

11 August 2005

MEMO

TO: XAVIER COLL  
FROM: PAUL WOLFOWITZ  
SUBJECT: SHAHA RIZA

As you know, I recused myself from any personnel action or decision related to Shaha Riza, a proposal which would have afforded her the opportunity to continue on her professional career course at the Bank while avoiding any appearance of conflict of interest. The Ethics Committee advised me that my proposal was unacceptable. In addition, they stated that it was not appropriate for them to "interact with staff member situations", therefore, I was directed to instruct you to inform her of their conclusions and develop a plan which "duly recognizes (her) record and career perspectives," and that I should complete the action by the end of this week.

In accordance with this directive from the Ethics Committee, I provided instruction for you to meet with her to discuss options. I appreciate your effort to carry out this assignment promptly and in a fair, professional manner.

After hearing your report of her desire to pursue the option you outlined as preferable, that is to be detailed outside the Bank Group, I now direct you to agree to a proposal which includes the following terms and conditions. You should accept immediately her offer to be detailed to an outside institution of her choosing while retaining Bank salary and benefits. After being shortlisted for consideration as the Director of EXT for MENA, she has qualified for and should receive a promotion to H level at a mid-point salary level of \$180,000 net income with mid-point, zone 5, annual increases which will approximate 8%. Further, because she is being compelled to leave the Bank Group and will not be able to go through regular reviews as the basis for future promotions, she is being forced into a situation with no precedent under Bank rules, practice or policy. Given the opportunity to continue on a regular career path, you have indicated that she normally would have been eligible for promotion to an I level within four to six years. Therefore, it seems reasonable to grant her request to be guaranteed the right to return at an I level should I depart at the end of a five year term. Should I stay on to serve a second term, she should return at a J level, which she notes would be one year from retirement. Since we have created a situation that precludes normal Human Resources (HR) review of her performance, you should propose the promotion to I (or J) level would be contingent upon a review of her work outside the Bank by a Committee of her peers to be appointed by mutual agreement between Ms. Riza and HR at the time.

I understand your preference would be to offer her a financial settlement that would compensate her for both the lost opportunities related to promotion and the pain, suffering, and damage to her professional reputation that has been involved in her forced departure.

Based on your advice, I direct you to provide her a choice between her proposal and your alternative of financial compensation in lieu of promotion to I or J level. The H promotion should be included in either alternative.

You reported that a non-disclosure agreement was a standard Bank procedure in financial compensation settlements. If you believe it is appropriate in this circumstance, you should propose it to Ms. Riza as a way to protect both her privacy and the institution.

Finally, I wish to reiterate my deep unhappiness with the whole way of dealing with a situation that I still believe, and have been advised by experienced labor legal counsel, should have been resolved by my recusal.

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MEMO

TO: AD MELKERT

FROM: PAUL WOLFOWITZ **AW**

SUBJECT: SHAHA RIZA

On August 8, I received a memo from you stating that the Ethics Committee had rejected my proposed recusal as the appropriate means to avoid any conflict of interest bearing on the professional circumstances of Shaha Riza. Your memo noted that it would not be appropriate for the Committee to "interact with staff situations", nevertheless you provided the opinion that she could not be permitted to stay in her current position or serve in the Bank. While I believe any potential conflict is due to my position, not hers, the Committee explicitly directed me to resolve the matter by providing instruction to Xavier Coll, Vice President, Human Resources to meet with her to discuss options. Further you requested I report back this week.

Mr. Coll and Ms. Riza have reached an agreement. Since she has agreed to his recommendation to be detailed outside the Bank Group, there is no further potential conflict of interest. I hereby withdraw my request for consideration of my proposal for recusal and view this matter as closed.

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