WB concluded 2010 Spring Meetings with new post-crisis strategy and reform package

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The World Bank Group (WBG) on 25 April 2010 concluded its 2010 Spring Meetings by announcing an increase of US$86.2bn in capital for the International Bank for Reconstruction and Development (IBRD), and a $200bn selective increase in the capital of the International Financial Corporation (IFC). This represents the first capital increase for the World Bank (WB) in over 20 years.

In addition, the Bank announced changes in the voting structure in favour of developing countries. The voting power of Developing and Transition countries (DTCs) at IBRD will increase by 3.13 percentage points to 47.19%. At the IFC, DTC voting power will increase by 6.07 percentage points to 39.48%. This realignment will result in a selective capital increase of US$27.8bn for the IBRD. The two organisations have agreed to review their shareholdings in regard to equitable voting power every five years.

The post-crisis strategy of the Bank will include targeting the poor and vulnerable, especially in Sub-Saharan Africa; creating growth opportunities in agriculture and infrastructure; promoting global collective action on various issues such as climate change, trade, agriculture, food security, energy, water and health; strengthening governance and anti-corruption efforts; and preparing for crises.

The operational reforms encompass a new Access to Information Policy; the Open Data Initiative, announced last week and which gives free access to information on developing countries; an Investment lending reform, focused on results and strengthened risk management; strengthened governance and anti-corruption efforts, including the new cross-debarment agreement with multilateral development banks, which was signed in the beginning of this month in Luxembourg.

The capital increase can create important opportunities for investments in developing countries and the change in voting powers in favour of developing countries reflects the emergence of new economic actors on the global scene.

Developing and Transition Countries (DTCs)

The World Bank classifies countries by their gross national income (GNI) per capita. They are classified as low income, US$975 or less; lower middle income, $976 - $3,855; upper middle income, US$3,856 - US$11,905; and high income, US$11,906 or more. DTCs generally fall in the category of low, lower middle and upper middle income. Low income and some lower middle income countries have the right to receive concessional loans and grants from the International Development Association (IDA). Lower and upper middle income countries have right to borrow from the International Bank for Reconstruction and Development (IBRD).

Ex. of low income countries: Afghanistan, Guinea-Bissau, Rwanda
Ex. of lower middle income countries: Albania, Honduras, Paraguay
Ex. of upper middle income countries: Argentina, Kazakhstan Romania
Ex. of high income countries: Bahamas, The Guam, Oman

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