Board Meeting of May 21, 1997
Statement by Jan Piercy

ZIMBABWE - Country Assistance Strategy

1. I commend Bank staff on a well-conceived, well-written CAS. The elements of the CAS are entirely consistent with and support the Government’s development strategy (Zimbabwe Program for Economic and Social Transformation - ZIMPREST), i.e. growth with macroeconomic stabilization, rural development and natural resource management, and social development and poverty reduction. The consultative processes used to involve civil society in the development of ZIMPREST and the CAS are laudable.

2. The national vision of “growth with equity” is critical to reducing poverty in Zimbabwe and is well reflected in this CAS. I must note, however, that gender inequities must be addressed to achieve growth with equity. The CAS does not treat gender issues effectively and the Gender Issues and Action Plan in Attachment 1 is unimpressive.

3. The lessons learned from the Bank’s previous experience in Zimbabwe point to the need for extensive consultations and consensus building. However, building consensus around policies and programs can only be achieved when good information is available for decision-making. The CAS notes that “the lack of consistency among indicators has fueled much of the controversy concerning Zimbabwe’s adjustment and it has prevented the formation of a common framework to evaluate recent developments.” I am therefore pleased to see that as part of the macroeconomic reform program a consistent data base will be created. As the CAS notes, sector dialogue and pilot projects can also help to ensure that widespread consensus exists before proceeding with large projects. I am, however, a bit troubled by the seeming lack of data on poverty. The table in Attachment 1 contains poverty data from 1991 and the footnote indicates that the 1996 Poverty Assessment Survey has serious methodological shortcomings that affect the validity of the poverty estimate. The availability of good poverty data is critical if the goal of growth with equity is to be attained. Could Bank staff comment on the poverty data in Zimbabwe and the status of the extended poverty assessment as noted on page 25?

4. The GOZ recognizes that private sector development is critical to achieving the goal of growth with equity and that further economic and social reforms are needed to create an environment more conducive to investment. The CAS outlines a private sector strategy for creating such an environment and increasing indigenous participation in the privatization.
process. The Enterprise Development Project, which is designed to improve access to credit of indigenous enterprises and strengthen the supervision of financial institutions, is an excellent instrument for helping to achieve growth with equity. I welcome the Government’s actions to create a National Investment Trust and an Indigenisation and Privatization Agency, both of which are aimed at helping the indigenisation process. Advancing the situation of the economically disenfranchised is critical if poverty is to be reduced. However, transparency and adherence to established procedures and an effective legal and regulatory framework are necessary to ensure a level playing field for all potential economic players and the fair competition necessary for a successful privatization process. Could staff comment on efforts by the GOZ and the Bank to address these issues?

5. I am pleased with the emphasis in the CAS on rural development and natural resource management. The focus on agricultural production and reducing Zimbabwe’s vulnerability to drought is well-placed. Even though Zimbabwe has had two excellent rainy seasons which should cushion them from a potential drought in 1998, the proactive approach taken by the GOZ and the Bank to mitigate the negative impact of drought is commendable. What are other donors doing this area?

6. Another component of the CAS related to rural development is the effort to decentralize and empower local communities by strengthening local government bodies through the Rural District Council Pilot Capital Development Project. Given the situation of women in Zimbabwe, I want to ask explicitly how women were included in the design of this project. A related project proposed for FY99, the Community Action Project, would aim at increasing the participation of women in economic development. This seems a long time to wait. I would appreciate staff’s comments on this issue.

7. Illness and death due to HIV/AIDS is a serious development setback in Zimbabwe. It is estimated that over one million people may be HIV positive. AIDS is more than a human tragedy and health issue in Zimbabwe; it is a development issue that needs to be dealt with across all sectors of society. I welcome the statement in paragraph 62 that “AIDS concerns should be considered as relevant in the preparation of all projects that the Bank is intending to support.” I am puzzled by the decline in budgetary expenditures of the Ministries of Health by 10% and Education by 3% in real terms between 1990/91 and 1996/97. (During the same time period, the budget for the Ministry of Higher Education increased by 49% in real terms.) Attachment 1 notes that, since 1990, health and education services have been maintained despite budgetary restrictions. At the same time, infant mortality rates were unchanged and under-five mortality rates rose (probably due to AIDS). Will triggers for lending include appropriate restructuring of budgetary expenditures towards the social sectors? Has the Bank made any medium to long-term projections regarding the potential impact of HIV/AIDS on the Zimbabwe economy? I note that this can pose a regional, as well as national threat.

8. Regarding donor coordination, has the Bank considered holding a Consultative Group meeting - ideally in-country - to evaluate Zimbabwe’s performance and to more effectively coordinate assistance?