Board Meeting of May 22, 1997
Statement by Ruth Jacoby

Zimbabwe: Country Assistance Strategy

General remarks

Broadly, I agree with the CAS's analysis of the recent developments in Zimbabwe and the prevalent problems identified. I thus also support the priorities outlined in the CAS, which are well in line with the Government's own strategy. On the sector level, the Bank seems to have concentrated on areas where it should have clear comparative advantages.

Regarding the description of the Bank's role, I tend to agree with Andrei Bugrov. The self evaluation part of the document is rather weak, and furthermore there seems to be a tendency to slightly exaggerate the Bank's importance and achievements in some areas.

In general, I think the CAS would have benefited from being more forthright when addressing sensitive and difficult issues. In particular I miss a discussion of "good governance" and related topics. In the CAS this issue is completely ignored, even though this is a central problem for Zimbabwe, directly affecting Bank projects and programs - for instance the privatization process.

Specific comments

The Nordic countries regard the problem of HIV/AIDS in Zimbabwe as one of the most important and severe issues to be dealt with over the long term. Taken into consideration that Zimbabwe has one of the world's highest rates of AIDS infection, I am disappointed to see that this CAS does not give higher priority to this issue and not even reflects the Bank's own policy in this area more clearly. In the invitation to the Board to attend an HIV/AIDS briefing on December 11, 1996, it is stated that despite the efforts of many dedicated governments, agencies and people, the AIDS epidemic is getting worse not better. An expanded response to AIDS is needed to maximize and more effectively collaborate resources and activities. HIV/AIDS is not only a health problem, it is also a development problem, which threatens the economic and social growth of many nations. I would thus have expected a discussion of how to set up a multinational plan of action for Zimbabwe involving the role of UNAIDS, the Bank and the...
many bilateral donors active in this area. As the Bank globally provides more money to prevent and control the impact of HIV/AIDS then any other single funding source, could staff explain why this low profile in Zimbabwe?

Regarding risk factors I fully agree that problems concerning land reform could adversely affect growth if not addressed through transparent policies. Furthermore, as underlined in the document, it is important that the indigenisation contributes to economic development without discouraging foreign investors. Still, the CAS tends, in my view, to somewhat underestimate problems related to land distribution. Issues regarding taxation as well as compensation would merit a more comprehensive discussion.

I note with satisfaction the poverty focus in the CAS. However, I would appreciate some comments on why the Government’s Poverty Assessment is only briefly touched upon, and why the Poverty Alleviation Action Plan (PAAP) is not mentioned at all. Furthermore, I would be interested in learning more about the nature of the “serious methodological shortcomings” in the Poverty Assessment Survey (page 23, footnote 6).

Regarding Zimbabwe’s macroeconomic situation, I agree that the budget deficit is the most important problem and a prerequisite for achieving the “high level scenario” projected in the CAS. Continued Bank support to the government in developing the necessary capacity and instruments for a reduction in the budget deficit is essential.

I would like to take this opportunity to once again underline the importance of coordination with other donors both regarding macro-economic issues and activities at the sector level. As I am sure is well known, many donors have been engaged in the sectors prioritized in this CAS for a number of years. In order to be able to benefit fully from experiences and lessons learned, closer coordination between the Bank and bilateral donors seems warranted. The coordination and consultation process should begin at the earliest possible stage of project or program preparations.