize that we cannot be world-best on everything. Instead, we need to ensure we know how to access the best of the best wherever it resides in the world, and promote the necessary north-south, south-north, south-south or north-north exchanges. We can also be more effective with what we've got: for example, in more open constituency, the relatively recent and highly successful development experience of Korea could be tapped more effectively.*

**Think and act intelligently about the BANK'S CAPITAL SITUATION**

*The WBG's capital situation will need to be addressed, but we should take a broad view of this. Can we use our balance sheet much more effectively than we do at the moment, making better use of our equity and our earnings? Can we do better in leveraging our capital by innovation/contributions from other sources? By viewing the Bank as a consolidated group, can we achieve more from the combined balance sheet than separately? How can we improve the "bang from our buck" by breaking down silos among divisions, and among Bank, IFC and MIGA?*

**Practice what we preach on BETTER GOVERNANCE AND BOARD ENGAGEMENT**

*The Board is a very expensive animal, but its structure and cost is unlikely to shift much in the immediate future. Frankly, it is underutilized and doesn't add the value it could. A signal from the President that he and senior management would like to engage with the Board, especially in terms of a more strategic dialogue as outlined above, would receive a very positive response. Some progress has been made on building trust among Board members, and for really effective dialogue with management an atmosphere of mutual trust will be essential.*

John Whitehead  
June 2012

## WORLD BANK PRESIDENT DR. JIM KIM: FIRST ENGAGEMENTS WITH STAFF

### SUMMARY

*This note provides a summary of the new World Bank President's first engagement with staff. This "town hall" session revealed a strong commitment to the core Bank mission of poverty-elimination; high ambition for quality Bank engagements that achieve real results; and a client-focussed approach that aims to help all member countries deal with their most intractable problems. Dr. Kim also signalled that his preferred leadership style is to be open, collegial, and engaged with staff. **[End of summary]***

### President Kim's engagement with staff

The new WBG President Dr. Jim Kim began his first day on the job with an interactive town hall meeting with staff, signalling his open and engaged leadership style. Dr. Kim began by quoting the Italian philosopher Antonio Gramsci, saying that we need "pessimism of the intellect, and optimism of the spirit" in tackling the challenge of eradicating poverty. Dr. Kim emphasized:

- The Bank's history in tackling intractable problems and his "huge optimism" about what the World Bank can achieve;
- He sees his job as removing obstacles, to help staff achieve ambitious goals on behalf of their clients;
- No other institution is capable of leading the global fight on poverty. Staff at the World Bank should realize they are fortunate that they have a shared passion and a unique opportunity to eradicate poverty globally;
- This is a high performing institution, with huge potential. Everyone has stories about an occasion when the World Bank had the right expertise, could leverage the right resources, to have great impact on the ground. President Kim's goal is to take that high level of performance and achieve it every time.

Dr Kim asked questions of staff, and took questions from the floor.

- When asked his ambitions for the Bank, Dr. Kim said the Bank's mission is clear, and it's the right one - eradicating poverty. More specifically, he would like innovation to become part of the Bank's culture, including risk taking. He would like staff to be recognized for innovating.
- He would also like to foster a culture of positive collegiality both within the Bank and with partner countries and organizations. Many Bank staff have very close and successful relationships with local communities and officials on the ground – now we need to grow that. He noted that he would begin this process internally by holding regular town hall sessions and lunch discussions with staff of all ranks.
- When asked what he saw the role of the Bank in advanced countries, Dr Kim emphasized the common challenges where the Bank's expertise can be valuable to all countries: for example, how to achieve growth that is both inclusive and green; how to get the focus of education right; how to deal with the rising costs and reducing quality of healthcare. He would like the Bank to be the place where all countries go for rigor, and for assistance solving the big, intractable issues they face.
- In communicating to stakeholders and the public, Dr Kim said he wanted to tell the story of the Bank in a different and more personal way, by explaining to people what he is discovering as he gets to know the Bank. For example, the Bank does some extremely difficult but inspiring work in very challenging environments in fragile states – but it is work that most shareholders and members of the public never get to see.

At this early stage Dr. Kim was careful not to outline a specific agenda on the significant strategic and policy issues he now faces, for example: the Bank's relationship with middle income countries; the Bank's reform agenda, including HR reform; how to leverage the Bank's knowledge and financial resources more effectively. Instead he focused on his commitment to the success of the Bank in achieving its mission, and his desire to work in a collaborative way with staff and member countries to tackle the very real challenges it faces.

## WORLD BANK PRESIDENT DR. JIM KIM: FIRST INFORMAL BOARD MEETING

### SUMMARY

The first Informal Board Meeting with the new President Jim Kim was held on Monday, July 9, 2012. The general issues raised by most EDs and the new President are as follows:

- WB's new role to clients: Developed, MICs, Developing, LICs, fragile and Island countries;
- HR reform for maintaining organizational supremacy and efficiency;
- Synergies among WBG (IBRD, IFC, MIGA);
- Sustaining financial soundness of WBG;
- Role of the Board and Communication with Senior Management.

President Kim promised to have such informal meetings with the Board as often as possible including EDs retreat with President at the end of August. **[End summary]**

### Informal Board Meeting

#### 1. WB's role to Client Countries

- Most EDs stressed that WBG as a knowledge Bank should serve developed countries, MICs and LICs.
- Most of the EDs from MICs and LICs stressed the importance of the role of the WB both credit provider as well as knowledge such as areas as green growth, governance and financial inclusion.
- The importance of tackling issues of fragile, sub-Saharan and small island countries was also raised.

The President praised WB as a critical institution for all in boosting prosperity and reducing poverty. The technologies and knowledge such as health care and cash transfer that WB acquired from the field should be shared globally regardless of developing stage

#### 2. HR Reform and modernization issues

- Many EDs underlined the importance of HR reform and Bank modernization should be one of the top priorities for the success of the new President.
- Some EDs worried about widely use of term contract, little improvement in diversity in the WB HR policy, while others stressed the importance of hiring based on merits.

The President stressed the importance of securing the best people in the WB and so far the WB has been successful in HR (i) hiring people with analytic capacity (brain of college); (ii) providing tremendous field experiences; and (iii) equipping of mass of data for empirical analysis.

He confessed that the competitiveness of the WB lies in quality of staff but current flat budget situation posed a huge challenge to hiring and keeping the best people in WB.

#### 3. Synergies among WBG (IBRD, IFC, MIGA)

- Many EDs raised the importance of synergy and efficiency among various wings of WBG.

The IBRD's country strategy should be aligned with private sector policy such as IFCs investment and MIGA's guarantee.

Some suggested the integration of back offices function among three agencies, such as treasury, accounting and HR offices for efficiency and budget savings.

The President also agreed that synergies within WBG should be critical, especially for facilitating private sector's role in economic development. As for streamlining back office function within WBG, he alluded that everything is on the table.

#### **4. Financial Soundness of WBG**

- Many EDs raised the importance of WBG's sustaining AAA status given the global financial crisis and fiscal difficulties of many Euro countries.
- Some EDs suggested that Tokyo Annual Meeting will be a good venue to start talks on financial future of WBG.
- Some EDs stressed budget transparency by streamlining trust fund, while others requested some flexibility in IDA policies.

President agreed that maintaining WBG's financial soundness, however he is relatively cautious in voice reform and other IDA replenishment given their political complexity.

#### **5. Policy, Board Engagement with Governors, Leadership**

- All EDs welcome the President's new leadership and approach with Board and Staffs. Many EDs requested President to facilitate communication with the Board and Governors as a means to reach new strategic decisions, vision and compromise.

President responded that his role lies in removing all obstacles for high achievement and he is willing to have informal Board for channels of strategic dialogue. He also tries himself for changing WB culture toward taking more risk.

## CONSTITUENCY REPORTS

Our Office issued the following reports during the period covered by this newsletter. Not all reports were sent to all constituency members. Please contact our office if you want a copy of any report listed below.

- Global Monitoring Report 2012
- World Development Indicator 2012
- IEG Annual Report 2012
- Papua New Guinea CAS Progress Report



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