

World Bank could run out of money 'within 12 months'

The World Bank is close to running out of money, its president, Robert Zoellick, has disclosed.

By Edmund Conway, Economics Editor in Istanbul

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World Bank president Robert Zoellick has launched a major campaign secure more funding from rich nations Photo: REUTERS

The Bank, whose job it is to support low-income countries, has had to hand out so much cash in the wake of the financial crisis that its resources could run dry within 12 months.

"By the middle of next year we will face serious constraints," said its president Robert Zoellick, as he launched a major campaign to persuade rich nations to pour more money into the Washington-based institution.

He conceded that such a task was likely to be extremely difficult, given the difficulties facing countries in the wake of the developed world's biggest recession since the Second World War. However, Mr Zoellick, speaking at the opening of the IMF and World Bank annual meetings in Istanbul, said the Bank needed a capital increase of as much as \$11.1bn (£6.9bn) to keep functioning. He said he hoped that its shareholders, including the UK and other leading nations, would decide on resources before its spring meeting next April.

The money would be shared between the International Bank for Reconstruction and Development – the key part of the bank, which lends to poor nations – and the International Financial Corporation (IFC), which lends to companies.

Mr Zoellick said: "We recognise that all countries are under budgetary strain and it is not an easy time to be asking for these things".

He said that a shortfall of cash for the IFC was a cause for particular concern, Mr Zoellick added, "because one of the issues in this recovery is the hand-off from government stimulus programs to private-sector development."

The Bank has had to lend significantly more cash than the three-year \$100bn programme it committed to last year because of the virulence of the financial and economic crisis. The majority of the money has been spent ensuring the survival of the most vulnerable nations.

<http://www.telegraph.co.uk/finance/financetopics/financialcrisis/6255816/World-Bank-could-run-out-of-money-within-12-months.html>