

FINANCIAL TIMES

August 8, 2016

The World Bank's powerful staff association has called for an international search for a replacement to President Jim Yong Kim, pointing to a "crisis of leadership" at the bank just as he begins a campaign for a second five-year term.

"The world has changed, and we must change with it. Unless we revisit the rules-of-the-game, the World Bank Group faces the real possibility of becoming an anachronism on the international stage," the leaders of the staff association wrote in a letter to the bank's board seen by the Financial Times.

Mr Kim was appointed president of the World Bank <<http://www.ft.com/cms/s/0/7b697b2a-5a60-11e6-9f70-badea1b336d4.html#axzz4GeuDTtmS>> in 2012 and his term runs out next June.

His tenure at the bank has been mired in criticism, much of it from within the bank and related to a difficult restructuring <<http://www.ft.com/cms/s/0/281200f8-84bb-11e5-8e80-1574112844fd.html>> that he has pushed through. But the former activist and medical doctor has also shaken up the institution by pushing it to engage more quickly and forcefully with emerging crises that fall outside the bank's traditional responsibilities such as the 2014 Ebola outbreak in west Africa.

He continues to enjoy the backing of the US, the bank's biggest shareholder. "The United States fully supports [Mr] Kim's presidency at the World Bank, including the steps he's taken to enact important reforms," the US Treasury, which oversees Washington's relationship with the bank, said in a statement to the FT.

The board has begun informal discussions over how and whether to reappoint Mr Kim to a second term and is due to debate the process more formally at a meeting later this month, according to bank officials.

People close to the board said the process was likely to be akin to what happened at the International Monetary Fund, where Christine Lagarde was appointed to a second term earlier this year. There the board invited nominations for other candidates for a limited period before approving Mrs Lagarde's reappointment.

Mr Kim told staff in a town-hall meeting earlier this year that he was open to serving a second term but had not formally sought a reappointment. He has, however, told board members that he would like to serve a second term, said one person close to the board.

In its letter, the staff association argues that the time has come for the bank to be led by someone other than an American, as has been custom since its creation at Bretton Woods in 1944.

"We preach principles of good governance, transparency, diversity, international competition, and merit-based selection. Unfortunately, none of these principles have applied to the appointment of past World Bank Group Presidents," the association's executive committee wrote. "Instead, we have accepted decades of backroom deals which, twelve times in a row, selected an American male. This must change."

They argued for “an international call for candidates” run by a “credible search committee” that would engage in a “transparent interview and selection process”.

The letter cites staff surveys which have pointed to low morale at the bank <<http://www.ft.com/cms/s/0/54fba5c4-e2d6-11e4-aa1d-00144feab7de.html#axzz4GeuDTtmS>> over the past two years and “made it painfully clear that the World Bank Group is experiencing a crisis of leadership”.

Only a third of staff surveyed “understand where the senior management team is leading us”, the letter points out. “Even fewer believe that our senior management creates a culture of openness and trust.”

Senior officials at the bank insist Mr Kim enjoys broader support from the staff than that.

A World Bank spokesman said any discussions of Mr Kim’s reappointment by the board were not unusual as “it is customary for executive directors to begin discussions on the process six months to a year before a president's term ends”.

The spokesman also cited the board’s approval in 2011 of “principles for open, merit-based and transparent presidential selections”.

“These principles were used in the 2012 selection [of Mr Kim] and will govern the upcoming presidential selection process,” he said.

Despite those principles — and efforts to draw senior officials from big emerging economies such as Brazil and China into the bank’s senior management ranks — the US continues to exercise significant control over the bank presidency. Whether or not Mr Kim is reappointed is likely to depend mostly on whether he continues to be backed by Washington.

But the unusual staff letter demonstrates that Mr Kim, who emigrated to the US from South Korea as a young boy and left the presidency of Dartmouth College to take over at the World Bank, is likely to face a raucous campaign for a second term.

Besides the staff he also has critics among campaign groups, many of which questioned an update <<http://www.ft.com/cms/s/0/7b697b2a-5a60-11e6-9f70-badea1b336d4.html#axzz4GkoMEiQh>> last week to the environmental and social standards for bank projects, as well as among the bank’s active alumni network.

Paul Cadario, a former senior executive at the bank who is now at the University of Toronto, said it would be hard for Mr Kim to be reappointed if the board held a truly open process.

“His record does not justify it,” Mr Cadario said, pointing to a “sloppy, sprawling strategy focused on health” and the mismanagement of the reorganisation of the bank.