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Kim Breaks Mold of World Bank Leaders From Finance, Bureaucracy

By Sandrine Rastello - Mar 24, 2012

Jim Yong Kim, the physician and Dartmouth College president tapped by the U.S. to run the [World Bank](#), represents a break from the financiers and bureaucrats who have run the lender.

That may be a strength and a weakness, according to Uri Dadush, director of international economics at the Carnegie Endowment for International Peace in Washington and a former World Bank director of economic policy.

“This is a very smart man and has many of the characteristics that you would look for in a World Bank president,” said Dadush. “He’s going to have a major challenge to overcome a characterization as being too focused on the health and education agenda and to develop a deep understanding of the broader development agenda of the bank.”

Kim lacks experience in boosting economic growth, a key part of the bank’s mission, Dadush said. At the same time, his expertise in HIV/AIDS may help the bank improve its health assistance, while his South Korean roots allow him to build bridges with developing nations, said [Kevin Gallagher](#), an associate professor of international relations at Boston University.

Kim, 52, was nominated yesterday by President Barack Obama to succeed Robert Zoellick, a former U.S. trade representative whose five-year term ends in June. The U.S. is the biggest shareholder in the Washington-based bank, which has always been led by an American.

Development Professional

“It’s time for a development professional to lead the world’s largest development agency,” Obama said yesterday at a White House presentation with Kim at his side. “Jim has spent more than two decades working to improve conditions in [developing countries](#) around the world.”

Past World Bank presidents have included Robert McNamara, who served as secretary of defense during the [Vietnam war](#), and Paul Wolfowitz, a former deputy secretary of defense in the administration of [George W. Bush](#). Wolfowitz resigned under pressure in 2007 after giving his companion an unusually large pay raise and promotion.

The Obama administration has “made a very astute move by shifting gears -- quite radically,” said Ngaire Woods, dean of the Blavatnik School of Government at the University of Oxford. “Instead of selecting a Washington insider or a Wall Street favorite, they’ve selected someone with strong credibility at the technical level, as a health and research professional, as well as in development.”

Born in Seoul

Born in [Seoul](#), Kim emigrated with his parents when he was five years old and grew up in Muscatine, [Iowa](#). He graduated from Brown University in Providence, Rhode Island, in 1982 and went on to receive degrees in medicine and anthropology at [Harvard University](#), in Cambridge, [Massachusetts](#).

In 1987, while at Harvard, Kim co-founded Partners in Health, a nonprofit organization that has opened clinics in countries including Haiti and [Peru](#). Working for the group in Peru, he helped develop a treatment program for multidrug-resistant tuberculosis.

Kim was head of the Department of Global Health and Social Medicine at Harvard Medical School and also served as director of the World Health Organization’s HIV/AIDS department. He received a MacArthur Foundation fellowship, popularly called a “genius” award, in 2003. In 2009, he took over the presidency at Dartmouth, in Hanover, New Hampshire.

While Kim may improve the bank’s work on health, he may not be prepared for some of the demands that come with the job, said [Boston University](#)’s Gallagher.

Private Capital

As private capital becomes more available, the bank is now counting on the technical expertise that comes with its loans to attract clients, for instance with a \$75 million, 40-year loan to [Bangladesh](#) this month to help improve the safety of the rural water supply. The bank must also contend with rivals such as [China](#), which is lending to developing nations as it seeks access to raw materials in [Africa](#) and [Latin America](#).

“This is a world where we’ve got a food crisis, climate change issues to deal with, oil-price volatility, these Chinese banks and a crisis in finance, and you need someone who has a grip on the issues and who can move comfortably in those circles,” Gallagher said in a phone interview. “Running the whole show is going to be a real learning curve and a real legitimacy curve.”

The World Bank’s net lending to middle-income governments was less than \$8 billion in the financial year ended June 30. By contrast, net private inflows to [emerging markets](#) reached \$910 billion in 2011, according to estimates by the Washington-based Institute of International Finance.

‘Being Smarter’

The bank’s challenge now is “a question of being smarter and a question of focusing on how to transmit development knowledge in the most efficient way,” said Whitney Debevoise, a former U.S. executive director at the World Bank.

Its private-sector unit, the International Finance Corporation, offers advice on the business climate and takes stakes in companies and financial institutions. Last month it invested \$5 million in a Pakistani rice exporter to help it increase its production capacity.

This kind of assistance, along with trade and infrastructure aid, is part of the bank’s growth agenda, which is key to reducing poverty, said Dadush.

“Without growth you cannot develop health and education,” Dadush said.

Last year, health and social projects accounted for almost 16 percent of total loans to governments last year, up from 9 percent in 2006. That compares with 14 percent for energy and mining loans and 20 percent for transportation.

Rival Candidates

Kim faces rival candidacies from Nigerian Finance Minister and former World Bank official Ngozi Okonjo-Iweala as well as from Jose Antonio Ocampo, Colombia’s former finance minister. A decision by the board of the 10,000-employee bank is scheduled by April 20.

[Brazil](#) still hasn’t decided who it will support after it nominated Ocampo, a government official said. Brazil put forth Ocampo’s nomination yesterday at the request of the Dominican Republic, whom it represents on the multilateral lender’s executive board, said the official in Brasilia, who was not authorized to discuss the matter publicly.

Kim “signals ‘global’ in an important way, without diluting the U.S. grip on the job,” said Oxford’s Woods.

While he lacks broad experience, Kim has a pragmatic approach that may keep large emerging countries interested in the institution’s advice, said [Eswar Prasad](#), a senior fellow at the Brookings Institution in [Washington](#) and a former IMF official.

“Even in those countries like China and [India](#), there is still an enormous development challenge delivering health care and education to the underserved masses,” Prasad said. Kim could “could potentially kick-start a reorientation of the World Bank,” which has been lacking a “sense of purpose,” he said.

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