

# Wolfowitz's other mistake

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Back in April 2005, a fracas at a Nairobi party prompted front-page stories in the Kenyan press. The party was being thrown by Makhtar Diop, the World Bank's departing country director, and the row was caused by Lucy Kibaki, President Mwai Kibaki's volatile wife, who stormed into Diop's garden, yelling for his guests to leave.

As I wrote at the time, the confrontation exposed something more disquieting than an out-of-control first lady. To Mrs Kibaki, Diop was not just a noisy neighbour. He was a tenant, hence her fury. The man who in effect decided whether Kenya merited hundreds of millions of dollars in World Bank aid each year was renting his villa from the presidential couple next door.

Such intimacy was disconcerting because Diop's tenure coincided with one of the biggest government corruption scandals in Kenyan history. In the eyes of many diplomats, the bank director had demonstrated an inappropriate eagerness to keep aid flowing, notwithstanding the whiff of corruption coming off the Kibaki administration.

Revealing a disturbing level of chumminess between borrower and lender, the episode - while small enough in itself - illustrated exactly why outsiders wax cynical about the World Bank's role in the developing world. Too often, World Bank directors seem to regard themselves as branches of government. They tend to become over-pally with the ruling elite, measuring success exclusively in terms of the amount of money pushed out the door, coming out in hives at the idea of addressing the "governance issues" that may mean those funds never reach the poor.

Such concerns explained why Paul Wolfowitz won supporters in unexpected quarters after being appointed World Bank president in 2005. In prioritising the fight against graft, both within the institution and among client states, Wolfowitz was picking up a theme already aired by his predecessor. But the fresh vigour he brought to the task felt timely to those who saw venal leadership as one of Africa's great untackled blights. If this man could grasp a nettle that the Gateses, Bonos and Blairs of this world shrank from, maybe that would go some way to atoning for the horrors of Iraq.

Those hopes have been dealt a body blow, and not just because of the recent fuss over his girlfriend's promotion. Well before Shaha Ali Riza's salary package was being picked over in the media, Wolfowitz's governance and anti-corruption (GAC) agenda had been emasculated.

A surprisingly large share of his failure can be attributed to his management style. Would to God someone had lent the man a copy of *How to Win Friends and Influence People*. "Let the other person think the idea is his," recommends the author of that self-help classic, Dale Carnegie. "Never say 'you're wrong' . . . Let the other person save face." If only.

Wolfowitz's technique, by all accounts, consisted of allowing aides brought in from the Bush administration to humiliate and belittle World Bank officials with decades of experience. As fuming staffers headed for the exit, the boss retreated into his office, taking decisions in splendid solitude behind a closed door.

That high-handedness - the same abrasive assumption that the top dog needn't bother with consensus that has characterised America's foreign policy since the 11 September 2001 attacks - seriously damaged his anti-corruption project. Because he didn't liaise with colleagues, because he never bothered to articulate a clear strategic vision, decisions to stop or start aid to graft-ridden countries came to seem arbitrary and politically motivated. With Wolfowitz already weakened, the GAC that was approved in March had had most of its spine removed by World Bank old-timers and hostile players on the board, including Britain and France. In the eyes of the strategy's supporters, inside and outside the bank, a pragmatic plan of action had been diluted to the point where it had become the woolliest of aspirations.

Wolfowitz's job has been the other victim. The accusations being levelled are trifling compared to what government ministers in so many of the nations where the World Bank operates regularly get up to - but that is not the point. To preach, he had to be above reproach. Had he bothered talking to staffers who understood the regulations of a rules-obsessed institution, he would never have landed in this mess. And his neglect of those in the lower echelons meant there was no reservoir of goodwill to draw on when things went awry. "Instead, there's something very much like an orange revolution taking place here," one official said.

Holed below the waterline, Wolfowitz may find his fate sealed by the time this article is published. Whoever takes over as president is certain to reaffirm the World Bank's commitment to the fight against graft. But those who backed the original, undiluted GAC agenda are sceptical. "The conservatives on the board, and managers at the bank who never believed in the strategy in the first place, are rubbing their hands at the prospect of kicking it into the long grass," said one outsider.

The losers will be the African citizens who look to representatives of institutions such as the World Bank to sound the alarm when leaders are on the take, rather than pat each other's backs over cocktails. Last time I checked, Kenya's current World Bank country director, as anxious as his predecessor to keep the aid taps to Nairobi open, was still a tenant of the Kibakis.

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