



World Bank seeks private sector aid for poor countries

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WASHINGTON (AFP) — The new president of the World Bank, Robert Zoellick, wants to allow private-sector companies to help finance aid to the poorest countries, an innovation already stirring controversy.

The unprecedented outreach already has met with a positive response, Zoellick said Thursday at a news conference here, without naming the companies.

"This is at an early stage," Zoellick said in response to a question about a Financial Times interview published Thursday in which he revealed the World Bank's new strategy.

Zoellick said the Bank has had "some discussions" with companies "but we also have to work this through our board processes."

"It also could help us broaden the base of support for the funding of the poorest, the 81 poorest countries in the world," Zoellick, a former US trade chief and Goldman Sachs executive, said ahead of the World Bank and International Monetary Fund's annual meetings this weekend.

Zoellick, who took the helm of the Bank in July after a favoritism scandal forced his predecessor, Paul Wolfowitz, to resign, underscored his strategy to integrate the Bank's activities into a global network.

He said he had "received a lot of emails from people I know in the private sector saying this could be a great thing."

He added, "If we are able to move it forward this could offer us an opportunity to serve another one of the strategic directions I would like to encourage which is how to make sure we draw the private sector in."

Zoellick said he saw no real challenge in getting board approval for the private-sector strategy.

"I don't see any particular problem, but until we get through that we cannot really take the steps with the companies," he said, without providing further details.

Zoellick was questioned about the World Bank's 15th fund-raising campaign to rebuild the coffers of the International Development Association (IDA).

The IDA is the Bank's main lender to countries whose populations live on less than two dollars per day, most of them in sub-Saharan Africa.

"By the end of the year I hope that we will have our IDA contributions," Zoellick said.

The next IDA meeting will be held Tuesday in the US capital, with a subsequent meeting scheduled on November 12-13 in Dublin, Ireland.

"I believe we are on track to do better than IDA 14," he said Tuesday in a press briefing, referring to the 14th fund-raising campaign which raised 33 billion dollars.

The World Bank recently announced it would double its IDA contribution to 3.5 billion dollars.

But Zoellick's innovation, which he said could be extended to private foundations such as that of US billionaires Bill and Melinda Gates, drew immediate fire from some quarters.

"The private sector getting involved in the replenishment of IDA raises serious questions," said Sebastien Fourmy, a spokesman of Oxfam International, a nongovernmental organization (NGO).

The World Bank is "a public institution accountable to citizens," not to shareholders, said Fourmy.

Mark Weisbrot, economist and co-director of the Center for Economic and Policy Research, said: "It sounds terrible," adding "there is all kinds of room for corruption."

IDA loans and aid help finance infrastructure projects, such as roads and bridges, that could involve multinational companies.

The economist said the strategy will run counter to calls for reform to give poor and emerging countries more representation.

Such a move "could increase even further the power of the rich countries, of special interests within the rich countries," he said.

However, the Center for Global Development said the move could be beneficial, as long as the private sector does not gain too much of a stake in Bank operations.

"It's hard to see why it is not a good idea from the point of view of the development community, the traditional donors, that some private companies would contribute to IDA," said CGD president Nancy Birdsall.

"If the private share became too large, maybe more than 20 or 30 percent, then perhaps questions would be asked about whether this was creating an opening for the wrong kind of influence on the Bank, but I think we are so far from that point," she said.