

The Hardest Job in the World

World Bank Executive Director's Colloquium

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5 Crucial Tasks for the New President of the World Bank

“Tasks for which the president—through a combination of charm, cajoling, and horse-trading—must corral the Bank’s ... member governments ... to take action.”

Overview

- Guiding Principles
- Five Crucial Tasks
- Concluding Thought

Guiding Principles

- The Bank as development's brain trust.
- In-country priorities: Equitable growth/political savvy.
- A more legitimate Bank.
- A global cooperative or club.

A Global “Club”

“ . . . recommendations look toward the transformation of the Bank from a development agency – in which some members are financial contributors and others are beneficiaries -- to something closer in spirit to that of a global “club.”

5 Crucial Tasks

- Revitalize Bank's role in China, India and the MICs.
- Discipline and differentiation in LICs.
- Leadership on independent impact evaluation.
- A mandate and instrument for GPGs.
- Reforming Bank governance.

China, India, Middle-Income Countries

- Why lend to countries with access to private capital?
- So why are these countries borrowing less and less?
- Why does it matter?

Middle-Income Countries: (Some of the) Recommendations

- Expand the range of financial products.
- Create a new low-hassle loan product.
- Introduce differential pricing among IBRD borrowers.

The debate: Dev agency (Rogoff/Meltzer)
or cooperative? TA agency or brain trust?

Low-Income Countries: (Some of the) Recommendations

- Differentiate: budget support; *engagement* without lending and readiness to *exit*
- Make longer-term commitments to the best-performing countries – with exit option.
- Formalize a third, fully grant-based window for countries with very low per capita incomes.
- Work with the IMF to make selected IDA countries eligible for automatic transfers in the event of an external shock.

Low- income countries: The debate

Grants from a Bank?

Results vs.(?) institution building

Independent Evaluation

- Lead the creation of an external, independent, multi-donor (and creditor) aid evaluation mechanism.

The debate: independence?

micro impact enough?

a donor issue or a borrowing member country challenge?

Global Public Goods

- Call on the Bank's shareholders to give it a clear mandate for financing and providing global public goods.
- Create a single GPG Trust Fund.
- Financed by a combination of earmarking annual net income, donor contributions and administrative savings.
- With a more representative governance structure.

The debate: How to generate one!

Bank Governance

- Ask the Bank governors to formalize a credible, rule-based, transparent mechanism for choosing the Bank's president.
- Support the temporary establishment of two additional seats on the Board for African countries.
- Ask the Bank governors to call for an independent assessment, to be made public, of voting shares and board representation, including options for changes.
- Ask the governors to commission a time-bound independent review of board functions and responsibilities.

The debate: IMF/Europe/U.S. interests

Concluding thought..

- Managing globalization: A global economy needs a global polity
- . . . to address through clubs of nations unequal endowments across countries and peoples, and global market failures
- What that implies: strengthening and reforming our precious global institutions.