

# World Bank sees big growth in developing countries

*'Nations must brace for future downturns'*

WASHINGTON, Apr 5: The World Bank yesterday gave a rosy picture for developing countries over the next few years in its world growth forecasts, citing huge improvements as countries emerged from financial turmoil of 1997 to 1999, reports Reuter.

In its annual Global Development Finance report, the World Bank said average growth rates for developing countries are likely to reach 4.6 per cent in 2000, and climb to 4.8 per cent during 2001 and 2002. The bank had previously forecast 4.2 per cent growth in 2000.

Despite the positive outlook, the World Bank warned that developing nations must brace for future downturns, recommending a number of safeguards ranging from greater controls on capital flows to higher reserves and contingent lines of international credit.

And officials cautioned there is no one single recipe for developing nations to follow, raising concerns over a recommendation from the Basel Committee on Banking Supervision for increased use of credit rating agencies to assess risk profiles of developing country borrowers.

There are no blanket pre-

scriptions for any country at any time," said Dilip Dasgupta, Lead Economist in the World Bank's Prospects Group and chief author of the report.

Growth would be fastest among those countries that rely more heavily on trade, are more diversified and receive more foreign direct investment. But higher oil prices would deeply impact growth in those commodities-exporting nations that are heavily reliant on oil imports.

"The surge in global oil prices here is clearly a concern," said Mick Riordan, the World Bank's Senior Economist.

Even with the expected growth, World Bank officials warn there are downside risks.

Some borrowing countries, along with their private sectors, continue to be severely restricted in their access to capital markets, including a few countries facing difficult macroeconomic or political challenges," said Dasgupta.

In addition, the future of development aid from international lenders faces profound challenges, such as the declining generosity of donors, over-dependence on aid in some of the world's poorest countries and poor targeting of such assistance.

Some 41 low-income countries, with a combined popula-

tion of more than 1 billion people, will "barely cross the threshold" into positive growth, he said.

Credit ratings, Dasgupta warned, tend to lag rather than lead market indicators of risk.

The World Bank's forecasts were the latest in a series of positive projections about the world economy. The International Monetary Fund, in confidential forecasts obtained by Reuters on Monday, projected world growth of 4.2 per cent this year as the US economy powers ahead.

In developing countries, the IMF projected growth of 5.4 per cent in 2000 and 5.3 per cent in 2001. The two institutions traditionally use somewhat different methodology and the data are not strictly comparable.

"The developing countries are doing much better than they were six months ago," said Uri Dadush, Director of the World Bank's Prospects Group, which produces the annual report.

Dadush says developing countries are finally starting to recover from the worst impact of the global crisis, but he warned that this recovery is uneven.

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# IMF sees 'cheerful' world economic prospects

**Two top lending agencies meet this month**

WASHINGTON, Apr 5: The

"cheerful" world economic

prospects will provide one

backdrop for top-level meetings

in Washington this month, al-

though the International Monetary

Fund is taking talk of

massive demonstrations very

seriously, reports Reuters.

Stanley Fischer, acting

managing director of the inter-

national lender, told a news

conference that both the IMF

and Washington police and

other authorities were watching

out for protesters who have

vowed to halt the meetings.

"We are taking this seriously

and the authorities are taking

this seriously," Fischer said,

declining to detail any contingen-

cy plans the fund was drawing

up to ensure that the meetings

were not derailed.

The demonstrators insist

they will try to keep their

protests against the IMF and its

sister organisation, the World

Bank, peaceful.

A previous round of demon-

strations against last December's World

Trade Organisation in Seattle

ended in looting and violent

clashes with riot police.

The round of meetings of the

two institutions start informa-

tionally next Wednesday with the

release of the IMF's twice yearly

World Economic Outlook, a de-

tailed summary of the prospects

for IMF member states.

Confidential figures ob-

tained by Reuters on Monday

say the IMF will project world

growth of 4.2 per cent this

and 3.9 per cent in 2001,

sharply above last year's fore-

casts of 3.5 per cent for 2000.

US economic growth, in the

"soft landing" analysts say is

the key to long-term success,

will slow to 3.0 per cent next

year, from 4.3 per cent in 2000

and 4.1 per cent in 1999.

"For the first time in three

years the World Economic Out-

look should be a cheerful one,"

Fischer said. "The world econ-

omy looks much stronger than we

predicted 12 months ago ...

Inflation remains under con-

trol despite higher oil prices."

Fischer said the IMF ex-

pected continued US economic

growth, albeit at a slower pace

from the "unsustainable" rates

around 7 per cent seen at the

end of last year.

If there was a steeper-than-

expected slowdown the United

States, with its budget surplus

and rising interest rates, had

plenty of scope to remedy any

problems.

The release of the economic

report will be followed, on April

16, by both the demonstrations

and by a meeting of the IMF's

International Monetary and

Finance Committee, where fi-

ance ministers and central

bank chiefs oversee IMF work

and set guidelines for the future.

Fischer said ministers

would review plans to toughen

IMF lending rules to ensure

loans were not misused. The

proposed changes follow highly

publicised cases in Russia and

Ukraine where the govern-

ments misreported central

bank reserves, and the IMF

loaned money which might

otherwise have been refused.

"Every central bank from a

country that borrows from the

IMF will have to publish annual

financial statements that have

to be independently audited to

international accounting

standards," he said. "The great

bulk of them already do that,

but it will now be required."

Fischer conceded that the

rules on audits, along with

other proposed changes, would

not guarantee that IMF money

was used properly if a country

was "sufficiently skilled" to

cover its accounting paper trial.

"It will do everything we can to

ensure that the resources we

provide are properly used."

## Exchange Rates

American Express Bank foreign exchange rates (indicative) against the taka to major currencies						
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Bill	Buying OD Export Bill	Buying OD Transfer
US Dollar	51.2300	51.2700	50.8100	50.6570	50.5850	
Pound Stg	81.9219	81.9859	80.8914	80.4484	80.3340	
Deutsche Mark	25.6172	25.6372	24.6175	24.5433	24.5084	
Swiss Franc	31.5029	31.5275	30.8463	30.7534	30.7097	
Japanese Yen	0.4899	0.4902	0.4809	0.4794	0.4788	
Dutch Guilder	22.7357	22.7535	21.8484	21.7826	21.7517	
Danish Krone	6.6580	6.6632	6.6145	6.4949	6.4857	
Australian \$	31.2496	31.4541	30.303	30.0396	29.9969	
Belgian Franc	1.2420	1.2430	1.935	1.1900	1.1883	
Canadian \$	35.6308	35.6566	34.5929	34.4887	34.4397	
French Franc	7.6381	7.6441	7.3400	7.3179	7.3075	
Hong Kong \$	6.5921	6.5973	6.5121	6.4925	6.4833	
Italian Lira	0.0259	0.0259	0.0249	0.0248	0.0248	
Norway Krone	6.0894	6.0941	5.9917	5.9737	5.9632	
Singapore \$	30.2135	30.2371	29.2563	29.1702	29.1288	
Saudi Rial	13.6964	13.7071	13.5108	13.4701	13.4	