

# Wolfowitz fights to save his job

NST-16/5/2007

## Girlfriend works for foundation chaired by Anwar Ibrahim

WASHINGTON: World Bank president Paul Wolfowitz is waging a vigorous fight to keep running the institution amid findings that he broke bank rules in arranging a hefty pay package for his girlfriend.

Wolfowitz, who maintains that he acted in good faith, tried to defend himself before the bank's 24-member board yesterday. The board will decide what actions to take against him.

Board members have discussed a range of disciplinary options. It could fire Wolfowitz, ask him to resign, signal that it lacks confidence in his leadership or reprimand him. Board members have been leaning towards an expression of no confidence or other tough language that would make it difficult — if not impossible — for Wolfowitz to stay on.

The controversy that has put Wolfowitz's job in jeopardy involves his handling of the 2005 compensation

package for his girlfriend, Shaha Riza, a bank employee.

Riza is now working as a senior adviser to the board of directors of the Foundation for the Future, started 1½ years ago to promote democracy. Largely funded by the United States, the non-governmental organisation is chaired by Malaysia's former deputy prime minister Datuk Seri Anwar Ibrahim. Riza was seconded to the foundation late last year.

A letter dated Oct 1, 2006, from Anwar to Robin Cleveland, Wolfowitz's counsellor, said Riza's duties would include hiring and training senior management in the Middle East and identi-

fying programmes to receive grants.

A special bank panel, in a report released on Monday, said Wolfowitz broke bank rules in his handling of Riza's pay package. It said the board must consider whether Wolfowitz "will be able to provide the leadership" to ensure that the bank achieves its mission of fighting poverty around the world.

In a response, he said: "It is highly unfair and unwarranted to now find that I engaged in a conflict of interest because I relied on the advice of the ethics committee as best I understood it."

The special panel acknowledged that the informal advice provided by the bank's ethics committee "was not a

model of clarity".

But it also said Wolfowitz's involvement in the details of Riza's salary "went beyond the informal advice" given by the ethics committee and that he "engaged in a de facto conflict of interest".

Riza worked for the bank before Wolfowitz took over as president in June 2005. She was moved to the State Department to avoid a conflict of interest, but stayed on the bank's payroll. Her salary went from US\$133,000 (RM452,000) to US\$180,000. With subsequent raises, it rose to US\$193,590.

Before he took the bank's helm, Wolfowitz was the No. 2 official at the Pentagon and a key architect of the US-led war in Iraq.

European members are pushing for Wolfowitz to resign. The Bush administration says Wolfowitz should stay. The US is the bank's largest shareholder. — Agencies