It is time to free the World Bank
By Jeffrey Sachs
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Democracy begins at home. If the World Bank is to be a leading force in the promotion of good governance in developing countries, its own governance must move beyond backroom politics. The bank is now choosing a president. The first steps of this process have been unsatisfactory, based on the idea that the US can choose the president without competition and with no questions asked. Before the bank is further damaged, there is an urgent need to make amends.

In spite of the World Bank being a multilateral institution of 184 member governments, its presidency is widely assumed to be owned by the White House. Europe seems happy to play along, presumably to ensure its own "ownership" of other international posts. The 150-plus developing countries are relegated to the back benches.

The White House's perceived lock on the World Bank presidency is unsatisfactory for three reasons. First, the US has only 16 per cent of the bank's votes and other countries play an ever-larger role in its operations. Behind the scenes, the US has been the biggest brake on increasing the bank's finance for poor countries, and has pushed for debt relief in ways that would weaken bank finances. The US demands to run the bank but on the cheap.

Second, the US government stands aloof from the global consensus on economic development. The world has rallied behind the United Nation's Millennium Development Goals, the shared global objectives for cutting extreme poverty, disease and hunger. The US has signed the relevant documents but has refused to champion the goals.

The most egregious US lapse lies in foreign assistance. The conservative mantra in Washington is that the US supports the Monterrey consensus (adopted in the March 2002 conference that George W. Bush attended), rather than increased development assistance. The conservatives claim that the consensus is about trade and the private sector, not aid. This is wrong.

The Monterrey consensus signatories, including the US, agreed to urge developed countries that have not done so "to make concrete efforts towards the target of 0.7 per cent of gross national product as official development assistance". US aid stands at a
mere 0.15 per cent of GNP, the lowest ratio of any donor country, around $65bn per year short of the Monterrey target. The US alone is responsible for half of the global financing shortfall in achieving the Millennium Development Goals, according to the recent report of the UN Millennium Project. Yet the Bush administration has so far shown no concrete efforts towards 0.7 per cent.

Third, the US has advanced an unlikely candidate for the World Bank position - Paul Wolfowitz. Aside from all else that can be said of Mr Wolfowitz, his positions on crucial issues of global development are unknown. Mr Wolfowitz, after all, has spent a career on military matters and diplomacy, not on development and finance.

Europe, in spite of deep concerns, seems likely to accede to the US nomination. Developing countries, dependent on international aid, are wary of speaking out. Yet, the bank's legitimacy will be damaged by a show of unlimited White House power over the appointment. Moreover, the hard-won consensus represented by the Millennium Development Goals may well be put at risk. For these reasons, serious due diligence by the bank's members and executive directors is needed.

Mr Wolfowitz and any other candidates put forward should be required to clarify their positions on at least four central issues of global development. This is especially the case given US "exceptionalism" on these issues.

First, does the candidate support the Millennium Development Goals? Would the president make these goals the operational targets of bank programmes? Second, does the candidate endorse the target of 0.7 per cent of GNP in official development assistance from all donor countries? Would the new bank president press the US and other donors to increase aid to 0.7 per cent by 2015, as advocated by world leaders and the report on UN reform by Kofi Annan, the secretary-general. Third, would the candidate champion the call of free-market ideologues to privatise public health, education and infrastructure, or would he or she agree that increased public finance is vital to ensuring universal access to health, nutrition, water and sanitation, schooling and family planning?

Fourth, does the candidate support a bigger voice and vote for developing countries in the World Bank and International Monetary Fund, as is widely urged? This question is highly pertinent today, as poor countries are being told once again to swallow hard on any appointment that comes down from Washington. Is the World Bank to be truly a bank for the world, or simply the "American Bank", as one Washington commentator put it last week?

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