

## **Wolfowitz backs loans to fast-growing nations**

By Christopher Swann in Washington

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Paul Wolfowitz, who became president of the World Bank Wednesday, has said he will consider measures to make the bank's loans more attractive to fast-growing developing countries such as China and India.

His comments will calm fears among some experts that the incoming president could shrink the bank by neglecting middle-income countries that are still home to the bulk of the world's poor.

Some leading US Congressional Republicans and development experts have argued that the World Bank should pull back from lending to countries that have access to international capital markets.

But Mr Wolfowitz said the bank could still play a central role.

“They still seem interested in borrowing from the bank because of the knowledge that goes along with that,” he told a briefing Tuesday. “We have raised the transaction costs of dealing with the bank and we need to look at that.”

Mr Wolfowitz said that some of these higher costs were necessary and reflected the attention given to environmental standards.

In the weeks leading up to him taking over his new role, Mr Wolfowitz has done much to assuage the worries of development experts and non-governmental organisations, many of whom have associated him with his role in the US war in Iraq.

He said the bank's focus would remain on fighting poverty and his priority would be on Africa, which he said had a particular need for the services of the bank. Mr Wolfowitz said that by the time he left the World Bank, he hoped that Africa would have changed from a “continent of despair to a continent of hope”.

He also said infrastructure projects had “fallen too far out of fashion”, adding: “Clearly development is not just about concrete but it does require concrete.”

A report published Wednesday by the Center for Global Development, a Washington think-tank, argued that one of Mr Wolfowitz's biggest challenges would be to revitalise the bank's role in middle-income countries. Loans to these countries, which provide the backbone of the bank, have fallen from \$15bn-\$18bn a year between 1990 and 1997 to \$10bn in 2004.

Nancy Birdsall, head of the CGD, said key lenders such as India and China had been deterred from borrowing by the “hassle” involved in dealing with the bank.