

World Bank urges developed countries to do more for Africa

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ADDIS ABABA, ETHIOPIA: The World Bank has urged developed countries to start a fund to ensure more resources were available for African countries to develop the infrastructure they need to sustain economic growth.

"Poorer countries need safety net programmes aligned with their ability to put them to good use," World Bank President Robert Zoellick said in a speech delivered on his behalf to the African Union Summit on Tuesday.

"We need to fund well-designed, efficient programmes that provide income support to the poorest, such as food-for-work, conditional cash transfers and school feeding programmes."

Financial aid

He said such a fund would also provide finance for small and medium-sized enterprises that often had a hard time securing funding, even during normal times.

Infrastructure has been long identified as a key requirement for any region to realise economic growth, however Africa's infrastructure, in its current state, requires to be developed to an adequate and efficient standard.

However, the price tag is high, according to the United Nations, more than \$52 billion a year in public and private investments is needed to close Africa's infrastructure gap by 2010.

The bank also plans to raise its Innovative Bridge Research and Deployment (IBRD) lending for developing country borrowers by \$100 billion over the next three years to shield poor nations from the adverse effects of the global economic downturn.

Out of this lot, Zoellick said \$42 billion would be channelled to African economies.

Drop in African exports

He said the decision had been necessitated by a sharp drop in demand for African exports, which were expected to slump further by 2% this year as the continent adjusts to the global credit.

In his speech Zoellick told African leaders to be ready for more severe plunge in foreign direct investments, which were

expected to fall by 1.5%, compared to last year's 2.1%.

"The crisis had raised Africa's economic challenges to a new height," he said, adding that the slowdown would affect poverty eradication programmes and the Millennium Development Goals on the continent, which were already behind schedule by more than seven years.

"The most at risk are households in the poorest countries, where there is least access to safety-nets and the greater danger of falling back into poverty," he said.

Potential human crisis

According to President Zoellick, the financial crisis that grew into an economic crisis was now becoming an employment crisis and in the coming months, it will become a human crisis.

"Many of you have already seen the danger signs on top of poverty, hunger and malnutrition we saw last year as a result of soaring food and fuel prices."

Meanwhile, his Vice President for the African region Obi Ezekwesili, has predicted that growth rates in Africa could fall to half of what they have been in the past few years.

On Sunday, Ezekwesili said Africa had been growing in the last decade at a rate of 5.8%, compared to negative figures before that.

She said the downturn could dry up the important private-sector investments that have propelled the advances in growth.

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