

Plan to meet Africa's urgent development needs

World Bank President's proposals target key areas: food, minerals and innovative financing.

The World Bank Group President Robert B. Zoellick has announced a package of proposals designed to help African countries address rising food and commodity prices, create new opportunities for managing wealth earned from high energy and mineral prices in a more inclusive way, and generate long-term liquidity by tapping into sovereign wealth funds.

The speech *A Challenge of Economic Statecraft* was delivered at the Center for Global Development, an independent Washington, DC think tank, ahead of next week's Spring Meetings of the World Bank and International Monetary Fund.

"There is an urgent need to counter immediate threats in response to the current global crisis," said Zoellick. "We must lay the foundations to maximize opportunity and hope for all over the longer term."

Specifically, his bold proposals call for:

- *A New Deal for Global Food Policy* to help African countries meet the challenges posed by surging food prices, and a pledge to nearly double agricultural lending for increasing farm productivity and boosting food availability across sub-Saharan Africa (currently \$450 million to \$800 million next year). Commenting on the importance of building local food markets and creating a new "Green Revolution" for sub-Saharan Africa, he said, "The World Bank Group estimates that 33 countries around the world face potential social unrest because of the acute hike in food and energy prices. For these countries, where food comprises from half to three quarters of consumption, there is no margin for survival." He also warned the time was "now or never" for breaking the Doha Round impasse and reaching a global trade deal. He urged the United States, European Union, Japan and other developed countries to provide the United Nations' World Food Program with the \$500 million it needs for emergency food supplies.
- A renewed and invigorated extractive industries transparency initiative, or EITI++, to help developing countries seize the opportunities of high EITI++ prices for energy and minerals, while at the same time ensuring the benefits for resource rich countries were inclusively spread among their people. The original EITI encouraged resource rich countries to publish and verify company payments and revenues from the lucrative oil, gas, and mining sectors. The enhanced EITI++ version will expand on that approach to include such areas as the awarding of contracts, improving economic management, and investing revenues effectively in sustainable development. Notably, of the 24 countries currently implementing EITI initiatives, 17 are in Sub-Saharan Africa.
- Creating a "One Percent Solution" for equity investment in Africa – a continent with opportunities and the potential to become an alternative pole of growth as China, India and other countries are today. Detailing the enormous potential of this innovative approach, he said, "Today, sovereign wealth funds hold an estimated \$3 trillion in assets. If the World Bank Group can help create the platforms and benchmarks, the investment of even one percent of their assets would draw \$30 billion to African growth, development, and opportunity,"

In support of the EITI++ initiative, the World Bank is designing a facility to help build capacity of governments; providing quicker assistance than is possible through traditional lending operations; developing and disseminating good practices, standards, and codes, and suggesting fiscal, legal, and regulatory frameworks. An advisory committee of stakeholders will guide the process.

The Government of Guinea is planning to commence the EITI++ in May 2008, working with the World Bank and other development partners.

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