

Crisis turning into 'human calamity': IMF, World Bank

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WASHINGTON (AFP) — The global economic crisis is turning into "a human and development calamity," with poorer countries being hit increasingly hard, the IMF and World Bank said Sunday.

"The global economy has deteriorated dramatically ... Developing countries face especially serious consequences as the financial and economic crisis turns into a human and development calamity," they said in a statement.

The crisis "has already driven more than 50 million people into extreme poverty ... We must alleviate its impact on developing countries and facilitate their contribution to global recovery."

How to help the developing world cope with the worst global slump since the Great Depression of the 1930s was top of the agenda for the joint International Monetary Fund and World Bank Development Committee meeting on Sunday.

A World Bank and IMF report warned on Friday that the crisis means up to 90 million more people will remain trapped in extreme poverty this year while the chronically hungry could top one billion.

African countries are among the most vulnerable in a crisis which has slashed investment and credit flows, jeopardizing development gains and poverty reduction.

The head of the African Development Bank, Donald Kaberuka, warned on Sunday that Africa was hit more quickly than expected by the crisis and, even worse, would pick up more slowly when recovery eventually comes.

Most had expected problems in Africa 18 months after the start of the crisis, because the continent is not tightly integrated into the global financial system. But instead the crisis hit investment immediately while "credit flows had almost dried up.

"My concern (is that) once recovery sets in ... African countries will recover much more slowly," Kaberuka said.

The IMF forecasts growth in Africa to plunge to 2.00 percent in 2009 from 5.25 percent in 2008 as exports slump and investment flows shrink.

The statement Sunday said member states needed to meet pledges, including commitments made at the London Group of 20 developed and developing countries summit on April 2, to boost resources available for states struggling to cope.

"Given the possibility of a slow recovery, we considered the need to deploy additional resources," it said.

"No one knows how long this crisis will last," World Bank president Robert Zoellick told a news conference after the close of the Development Committee meeting.

Zoellick warned that it would be extremely difficult to meet the UN Millennium Development Goals, which focus on reducing poverty, by the deadline of 2015.

On Saturday, the World Bank launched a 55-billion-dollar infrastructure investment program designed specifically to help developing countries weather the global slump.

"As developing countries are facing the trials of the global economic crisis, it is vitally important that economic stimulus packages in the developed world are accompanied by support to those that cannot afford multi-billion (dollar) bailouts," Zoellick said at the launch.

US Treasury Secretary Timothy Geithner told the development committee Sunday that "a top priority must also be support for the poorest countries."

Geithner said Washington was "on track" to meet a pledge to double development aid to Sub-Saharan Africa by next year and would increase other help "to vulnerable populations ... so that we can give people the tools they need to lift themselves out of poverty."

Marita Hutjes, senior policy advisor at anti-poverty group Oxfam International, called for a speeding of aid to the most vulnerable.

"Contributions to the bank and the IMF for the poorest countries are needed now. Bureaucratic delay and lack of political will on this will cost lives," Hutjes warned.

Brazil's finance minister, Guido Mantega, told the development committee that a temporary increase in aid "cannot be an option."

Steps to limit downturns "must not be adopted only when a crisis is under way. Applied in advance by all ... they could be an effective protection against future crisis," he said in a statement.

The 185-member IMF and sister institution the World Bank met Saturday and Sunday under tight security at their headquarters just blocks from the White House in Washington.

The IMF earlier this week sharply downgraded growth forecasts, saying it now sees the global economy contracting by 1.3 percent this year before returning to growth of 1.9 percent in 2010.

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