

## **Reforming the World Bank: NGOs and the Wolfowitz Resignation**

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*This case study outlines the evolution of a civil society engagement strategy that resulted in the resignation of five senior World Bank officials who had attempted to dismantle oversight mechanisms at the institution. It describes a process for addressing this governance crisis which included: the development of an ad hoc coalition of civil society organizations with a history of formal engagement at the Bank, the de-emphasis of formal civil society engagement in favor of informal contact, public criticism of the Bank's management, and the re-engagement of the coalition with the new World Bank management once reforms to whistleblower protection policy were partially achieved.*

### **Introduction: The World Bank**

The World Bank Group (WBG) [1] was established by international agreement in 1945 to provide reconstruction loans to countries devastated by the Second World War. Over the years the WBG has developed five separate institutions and its mission has changed to focus on financing for international development. Today the Bank lends about US\$25 billion annually to governments in Asia, Africa, Eastern Europe, Latin America and the Caribbean. Currently, the Bank is fast becoming a central actor in formulating the reforms of the international financial architecture necessary to address the global economic crisis. Like the United Nations, however, the WBG has been granted sovereign immunities by the countries wherein it operates. Thus, in effect, national courts have no jurisdiction over World Bank activities or personnel [2]. This legal autonomy leaves the institution without minimal standards of accountability to the nations that fund and borrow from it.

In 2004, after many years of speculation about corruption in World Bank projects, the US Senate held public hearings about the issue. A series of witnesses testified to the loss of funds and the prevalence of misconduct in Bank projects due to corruption and abuse of authority. One academic expert estimated that as much as US\$100 billion in World Bank resources had been wasted over the lifetime of the institution [3].

For civil society organizations (CSOs) attempting to address issues of waste, fraud, and abuse of authority, engagement that produces meaningful change has been difficult to achieve. While, beginning in 1996, the Bank adopted anti-corruption rhetoric in its lending programs for borrowing countries, as an institution the Bank has been reluctant to address such issues internally.

### **The Entry Point for CSO Engagement with the World Bank**

Before 1985, development banks, including the World Bank, had virtually no relationship with CSOs. In the late 1980s however, these banks began to oblige borrowing countries to accept a policy package that featured the privatization of public services. The World Bank became a primary advocate for privatization: profitable public services were sold to private

corporations, and the Bank began to engage CSOs as private-sector partners in managing social services for the poor.

At the same time, progressive coalitions of CSOs representing environmental, labor, and women's interests used the openings these partnerships provided as opportunities to consult the Bank on issues affecting their constituencies and to strengthen anti-corruption measures. By the '00s, many sectors in the Bank had established a culture of engagement with CSOs, for the purposes of both cooperation and consultation.

For progressive CSOs, formal engagement at the World Bank through consultation processes established at the institution often proved superficial. The Bank, with its political and economic influence, was typically the dominant partner in this dialogue, and many CSOs feared they were used as cover for the enactment of public policies, such as privatization itself, that they strongly opposed. Only infrequently were CSOs able to direct the agenda of a consultation and extract from the Bank a real commitment to a particular safeguard or policy change.

## **The World Bank and CSOs: Deepening Formal Engagement**

### *Advocating a Specific Goal: The 'Whistleblower' Protection Policy*

In reaction to the wave of criticism of the World Bank's record on corruption that followed the 2004 US Senate hearings, the institution began to consider establishing a policy to protect staff members from retaliation when they reported corruption internally. In the spirit of consultation, the General Counsel's office at the Bank invited the Government Accountability Project (GAP) to comment on successive versions of draft whistleblower protection policies in 2006. Based in Washington D.C., GAP is a CSO and non-profit law firm that protects and defends 'whistleblowers.' In the legal lexicon, a whistleblower is an employee who exercises free speech rights to challenge abuses of power that betray the public trust.

Protecting whistleblowers at the World Bank has been especially challenging from a legal perspective. If a whistleblower is dismissed, demoted, or marginalized in retaliation for exposing internal corruption or fraud, other than the internal process established at the institution, there is no legal recourse available. These internal judicial processes are flawed due to their lack of independence from institutional management [4].

GAP's review of the General Counsel's proposed whistleblower protection policy showed that the policy would not provide adequate protection to a staff member who reported corruption and suffered retaliation as a result. Indeed, the General Counsel's office itself seemed fundamentally opposed to establishing whistleblower access to an impartial adjudication forum beyond the reach of Bank management. Despite the frustration of working with the Counsel's office, GAP developed a close collaborative relationship with the Bank's Staff Association. In meetings with a cross-section of staff

members on the whistleblower issue, GAP witnessed a deepening concern about the crippling of the Bank's, already established, oversight mechanisms by President Paul Wolfowitz and his management team [5].

During this period, individual staff members knowledgeable about the whistleblower protection policy demonstrated to GAP that the oversight officers appointed by Paul Wolfowitz, as well as the organizational shifts ordered by him, had undermined the policy's effectiveness. For example: the General Counsel appointed by Wolfowitz was his close political ally and had little practical legal experience; offices to which ethical violations were to be reported were

placed under the authority of the General Counsel; the Director, appointed by Wolfowitz to head the Department of Institutional Integrity (INT), the Bank's investigative unit (after he had rejected all candidates recommended by an international search committee) lacked the independence necessary to execute her duties objectively [6].

Given the content of the core policy at issue, i.e. whistleblower protection, no procedural precedent existed for monitoring or sanctioning the senior officers at the Bank (including the president). Existing formal channels, through the US representative on the Board of Directors and the General Counsel's office, were ineffective. With no structural mechanism available through which to pursue the sanctioning of the World Bank president, the pre-existing culture of staff consultation with CSOs would prove to be essential.

### **Developing Informal Engagement: Confidential Disclosures of Misconduct**

The World Bank is exempt from the jurisdiction of national courts, and can be a repressive environment for staff members. The INT has, since its inception in 2000, been known for its selective and highly intrusive investigations. Many of these investigations violated basic rights to privacy and representation recognized by the governments of member countries and by international law [7]. The Bank's internal conflict resolution system (CRS), which handles grievances, had been strongly criticized for its lack of objectivity [8]. Thus, without legal protections staff can be penalized with impunity by guilty superiors.

As a result of work on the whistleblower protection policy with the staff, GAP began to receive disclosures about misconduct involving Paul Wolfowitz and his management team. Disclosures included:

- An effort by the Bank to resume lending to the government in Iraq in violation of Bank protocols prohibiting lending to countries in conflict [9];
- Failure to report the shooting of a Bank consultant in Baghdad;
- The unilateral decision to expunge funding for family planning services from a new Health and Nutrition Strategy;
- An unauthorized pay increase and promotion for Shaha Riza, Paul Wolfowitz's companion, who was a mid-level officer at the Bank; and
- Unauthorized employment of Shaha Riza by the Pentagon while she was a World Bank staff member and Wolfowitz was the US Deputy Secretary of Defense.

As these graphic consequences of lack of accountability at the Bank were made known to GAP, a single objective for addressing them developed: the whistleblowers and GAP aimed to constrain the actions of the World Bank president and his advisers by obliging them to conform to World Bank regulations and protocols.

At the same time that GAP was receiving this series of disclosures by Bank whistleblowers, GAP's formal relationship with the General Counsel's office was becoming increasingly strained. This distance, however, raised GAP's credibility with Bank staff members who saw GAP as a responsible advocate for internal oversight. GAP does not accept financing from the Bank or from the US government. In 2006, GAP had deliberately *disengaged* from representing whistleblowers in the formal appeals process in order to avoid any appearance of a conflict of interest between policy work and case work. Within a three month period, direct

communications with the General Counsel's office virtually ceased, and the Bank began to frequently criticize GAP in the press [10].

## **Demanding Effective Engagement: Public Exposure**

### *The Press*

The work of one particular columnist at the *Washington Post* was central to public exposure of the lack of oversight at the Bank under the Wolfowitz team. This reporter, who is very widely read in Washington, writes a "gossip" column that reports primarily on the venal misuse of funding at public institutions and the crude self-dealing of 'public servants.' Few of his sources can afford to go 'on the record' thus, like GAP, he works with anonymous and confidential sources. It was to this reporter that GAP gave the story of improper raises awarded to Shaha Riza. Given the elements of 'sex and money,' this disclosure took on a momentum of its own.

It must be noted that the mainstream press in the US was (and is) reluctant to address mismanagement and serious misconduct at the World Bank when senior officials are involved. This reluctance persists no matter how credible the evidence. Indeed, when high-level officials at the Bank are guilty of mismanagement, corruption, or fraud, they are generally well-protected. National courts have no jurisdiction over them and the press is reluctant to censure them. Mainstream US reporters also depend on formal engagement with these executives valued as prestigious and credible sources of information. Should a reporter embarrass them, beyond a certain measure of pro-forma criticism, the source will shut down.

In addition to professional self interest, familiarity is also a factor that influences Press disclosures where senior officials are involved. In the small world of Washington (and presumably any national capital) top reporters and editors for major news outlets are well-known to senior officials at powerful institutions. They are often neighbors, colleagues, and friends. Their willingness to extend the benefit of the doubt to the managers of government or intergovernmental agencies goes well beyond the threshold of objectivity. As a result, the US news outlets that cover the Bank most closely: the *New York Times*, Reuters wire service and the *Washington Post* desk for international news, followed the Wolfowitz story as it developed, rather than breaking it. Primary press coverage came initially from the *Washington Post* gossip columnist, as mentioned above, National Public Radio, the Associated Press wire service, television news bureaus, and the international press.

### *The Blogs*

The sanctioning and removal of Paul Wolfowitz and his team would not have been achievable without intense public scrutiny and pressure provided by two blogs exclusively dedicated to the campaign: "Wolfowitz Resign," managed by the CSO "50 Years is Enough", and "World Bank President," managed indirectly by the Bretton Woods Project and IFIWatch. To some extent the blog "Wonkette" was also influential.

IFIWatch activated the blog "World Bank President" in April 2007 during the Bank's spring meetings of finance ministers. These meetings were overwhelmed by allegations of cronyism directed at Paul Wolfowitz - a direct result of the coinciding publication of the *Washington Post* story about Shaha Riza's pay raises and the ensuing blogging. Postings to the

blog were made by journalists, activists, and Bank staff members, often as the events described in the postings were actually occurring.

One of the successes of the anti-Wolfowitz campaign was establishment of a coalition of CSOs with a breadth of experience and access to internal information and a quality of adaptive resilience. At the height of the controversy, the usually circumspect World Bank could not even obscure or conceal the testimony of confidential witnesses at closed hearings dedicated to the potentially improper conduct of the Bank president.

Blogging was especially effective in the Wolfowitz affair because the informal nature of the reporting lent itself to the use of satire. Paul Wolfowitz, Shaha Riza, Suzanne Folsom and Robin Cleveland, a top aide, were especially subject to ridicule due to the actions they took and the contradictory statements they made [11]. This conduct damaged their prospects of remaining in place. As the campaign evolved, it became clear that Bank staff could not be managed if this team remained. It also became clear that blogs could be a powerful tool for puncturing the pomposity and authority on which unscrupulous senior officials rely in order to avoid scrutiny.

### **Retaliation: The World Bank's Efforts to Curtail Informal Engagement**

At the outset, Paul Wolfowitz made it clear to his civil society opponents and to his staff that he would not go quietly. First, he and the General Counsel's office employed a prestigious Washington law firm to investigate the Bank staff for leakers [12]. Second, he hired a prominent and aggressive defense attorney to represent him in hearings before the Bank's Board of Directors. In addition, Wolfowitz and his allies were able to use the editorial page of the *Wall Street Journal* to defend themselves and to attack GAP [13]. The staff of the Bank was also attacked repeatedly in print by the *Wall Street Journal*. Wolfowitz, with his attorney, elaborated an alternative explanation for the Bank staff's opposition to him and fed it to the press. According to him, he was the 'anti-corruption' executive at the Bank who had arrived to eliminate the fraud and abuse of power inherent in operations of the institution. In reaction to his successes in reducing the influence of corrupt officials, a small group of insiders had coalesced and was determined to oust him. According to this storyline, the group was using GAP and a nebulous organization of bloggers to smear Wolfowitz in an effort to preserve their own corrupt prerogatives [14].

At the same time that the Wolfowitz team launched its press offensive, the office of the General Counsel coordinated an investigation conducted by an outside law firm. Among other things, the firm inspected the email accounts of suspected leakers and a number of Bank employees were closely questioned. Two months later, however, when Wolfowitz resigned, no whistleblowers had been identified. It appears, in fact, that the only leakers identified by the contracted law firm were those who had been sending pro-Wolfowitz information to the *Wall Street Journal*.

In June 2008, the Bank's Board of Directors, once again in formal consultation with GAP, approved a whistleblower protection policy. To date this policy has not been fully tested, and weaknesses in the policy remain. The first whistleblower test case is currently developing.

## **GAP Strategies for Achieving Accountability**

The following is a description of strategies for achieving accountability in the context of GAP's efforts to reform whistleblower protection policies at the World Bank.

### *Providing Whistleblower Protection: The GAP Method*

By the time a whistleblower seeks protection from an outside organization such as GAP, he or she typically has a complex story involving a series of attempts to address corruption internally and a history of resulting professional misfortune. Whistleblowers, however, can only come to GAP to the extent that they are aware of GAP's mission and capabilities. In the case of World Bank staff, awareness of the GAP mission and capabilities developed as a result of GAP's formal engagement with the Bank on the issue of transparency.

After providing potential whistleblowers with assurance of confidentiality, GAP documents the disclosures as thoroughly as possible. If the whistleblower wants his or her disclosures made public GAP will work with a journalist or issue a press release to generate initial press coverage. Pending the reaction from the employer, GAP will usually withhold part of the story. When a partial disclosure becomes public for the first time, corrupt individuals tend to prevaricate in order to conceal their involvement or the existence of misconduct. At this point, GAP will release a second disclosure, validating the first one and discrediting the corrupt individual and the institution trying to protect him or her. In the case of at the World Bank, the president was publicly exposed as being untruthful to the press on three separate occasions in quick succession. He attempted to convince the media that:

- He had made efforts to inform Bank staff that a consultant had been shot in Baghdad;
- He had no intention of eliminating funding for family planning services from the Health and Nutrition Strategy; and
- The Board had approved pay increases and promotions for his partner.

In fact, none of these claims were true. When this pattern of dishonesty was revealed all semblance of formal consultation between the Bank and GAP broke down. At the same time, pressure on the institution mounted and the balance of credibility shifted. It became very difficult for the press to accept further explanations from the institution for the irregularities that had been alleged. The burden of proof in the public domain then shifted from the whistleblowers and GAP to the Bank and the guilty parties. Once this shift occurred, it became impossible for management to regain credibility.

At the same time, however, GAP disengaged with the Bank, losing access to formal communication channels. The Bank assumed an adversarial stance with respect to any organization criticizing Wolfowitz in the press.

## *Working through a Coalition*

The association of CSOs that cooperated in securing the resignation of the World Bank president and his management team consisted of:

- GAP, with its expertise in protecting witnesses and publicizing their disclosures;
- A broad cross section of Bank staff with access to payroll records, draft strategies, hearing transcripts, and communications from national offices;
- Two CSOs with blogging capability and a network of internal sources and external experts;
- Numerous CSOs in regular contact with Bank staff members concerned about specific issues in World Bank projects; and
- Press contacts in radio, print and television.

The coalition cohered almost spontaneously because of a history of cooperation in engaging the Bank formally. Certain CSOs were involved in the coalition work on transparency and accountability, others on environmental safeguards, others on respect for labor and women's rights in World Bank Projects. As Bank staff members approached their CSO contacts, the CSOs forwarded information to GAP or released the information directly to the press or the blogs.

CSOs that did not join with the coalition were also notable by their absence. Through its consultations the Bank has successfully brought many large, well-funded CSOs under the World Bank umbrella and given them a stake in the status quo. The policy of privatization promoted by the Bank for two decades prior had given a number of CSOs the opportunity to receive Bank funding and serve as vendors or consultants on World Bank projects. One large CSO with a history of focusing on World Bank transparency and accountability, and which now receives substantial funding from the Bank, was markedly silent throughout the campaign. Achieving reform includes risking a period of disengagement and, because of this, CSOs with a financial relationship to the Bank could not participate.

The timing of the disclosures was significant as well. The coalition of CSOs and GAP managed the sequence of disclosures in such a way that the issue of misconduct among senior Bank officials remained alive in the press over a period of nearly four months. Exposure of misconduct ultimately peaked during the Bank's April 2007 spring finance meetings, an annual moment when the institution receives maximum exposure to the international press.

## **Lessons Learned**

Bank President Paul Wolfowitz resigned and left the World Bank on June 30<sup>th</sup>, 2007. The 'anti-corruption' president of the World Bank was obliged to be accountable for his own cronyism and violation of Bank protocols. His two closest aides left with him, and the Director of INT resigned six months later. Prior to her resignation she was forced to relinquish her title of 'Counselor to the President' in recognition of the conflict of interest it represented when coupled with her responsibilities for investigation of wrongdoing. Thoroughly discredited, the General Counsel resigned in April, 2008. The Managing Director, who had attempted to eliminate future funding for family planning services in borrowing countries, remained in place. Nonetheless, his efforts to thwart this funding practice were thwarted.

An examination of lessons learned about the process through which GAP and the coalition of CSOs achieved some measure of accountability at the Bank reveals three phases: formal engagement, disengagement, and reengagement.

### *Coalition Building: The Utility of Formal Engagement*

There had already developed a history and culture of GAP engagement with the Bank through formal mechanisms of consultation. While these mechanisms did not, in themselves, allow substantive reforms, they served as a channel for developing contacts with staff members who later made confidential disclosures about internal misconduct that otherwise would never have come to light. While it was clear that the mechanisms the World Bank established to manage engagement with civil society were circumscribed in order to control the exchange of information, these same mechanisms had corollary effects that served to break down the insular nature of the Bank.

Formal consultations also provided mechanisms through which the spontaneous coherence of an autonomous coalition could occur. Through the discussions and meetings convened around Bank issues, staff members and other CSOs could easily distinguish independent CSOs from ones dependent on Bank funding. When the leadership crisis arose inside the Bank, whistleblowers knew where and who to turn to and activist CSOs had already established systematic contacts among themselves.

### *Disengagement: Assuming an Adversarial Public Posture*

At a certain point, GAP and the coalition had to recognize when formal engagement was no longer useful and be willing to assume an adversarial posture with respect to the Bank. This meant abandoning formal processes. At this point, the independent role of activist CSOs was central to managing the series of disclosures. Bank staff members could not afford to be ‘the face’ on the allegations of misconduct without destroying their careers. In contrast, CSOs such as GAP, with no financial attachment to the Bank, could give interviews, make public statements and explain the crisis publicly. For the press, this role was fundamental to ‘moving the story.’ Journalists, especially those working for radio and television, needed the voice and the face of the allegations. They also needed ‘on the record’ statements – a CSO willing to be quoted – when they criticized powerful public officials.

Interestingly, CSOs with financial ties to the Bank could not come to its defense in the public controversy because of the credibility of the allegations. These organizations simply remained silent. In many ways, their silence during the episode exposed the extent to which they were compromised.

During this phase, the role of blogs and the press became much more important. Although an informal source of information, blogs now have a technological capability that lends them credibility: they can post documents. Bank staff members leaked communications from the World Bank office in Baghdad, minutes from board meetings, e-mails, information about salaries, testimony from board hearings and other documents showing misconduct at the highest levels of the Bank. Once these documents became public, the mainstream press had to

investigate or appear to miss fundamental news. The exposure of this information also served to shift the burden of proof in the public domain from GAP and the whistleblowers to the World Bank as an institution.

### *Re-engagement: Opening the Door to Deeper Cooperation*

When the guilty management team was exposed and sanctioned, the CSOs responsible expressed a willingness to re-engage with the new Bank president and management team. Over the course of the following year, formal engagement once again focused on the pending whistleblower protection policy, which was approved by the Bank board in June, 2008.

In retrospect, GAP and the coalition drew two conclusions from the effort to improve internal oversight at the World Bank:

- formal engagement mechanisms may appear to be only superficially useful, but they become channels through which more meaningful informal communications and engagement can be established; and
- in order to truly have an impact on World Bank reform, CSOs had to risk exclusion from formal engagement processes and ‘go public’ in an effort to bring external pressure to bear on an institution beyond the reach of any impartial judicial system. If disengagement is managed correctly it opens the door to a deeper form of cooperation.

### **About the Author**

**Beatrice Edwards** is the International Program Director at the Government Accountability Project (GAP), a non-profit public interest law firm that protects whistleblowers in government, corporations and at inter-governmental organizations. Before joining GAP, Dr. Edwards directed the International Financial Institutions Project at Public Services International, a global labor union federation. Beatrice Edwards holds an M.A. in Latin American Studies from the University of Texas and a Ph.D. in Sociology from American University, where she teaches from time to time.

## Notes

1. The WBG includes the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for the Settlement of Investment Disputes (ICSID).
2. See for example, the Articles of Agreement for the International Development Association of the World Bank, Article VIII, Section 8.
3. “World Bank Corruption May Exceed \$100 Billion,” Carol Giacomo, Reuters, May 13<sup>th</sup>, 2004.
4. *World Bank, Status of Grievance Process Reform*, Government Accountability Office, NSIAD-99-96, May 13<sup>th</sup>, 1999, Washington, DC.
5. This group included: Paul Wolfowitz, President; Ana Palacio, General Counsel; Suzanne Rich Folsom, Director, Department of Institutional Integrity; Robin Cleveland, Counselor to the President; Kevin Kellums, Counselor to the President; and Juan José Daboub, Managing Director.
6. “Report of the Independent Review of the Department of Institutional Integrity,” September 14, 2007. The Panel was headed by Paul Volcker, former chairman of the US Federal Reserve Bank.
7. At the time GAP worked intensively on whistleblower protections, INT was headed by Suzanne Rich Folsom, who simultaneously held the title of Counselor to the President. When asked about the inherent contradiction in being the director of the investigative unit and the President’s adviser, Ms. Folsom said that she thought it was important that people outside the Bank know that she had ‘the ear of the president.’
8. Uniformly, whistleblowers who come to GAP report that they must avoid the formal grievance process in addressing their disputes. Staff members, once involved in the formal appeals process, feel their cause is already lost.
9. *World Bank Protocols for Resuming Lending in a Post-Conflict Situation*, World Bank, Washington, D.C. nd.
10. Despite GAP’s disengagement, the General Counsel’s office at the World Bank attacked GAP in the press for attempting to influence the content of the whistleblower protection policy in order to benefit prospective clients with pending grievances in the Conflict Resolution System. See “How not to Leak,” *Wall Street Journal*, September 8<sup>th</sup>, 2007.
11. In one memorable instance, Paul Wolfowitz attempted to address an ad hoc gathering of staff members in the lobby of the main building and was ‘booed.’ Such a mutiny was unprecedented at the Bank.
12. The Bank engaged the law firm Williams and Connolly, LLP. It is only now becoming known how intrusive and comprehensive this investigation was.
13. Over the course of 2007, GAP, a small NGO, was attacked by name in masthead editorials of the WSJ five times.
14. See for example, “Mind the GAP,” *Wall Street Journal*, September 4, 2007.

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## Comments

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### **Reforming the World Bank: Civil Society Organizations and the Wolfowitz Resignation by Beatrice Edwards**

This important case study provides a useful framework for understanding a multi-level process for promoting accountability of the international financial institutions. Drawing directly on the amazing first-hand experience of the Government Accountability Project (GAP) in Washington, D.C., the case study offers valuable lessons and insights for civil society strategy in advancing the public accountability of international institutions. Specifically, it also raises critical questions about how civil society organizations (CSOs) collectively work together to frame key public issues, manage key information, target key actors, and engage in these processes to get effective public action and meaningful reform.

#### **Framing the Issue: The Power of Information**

This important analysis can be further enhanced by problematizing the power of information itself in compelling effective public action, first by civil society organizations, and then by the World Bank itself. As this case study notes, not all information was equal in influencing the deliberations and in having a significant impact on changing the terms of debate about Paul Wolfowitz's professional record and conduct at the World Bank. What information was most relevant for prompting, mobilizing, and sustaining public action, and then getting Board scrutiny and action? GAP carefully documented and framed this key public issue, and then provided relevant details to a prominent reporter to initiate this multi-level accountability process. This case shows how the strategic release and promotion of information matters, based on the important role that Al Kamen of the *Washington Post* played in disclosing Wolfowitz's alleged misconduct and abuse of power at the World Bank.

In addition, the press and the on-line blogs, especially [www.worldbankpresident.org](http://www.worldbankpresident.org), played a pivotal role in framing the terms of the debate and fueling further scrutiny both internally and externally of Wolfowitz's performance in timely manner. How do we understand the process of legitimizing or delegitimizing of such information about corruption, misconduct, and mismanagement in the public sphere? What role did other key newspapers, besides the *Washington Post* and *Wall Street Journal* such as the *Financial Times* and *International Herald Tribune*, play in highlighting these issues around the world? It is clear that we need to distinguish between the alternative versus the hegemonic media in spinning this story. The hegemonic media, particularly the *Wall Street Journal*, served the United States' interest in supporting and defending Wolfowitz, despite mounting evidence of misconduct and mismanagement. Meanwhile, the alternative media, especially on-line blogs, provided timely evidence and appeals demanding public accountability by the World Bank that resonated far beyond Washington.

## **The Role of Key Actors: The World Bank and Member Governments**

This case analysis is shaped from the perspective of GAP's role and Washington politics. It is important to recognize that roles were played by other key actors, such as the Board of Directors (and member governments) of the World Bank. Why did the Board who "unanimously approved" Wolfowitz's appointment as President of the World Bank in late-March 2005, [1] and then finally capitulate and decide to demand his resignation in May 2007? Further attention should focus scrutiny on the role of the World Bank's Board of Directors. Did they lose face and confront a legitimacy crisis when the World Bank's staff association collectively mobilized to challenge the accountability and authority of President Wolfowitz, finally issuing calls for his resignation. Did member governments, especially from Europe, threaten to withdraw their support after the extent of Wolfowitz's misconduct and mismanagement and his subsequent efforts at a cover-up became public? What has the World Bank's leadership learned from this crisis?

## **Transnational Advocacy**

Looking beyond the vantage point of Washington, D.C., how do we understand and capture the transnational dynamics that shaped this story? How did this story play out in other capitals around the world, especially in Europe? It means understanding the evolving relations and engagement between civil society organizations (CSOs), the World Bank's Board of Directors, the World Bank's staff, member governments, and the media. Equally important, how do we characterize the different elements within global civil society and their relations with the World Bank during this period? As the case study clearly shows, CSOs played distinct roles during the three phases of formal engagement, disengagement, and re-engagement with the World Bank. Some CSOs were effectively silenced and not willing to bite the hand that feeds them in order to maintain their good relations and to receive their ongoing funding from the World Bank. Other CSOs were more critical and began to mobilize their transnational information and advocacy networks to target advocacy toward their governments, World Bank representatives and staff members, as well as the media with calls for enhanced public accountability and meaningful reforms of the World Bank. Transnational advocacy included an on-line international petition signed by World Bank staff members, scholars, development professionals, and CSO leaders. Prominent public figures and key media figures eventually called for Wolfowitz to resign.

## **Setting the Context**

Many of the CSOs had been in opposition to the Wolfowitz nomination in March 2005. Even prior to this nomination, a number of prominent CSO leaders and organizations questioned the World Bank's commitment to democratic accountability [2]. The lack of a democratic selection process for the World Bank's president had become a key point of contention with leading CSOs critical of the international financial institutions [3]. Once the Wolfowitz nomination was originally announced, CSOs targeted member governments and World Bank representatives in various capitals questioning his development and human rights credentials and previous roles in Defense Department for the two Bush administrations in an effort to prevent his eventual approval as President of the World Bank. [4]

## **Assessing the Legacy of the Wolfowitz Debacle at the World Bank: What Lessons for Civil Society?**

Besides the eventual resignation of Wolfowitz, how do we evaluate the long-term implications of this case in advancing substantive reforms for public accountability and democratic governance at the World Bank? Did the Wolfowitz case lead to oversight of future presidents at the World Bank? Could a Wolfowitz-type debacle happen again or not? Did the Board of Directors put adequate measures in place to prevent this possibility or not? What can we say about the quality of World Bank staff-CSO relations after the Wolfowitz debacle? Are World Bank staff members more likely to report corruption, misconduct and mismanagement, or have the Board and its new administrators instituted improved controls and oversight over Bank staff members limiting and/or monitoring relations with CSOs? The fundamental concern to the Board and its new leadership would be how to immunize itself from future whistleblowers (i.e., Bank staff) and transnational advocacy from CSOs. Are adequate protections in place for World Bank staff members to report corruption and mismanagement without retaliation? What standards for accountability should guide this public institution?

In the aftermath of the Wolfowitz resignation, how do we gauge the state of relations among key actors involved in this story, specifically between:

1. The World Bank's Board of Directors and CSOs?
2. The World Bank's Board of Directors and the World Bank's Staff Association (and members)?
3. The World Bank's staff members and CSOs?
4. Member Governments and CSOs?
5. The Media and CSOs?
6. The Media and the World Bank?

What has been the overall impact on World Bank's assistance to key countries (i.e., Iraq) and its position on key policy issues (i.e., whistleblower protection; family planning; climate change; human rights)? Have appropriate procedures or measures been put in place to ensure that World Bank policies are not hijacked or circumvented without proper decision-making and oversight processes in place?

Finally, with the high-profile coverage of Wolfowitz's resignation and departure from the World Bank, the United States government faced the potential loss of the World Bank presidency. Why did the World Bank's Board of Directors (and member governments) decide to allow the U.S. government to appoint a replacement, Robert Zoellick, for Wolfowitz? How do we interpret this key decision? Is meaningful reform of the World Bank partial or incomplete? How do we refocus the efforts of civil society in championing public accountability of the World Bank and other international institutions? These strategic questions are offered to enhance our collective understanding of this important case study.

## Notes

1. See the Statement of the IFI Democracy Coalition. (2005). "Democratizing the World Bank and IMF." *New Rules for Global Finance*, Washington, D.C., February 7, at: [www.new-rules.org/docs/ifidemocracycoalitionstatment.htm](http://www.new-rules.org/docs/ifidemocracycoalitionstatment.htm)
2. See Abid Aslam. (2005). "Wolfowitz Approved as World Bank Chief; Groups Protest 'One-Horse Race'." *OneWorld.net*, April 2, at: [www.commondreams.org/headlines05/0402-05.htm](http://www.commondreams.org/headlines05/0402-05.htm)
3. See, for instance, Kumi Naidoo. (2005). "The Absence of Democracy at the World Bank." CIVICUS, 29 March, at: [www.civicus.org/new/content/deskofthesecretarygeneral10.htm](http://www.civicus.org/new/content/deskofthesecretarygeneral10.htm)
4. See the Statement of the IFI Democracy Coalition. (2005). "Democratizing the World Bank and IMF." *New Rules for Global Finance*, Washington, D.C., February