Board Meeting of August 27, 1998.
Statement by Surendra Singh

MALAWI - COUNTRY ASSISTANCE STRATEGY

1. We welcome this opportunity to discuss the CAS of Malawi. It is a comprehensive document on the socioeconomic situation and development bottlenecks of Malawi. The Report has rightly taken into consideration the outcome of the previous CAS also.

2. The Government’s success in many areas like maintaining macro-economic stability, intensifying the small holder’s growth strategy in the agricultural sector, deepening the process of civil service reform etc., is highly commendable. We also appreciate the steps taken by the Government for prudent debt management. Notwithstanding these positive developments, we are concerned with the Government’s continued excessive spending on non priority items such as travel, and underfunding of core activities like education, health etc.

3. It is really worrisome to note that Malawi is expected to have one of the highest HIV prevalent rates in entire Africa. (30% of the women attending antenatal clinics reported to be HIV positive). This dreadful disease has already brought down the life expectancy of Malawians from 45 to 43 years. The war against AIDS has to be waged in full vigor with all earnestness. It is highly disappointing to note that the Bank’s program in this respect is totally inadequate. Bank should take a lead role with the support of various NGOs and Government in controlling this epidemic quickly.

4. In a land-locked country like Malawi where natural resources are limited, human resources are the most valuable asset. We should not allow the quality of this asset to deteriorate further. We would like to emphasis that the Bank’s strategy for human resource development has to be reoriented with greater emphasis on health, particularly towards prevention of AIDS.

5. While we welcome the proposed lending program, we have some apprehensions about its successful implementation. We feel that too many programs have been planned, spreading the resources thin. Given the current portfolio performance and the limited absorbing capacity of the Government, the base case scenario seems to be little ambitious. With elections to the National
Government round the corner, the implementation risks are still higher. We would welcome staff’s comments on this.

6. IFC’s small portfolio in Malawi ($2.9 million) is not an encouraging sign for pursuing the strategy of private sector led growth. We hope that the IFC will soon take steps to increase its portfolio in Malawi.

7. We are happy to note the growing relationship between the Bank and the Government. However, to address Malawi’s special requirements and for better coordination with various donor agencies and Government, we agree with the OED’s recommendation to strengthen the Resident Mission in Malawi.

8. To conclude, we commend the staff members for this excellent document and extend our support to the CAS.