



## Economy Spawns Rising Poverty - World Bank

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By Our Staff

THE World Bank, which is owed more than US\$350 million by the government has equated the country's economic crisis to a tragedy, The Standard can reveal.

The Bank says what is happening is a tragedy and that it is concerned about the rising poverty in a country that was once the engine of growth in the sub-region.

The international financial institution says that it is worried about the deteriorating economic climate and rising poverty in the country.

Zimbabwe owes the World Bank more than US\$350 million, the International Monetary Fund more than US\$300 million and the African Development Bank more than US\$280 million.

But the World Bank, in an interview with The Standard, said the real issues of concern at the moment were the increasing poverty levels in the country, the suffering of Zimbabweans and the lack of decisive policy action - both on the economic and political front - to stop the economic decline and achieve a normalisation in the relationship with the international community.

It said unfortunately there was little or no positive progress in the area of economic policy as evidenced by the continuing recent economic decline.

The World Bank's comments coincided with a report released by the Centre for Global Development, which says: "Zimbabwe has experienced a precipitous collapse in its economy over the past five years. The purchasing power of an average Zimbabwean in 2005 has fallen back to the same level as in 1953.

"For people in extreme poverty, a collapse like this translates directly into sickness and death. We conservatively estimate that persistence in the economic shock will cost the lives of at least 3 900 Zimbabwean children per year - about half the infant death toll from HIV and AIDS "

The international financial institution said: "The World Bank is continuing to stay abreast of economic and social developments by carrying out analytical work, for instance in the area of poverty monitoring and stock taking exercises in the agricultural and infrastructure sector, as well as assessing how the population is coping with the worsening economic situation.

"Through this analytical work, the World Bank remains prepared to support the people of Zimbabwe once a significantly improved economic and political situation warrants a more active presence by the Bank."

It said that at present its assistance to Zimbabwe is limited to priority and urgent analytical work in the areas of measuring poverty, assessing coping mechanisms, and exploring more effective and efficient responses to HIV and AIDS.

"In all these analytical exercises the World Bank is partnering with other stakeholders such as non-governmental organisations and the United Nations family. There is no active lending programme and the last project in the World Bank's portfolio was cancelled in December 2002," it said.

While the World Bank has not lent anything to Zimbabwe for nearly three years, unlike the International Monetary Fund, it however maintains an official presence in Harare through its country office as well as appropriate dialogue with the government, so that "we are prepared to be effective if and when the situation allows".

The IMF closed its office in Zimbabwe in September last year.

The comments on Zimbabwe come in the wake of a visit to Africa by World Bank president Paul Wolfowitz in June, which took him to South Africa. It was a significant visit because it is his first since his recent appointment as president of the World Bank. Wolfowitz says he has made Africa a priority during his term.

The World Bank president met President Thabo Mbeki of South Africa but says there was no discussion on South Africa extending a loan to Zimbabwe.

"Mr Wolfowitz and President Mbeki had a productive meeting during the brief visit to South Africa in June. They discussed a number of issues of mutual interest, including the situation in Zimbabwe. Following their meeting, Mr Wolfowitz commented to the Press on his concern over policy decisions and the deteriorating economic climate in Zimbabwe - concerns which have also been formally conveyed to the government separately," said the Bank in response to questions from The Standard.

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