

Zim needs \$13bn for energy projects: World Bank

by AFP

2011 August 31 16:45:01

Zimbabwe requires \$13bn for projects to generate more electricity and end perennial power shortages hampering economic recovery, the World Bank country representative said on Wednesday.

"Zimbabwe needs close to \$13bn (nine billion euros) in terms of the energy sector," Kundhavi Kadiresan, the World Bank representative in Zimbabwe, said at a news conference in the capital.

The country's ability "to develop to its full potential still seems to be far away", she added.

The World Bank is in discussions with Zimbabwe on how the country can repay its debts.

"Zimbabwe has a large debt overhang. As of end of 2010 the total external debt is estimated at close to \$8.8 billion, which is about 118 percent of the GDP (Gross Domestic Product)," Kadiresan said.

"Of which close to \$6 billion is in arrears. Now from the World Bank and multilaterals alone the arrears are equal to close to \$2 billion."

Kadiresan said Zimbabwe has seen "positive development" over the last two years after political rivals formed a unity government and discarded the worthless local currency for the US dollar and other regional currencies.

She said apart from the \$13 billion needed for the energy sector more is required to repair badly damaged roads and buy new machinery to revive the country's moribund industry.

"Zimbabwe does face some enormous problems...The economy remains vulnerable to micro-economic shocks," Kadiresan said.

"Many of these manufacturing industries have very old machinery, outdated machines. It's very hard for Zimbabwe to be very competitive."

The global lender said the mining and agricultural sectors were back on their feet while inflation which once peaked to 231 million percent had been reduced to single digits.